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Swiss Project for Horticultural Promotion-Kosovo

QUICK MARKET SURVEY

Assessing the market potential of winter vegetables grown in Kosovo

Pristina, July 4,2001

OBJECTIVES – Purpose of the survey

- By addressing the issue of supporting the development of horticulture in Kosovo, one of the first ideas that came up was actually to extend the production period. This can be achieved by several means and IC first started by considering the possibility of having a longer production period than only from April to September. The idea was then to work on the introduction of winter hardy vegetables.
- This focus on the autumn and winter period has also been imposed by the starting time of the project. In February 2001, and by the time the project actually became fully operational, all the farmers had already made their production plans for the summer production. Therefore the first impact on the production could not be before this winter period.
- But considering the severity of the winter in Kosovo (although it can change dramatically from a year to another), the range of vegetables that can be grown was not extremely large.
- Another constraint was the consumption habits: what would be the interest of producing commodities such as horseradish or celeriac if there is no demand for these items? And when it is obviously to early to think in terms of exportation markets.
- Consequently the aim of this survey was really to quickly assess what was the situation on the Pristina market considered to be the most responsive to a new vegetable offer, partly because of the concentration of the international community.
- We defined the main objectives of this survey as follows:

    1. **Getting a first feeling about winter vegetables market**: understanding its characteristic, what would be the consumer's response like? Is there any demand for that type of vegetables or not?
    2. **Defining the size of the winter trials**: trying to define what should be the size of the trials we have to develop in order to deal with significant quantities both on the side of the technical trial (how do these varieties do in Kosovo?) and on the side of commercialisation (how do these products do on the market?).
    3. Having a **rough estimation of the potential for the winter vegetables in Pristina.** By comparing the small sample we have to the number of restaurants, wholesalers and retailers, we would have an approximation of the potential demand of these commodities. These "guestimations" have been made on the base of the Business Directory realised by the Statistical Office of Kosovo with the support of the IOM.

WARNING: this survey is based on a very small sample, meaning that the results gathered are just to be used as indicators and cannot be considered as entirely reliable. This study has been realised by IC for an internal purpose and IC can not be held liable for their inaccuracy.

METHODOLOGY

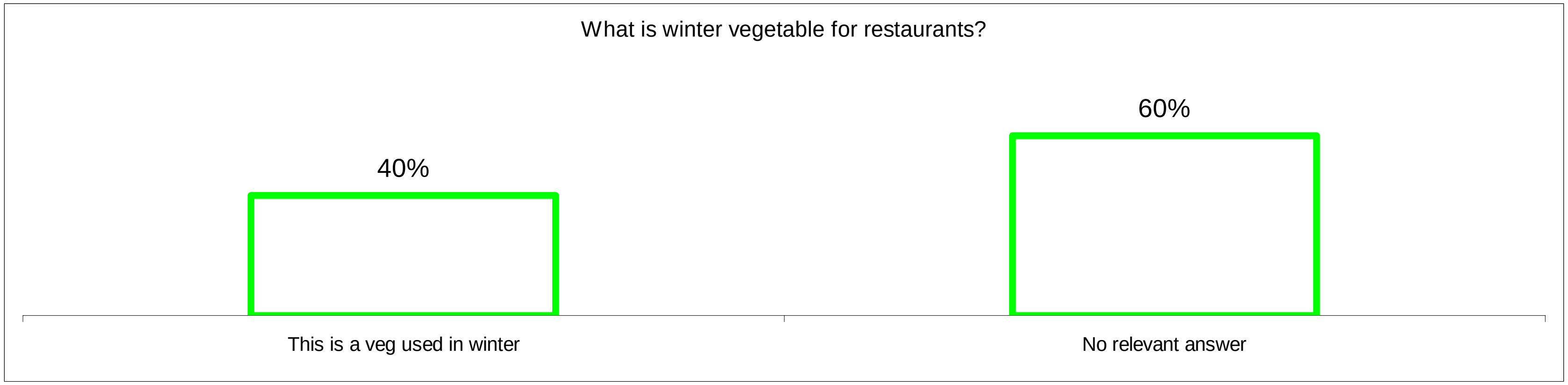
- The data has been collected through direct interviews of 3 types of potential buyers based on a questionnaire and photo displays.
- All the questionnaires have been administrated in Pristina
- The sampling has been defined as below:
    - **10 restaurants**
    - **10 retailers**
    - **5 wholesalers**
- The 5 wholesalers have been interviewed in the main Pristina market (around the stadium).
- The other interviewees have been selected in various areas of the city, according to a sort of "concentric circle targeting". And we also tried to combine areas where the international community is over-represented with areas where the local population was preponderant. The same logic has been adopted for the restaurants: mixing the ones with a highly international clientele with some rather frequented by national customers.
- The winter vegetables object of this survey, have been sorted in 3 categories:

