Production and marketing of strawberries – season 2005

Summary

The size of the Kosovo strawberry market during 2005 is estimated at 820 tonnes. Local producers captured a 27% market share – up from practically zero in 2001. Local production is proving itself competitive with imports - being considered of a better quality yet still commanding higher prices. If the current expansion continues, local producers can be expected to capture the whole of the Kosovo market within a few years.

Although wholesale prices, at €0.80/kg, declined by around 15% from 2004, prices as high as €1.85 were obtained with careful packaging and marketing. Of particular interest was the experiment in Pick-Your-Own that brought prices of €1.53/kg. Producers who started production with the support of SPHP-K accounted for 62% of the 14 ha cultivated throughout Kosovo.

Introduction

This document reports on the experience of production & marketing of strawberries in 2005 in Kosovo with particular emphasis on producers under the 'Fragaria' Association and those of the Viti Region – between them accounting for about 51% of the national production.

Local production

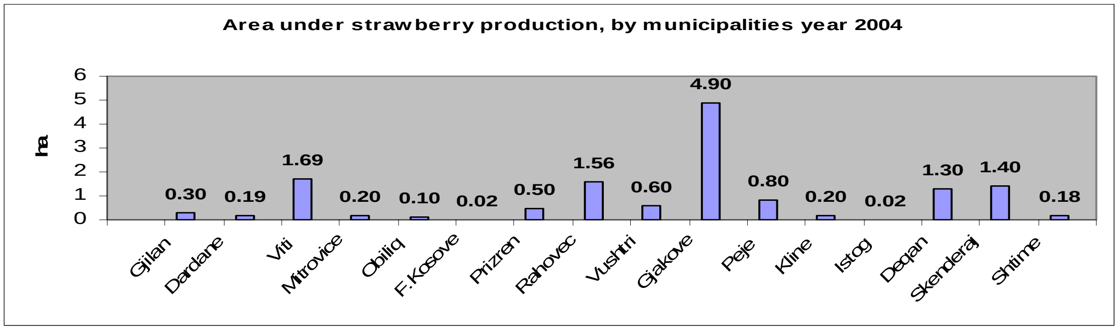
The total area of local strawberry production in Kosovo during 2005 is estimated at 13.96 ha[1].

The SPHPK support in establishing strawberry production has been concentrated in six municipalities: Gjakova with 3.10 ha, Peja 1.58 ha, Deqan 1.40 ha, Rahovec 1.04 ha, Viti 1.09 ha and Shtime 0.38 ha. The average estimated yield of strawberries produced by farmers supported by SPHPK was 17 t/ha[2] - amounting to a total production of 146 tonnes[3].

[1] MAFRD 2004
[2] From client feedback
[3] Farmers supported by SPHP-K means producers who have been assisted to start strawberry production by the project since 2001 and most of whom could have subsequently expanded production without further support apart from advice. The category also includes producers who have copied other Project clients and have obtained planting material from Project-supported nurseries.

LWF[4] supported farmers in three municipalities: Skenderaj 1.40 ha, Vushtri 0.60 ha and Mitrovica 0.20 ha. The average estimated yield in these municipalities was 22t/ha[5] amounting to a total production of 48 tonnes.

The remaining area of strawberries (3.89ha) is scattered throughout several municipalities in small plots. The yield from these areas is unknown but the total production is guessed at round 27 tonnes[6].



Source: MAFRD 2004.

Market size

The total market size of strawberries in Kosovo is provisionally estimated at 820 tonnes[7].The market share of local production is estimated at 27%. The market share of SPHP-K clients amounted to 17.80 % of Kosovo total market size of strawberries.

Fragaria association (producers in Gjakova, Peja and Deqani municipalities).

Production: The 18 farmers involved in Fragaria produced 103.3 tonnes of strawberries from 6.08 ha at an average yield of 17 t/ha[8]. The total strawberry production is estimated at 103.3 tones.

Market presence: The production came into the market two weeks later than in previous years due to the bad weather in early spring – particularly the April frost. Harvest commenced on 21st of May and continued until the end of June – amounting to a presence in the market of only 5 weeks.