Category 1	**Category 2**	**Category 3**	
Vegetables that are commonly known and used but mainly imported although they could be locally produced during winter season	Vegetables know in the main urban centres, possibly due to the ''international community' that could be grown in Kosovo.	Vegetables almost unknown from the Kosovar consumers, that could be produced but for which we do not know if there would be a market	
▪ Cabbage ▪ Spinach ▪ Leeks ▪ Carrots ▪ Garlic ▪ Onion	▪ Cauliflower ▪ Turnip ▪ Radish ▪ Beetroot ▪ Parsley ▪ Lettuce	▪ Celery ▪ Celeriac ▪ Broad Beans ▪ Kohlrabi ▪ Swiss chard ▪ Field salad	▪ Japanese Radish ▪ Chicory ▪ Swede ▪ Sprouting broccoli ▪ Parsnip

- These data have been collected in mid May and are not representative of a year round situation.

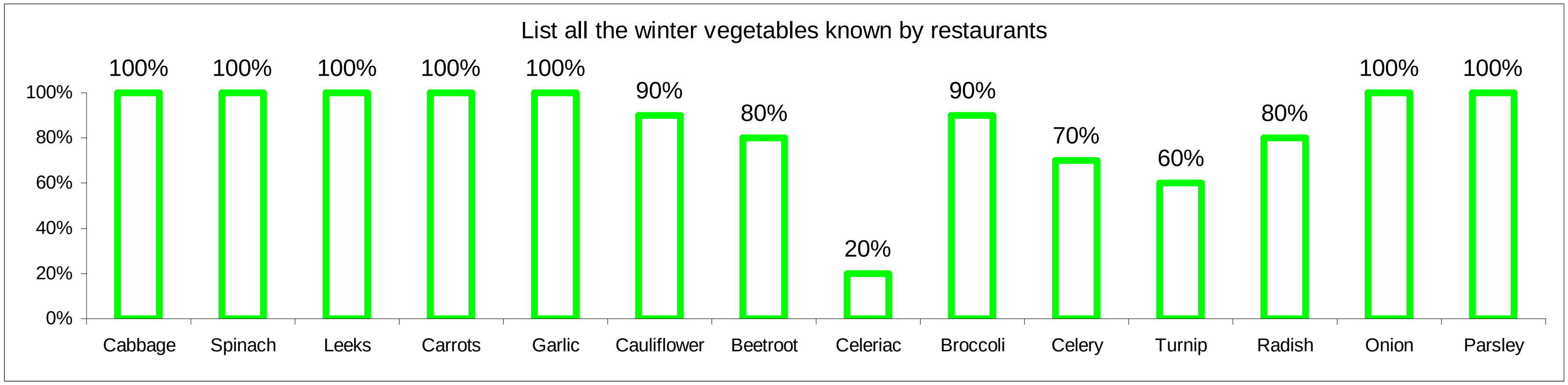
RESULTS

General comment

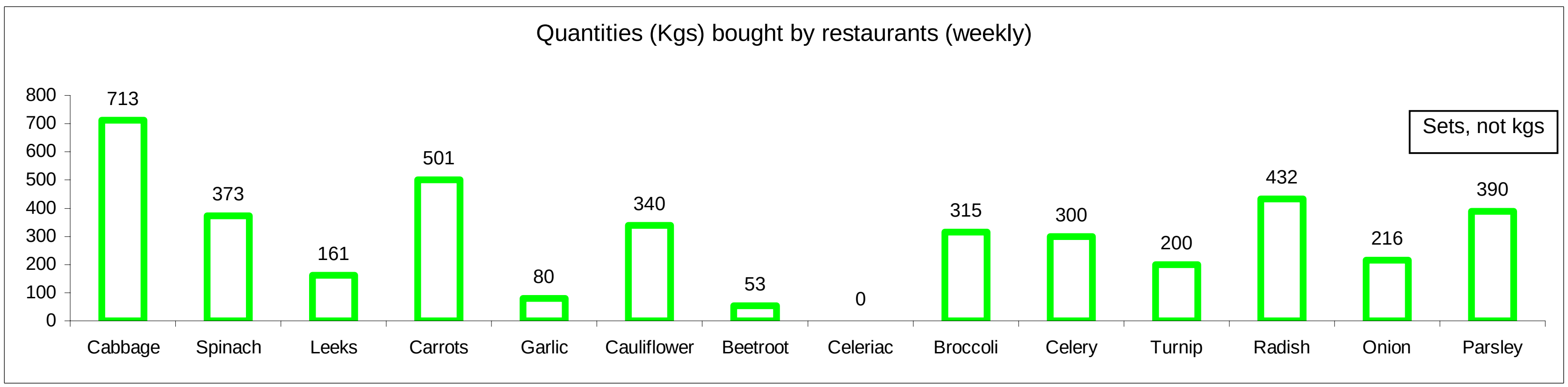


- Would it be for restaurants, wholesalers or, retailers, the knowledge of winter vegetables is quite poor. Only 40% of them answered that this is a vegetable they use during winter.
- Then we do not know to which extent they are familiar with the fact that it is a vegetable that grows during winter and that is therefore available during winter.
- It is worth mentioning that lots of the vegetables presented during the study are actually known under their Serbian denomination, showing that they are scarcely used in the traditional Kosovo-Albanian diet.

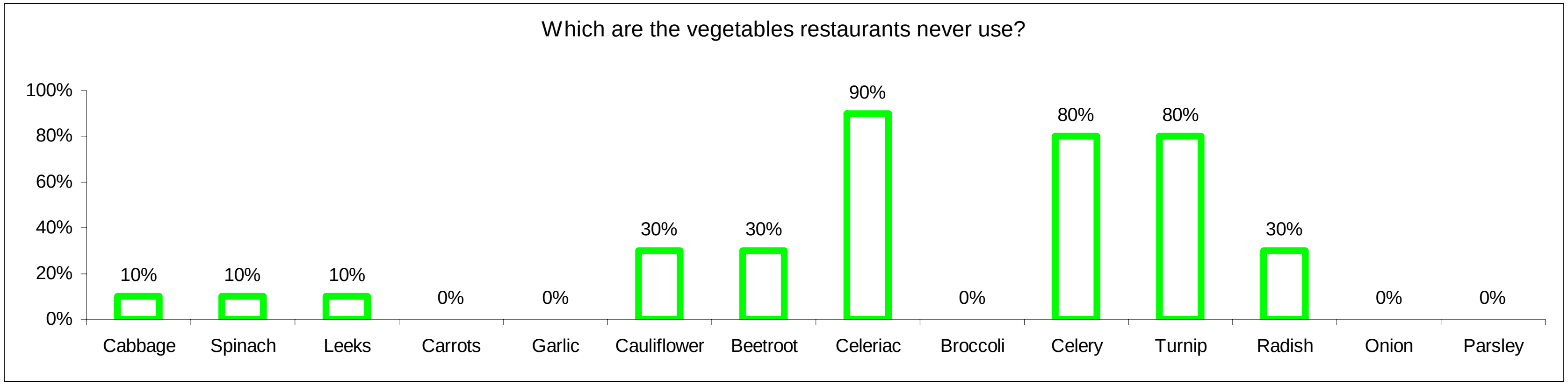
Restaurants



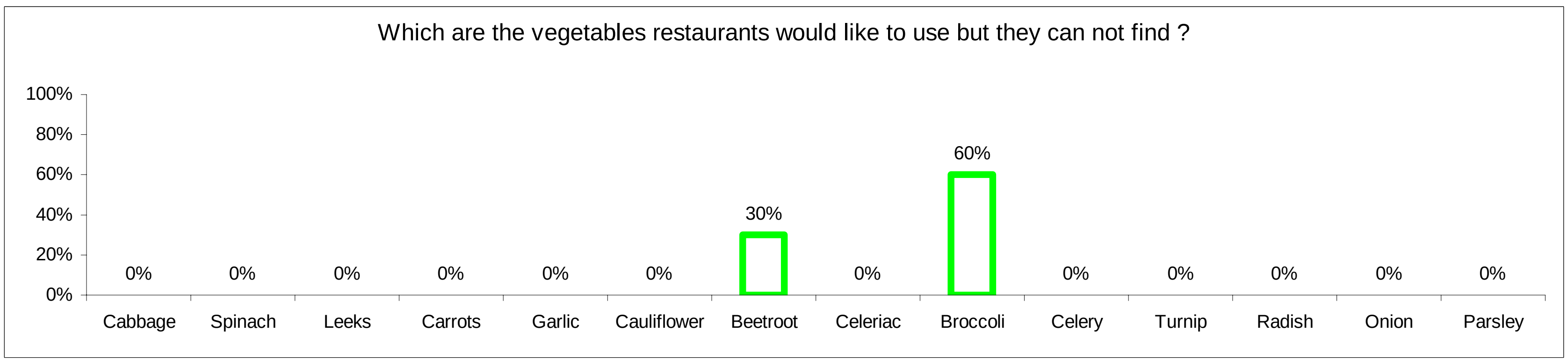
- The persons we interviewed are completely familiar with the vegetables of the 1st category. For the vegetables of the 2nd category, they are not widely known and in fact the "knowledge rate" is much more higher in places with an important foreign clientele. The 3rd category is almost entirely unknown except for celery.