Presence in the market of Fragaria strawberries.

Month	May				June				July			
Week	I	II	II	IV	I	II	III	IV	I	II	III	IV
2004												
2005												

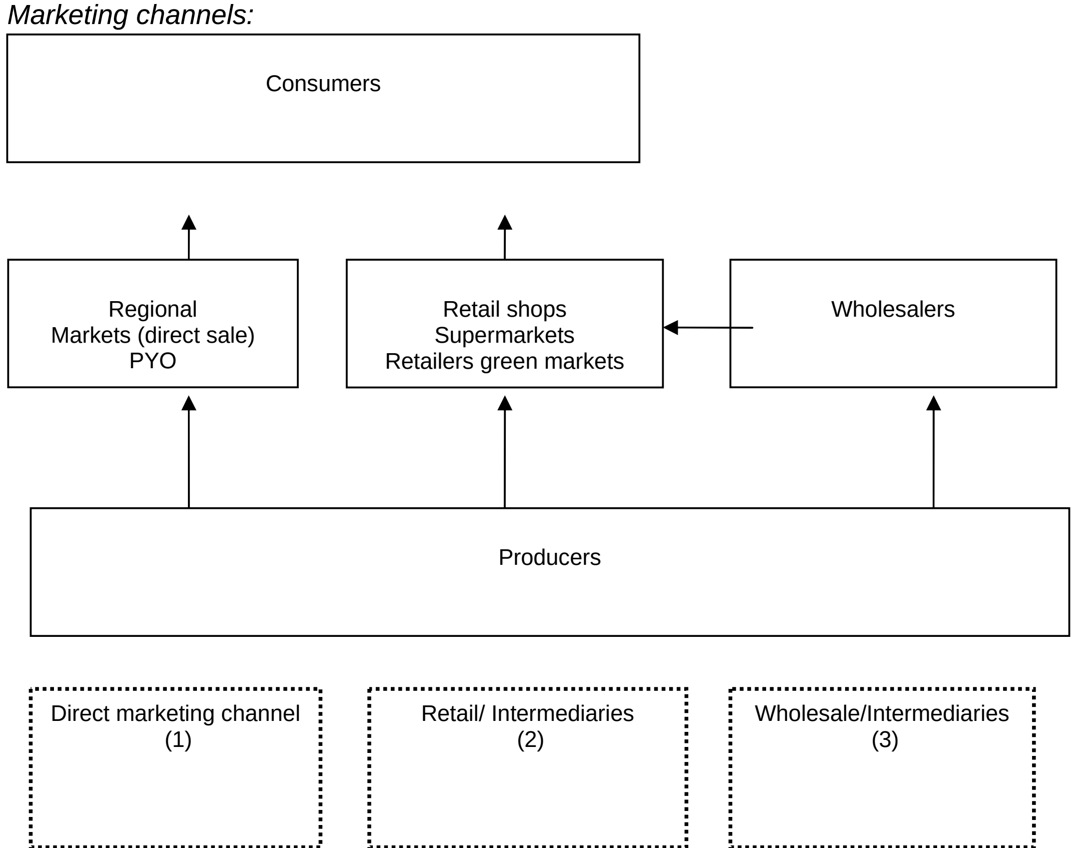
Packaging: Farmers used different types of packaging. Second-hand carton packaging[9] was used by those who sold their products directly in Prishtina and Gjakova markets. The combination of wooden boxes and plastic containers (10x1kg) was used on request by wholesalers from Prishtina who collected produce from the production site. The 650

[4] Lutheran World Federation
[5] Frigo anti–virus seedlings, imported from Italy.
[6] Rough estimation – 8.5 t/ha (½ average yield production of Fragaria).
[7] I.e. the sum of imports & local production. Detailed import data from Kosovo Customs from 2004 is used while awaiting the figures for 2005.
[8] This quantity achieved by all the farmers except one farmer which had damage from the frost during the month of April.
[9] Carton boxes used by the Turkish tomatoes supplier (8 kg).

gm plastic containers promoted by SPHP-K were mainly used for selling to the supermarkets e.g. Benaf-Prizren, Viva–Prishtina and some other retail shops in Prishtina and Gjakova. The brand name was used occasionally by only two farmers who sold their goods to retailers. The logo of the Association ‘Fragaria’ was not used at all.

Prices: Prices to the producer of strawberries this season sold to wholesalers averaged 0.80€/kg -15% lower than the previous year. Different prices were obtained through other marketing channels. Strawberries sold through retailers, e.g. supermarkets and retail shops, gave prices between1.23 to 1.85 €/kg (0.80 - 1.20 €/plastic container of 650-700 gm). The pick your own (PYO) strawberries were sold for 1€ per plastic container (approximately price 1.53€/kg).

Marketing channels:



The diagram above illustrates the 3 different marketing channels utilised by the Fragaria producers – but the degree of importance of each has been difficult to determine since individual producers utilised a mixture of channels.

The main characteristics of these channels are described below:

1. **Direct marketing channel** - marketing directly to consumers – includes farm gate selling, pick your own and regional markets (e.g. Gjakova, Peja, Prizren and Prishtina). Small growers with low production capacity (approximately 20 are) tend to use this channel. Pick Your Own (PYO) was promoted by Halim Rustemi on one of his sites that was visited daily by 20 to 30 customers over the 30 day harvesting period. The main customers were people who came for swimming in the Ereniku River. The plastic container with strawberries picked by customers was sold for 1€ (approximately price 1.53€/kg).

2. **Retail channel** – is a form of indirect marketing in which farmers deal with intermediaries such as retail shops, supermarkets and retailers in the green

market. The majority of produce sold through this channel utilised packaging promoted by SPHPK along with the label correctly applied to the plastic containers.

3. **Wholesale channel** – That accounts for the majority of produce marketed. A variety of packaging tends to be used (carton, wooden and plastic) rather than Project-designed packaging at the request of the wholesalers who appear not to want competitors to learn of their source of supply.

Viti-Debellde region

Production: Producers from the eastern part of Kosovo comprise 5 farmers in Debellde and 2 farmers from Viti with a total planted area of 1.09 ha. The average estimated yield is 17t/ha and the total production estimated at 18.53 tonnes.

Market presence: Strawberry harvest started in the first week of June and continued until the end of June – a period in the market of just 4 weeks.

Month	May				June				July			
Week	I	II	II	IV	I	II	III	IV	I	II	III	IV
Fragaria												
Viti - Debelde												

The shortness of market presence may be due to the fact that only the early variety of strawberry (Honeyo) was planted in this area – and not the late variety, Pegasus, that was the case with Fragaria.

Packaging: The Debelde farmers were supported with packaging and labels by the project amounting to 50% of the estimated production. Project packaging with labels were used in the early part of the season but later, when their production became known to certain Pristina wholesalers from the information on the labels, these wholesalers started visiting the production site every third day and requested the producers to utilise the 8 kg wooden boxes that they brought with them.

Plastic containers provided by the SPHPK project were used for marketing goods to the supermarket Benaf-Ferizaj and some retail shops in Viti. Transport was done by the farmer. The farmers were very satisfied with impact of the label and brand name because, through the label, they built strong market linkages with wholesalers from Prishtina.

Prices: The strawberries packed in the 650 gm plastic containers obtained prices to the producer from 0.80€ to 1€ (1.23 – 1.50 €/kg) and were mainly sold through retailers (Benaf-Ferizaj and some other retail shops in Viti and Gjilan). For the strawberries packed in wooden boxes and sold through wholesalers farmers achieved 1.00€/kg.

Marketing channels:

The main characteristic of these channels is as follows:

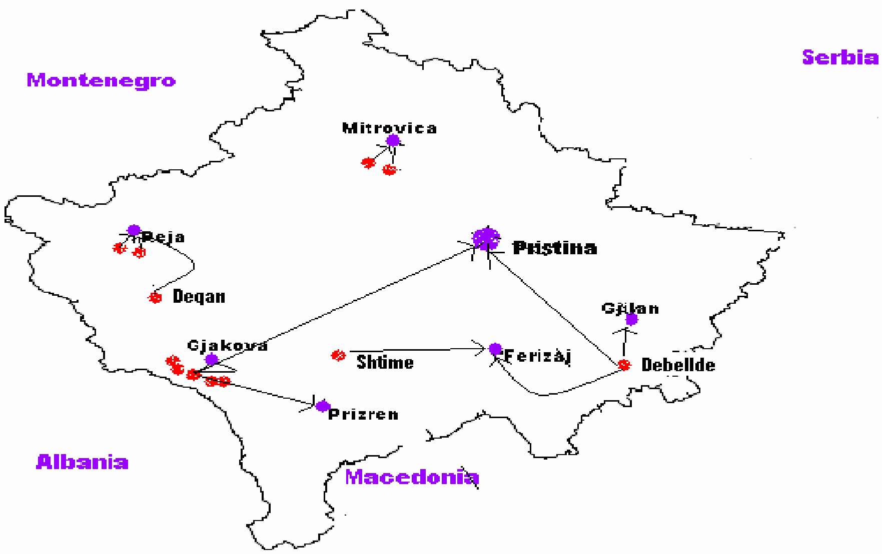
1. Direct marketing channel: - marketing directly to consumers – included sales at the regional markets of Viti and Gjilan. This channel covered 30% of sales.

2. Retail channel: – producers only sold 10% of their produce to retail shop in Viti, and one supermarket (Benaf-Ferizaj) and retailers in the green market since they were unsatisfied with the price.

3. Wholesale channel: – the major channel of supply for strawberries for these producers amounting to 60% of the total sales – and due to wholesalers offering an attractive price, supplying the packaging material and collecting from the production site.

Strawberry product flow

The map below shows the product flow of strawberries produced in Kosovo.



Comments:

- Farmers obtained premium prices when using the plastic containers for packaging. This is the case in both regions, described above. Table 1 in the annex shows the financial implications, of using the different types of packaging.
- Labels attached to the plastic container led to the creation of new market linkages, appeared to attract customers and helped differentiate the local produce from the imports.
- Quality and freshness of locally produced strawberries are main competitive advantage compared to imported strawberries. Growth of the market share of locally produced strawberries during the previous years gives a strong message that local produced strawberries have a strong potential to compete against import.
- The rebirth of the strawberry industry in Kosovo since 2001 has led to local producers already capturing around 27% of the Kosovo market. Bearing in mind that local production is successfully competing with imports, it is estimated that locally – produced strawberries could capture the whole of the Kosovo market within a few years.

Annexe

Table 1. Financial implication of using the different types of packaging for strawberries

Item	Farmer A	Farmer B	Farmer C
Income			
Yield/kg 20 Aries	3,500	3,500	3,500
Price/kg	0.80	0.80	1.23
Sales €	2,800.00	2,800.00	4,305.00
Marketing costs			
Packaging	131.25	65.63	183.08
Carton boxes 10/1	-	-	215.38
Label	-	-	148.06
Transport	-	-	21.00
Total costs	**131.25**	**65.63**	**567.52**
Net income	**2,668.75**	**2,734.37**	**3,737.48**

Note:

- Farmer A: used new 8kg wooden boxes and sold at the farm gate (direct sales). 437 wooden boxes @ 0.30€ is required for packing 3,500 kg of strawberries.
- Farmer B: used second-hand 8kg wooden or carton boxes, and sold at the farm gate (direct sales).The unit price of second-hand packaging was 0.15€.
- Farmer C: used plastic containers (650-700 gm) with 10 containers packed into one carton. 5,384 plastic containers & labels and 538 cartons are required to pack 3,500 kg of strawberries. The producer's transport cost for delivering the produce to the retail customer has been included.

Table 2. Price catalogue

Item	Price €
Wooden boxes 8/1	0.300
Second hand wooden and carton boxes	0.150
Plastic container	0.034
Carton packaging 10/1	0.400
Labels	0.275
Transport* 1/km	0.210

Note:

*SPHPK internal calculation.