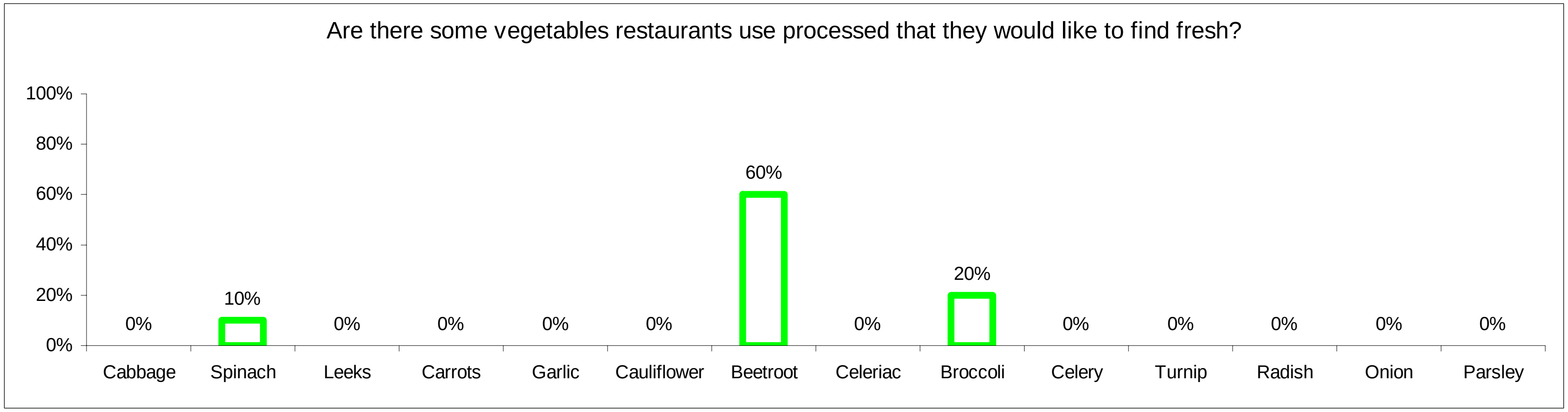
- These figures have to be taken with lots of precaution: if the quantities mentioned for the 1st category vegetable seem realistic, the ones for the other categories seem to be really high; especially for radish, turnip, celery and cauliflower. In fact the declaration of the "Grand Hotel" *biased* the figures as they declared using huge quantities of every mentioned vegetable.



➔ The above comment is confirmed with this chart: most of the category 2 and 3 vegetables are never used except by a minority of the sample (clearly the “Grand Hotel”). This would mean that the quantities we actually recorded might be over-estimated and therefore the real demand for such products would be lower. It also means that developing the culture of these vegetables would have to be strongly supported by a proper intensive marketing promotion.

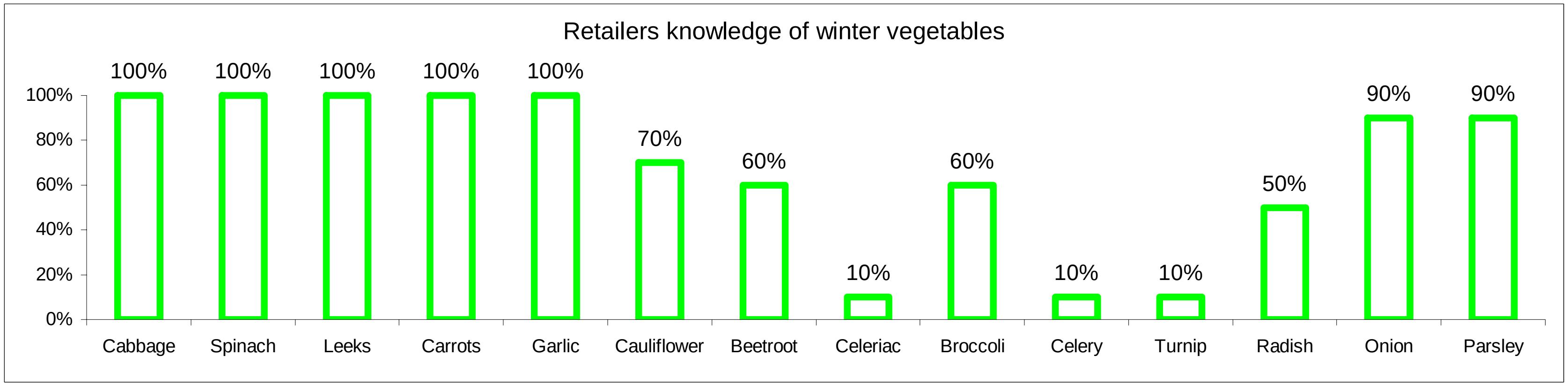


➔ According to this chart, it really seems that there is a potential for broccoli and beetroot. Indeed the demand is existing and currently satisfied by imports from Macedonia or even further. But this is apparently a quite specialised market. Indeed the <u>correlation between the frequentation of the restaurant by international customers and the demand for broccoli is high</u>.

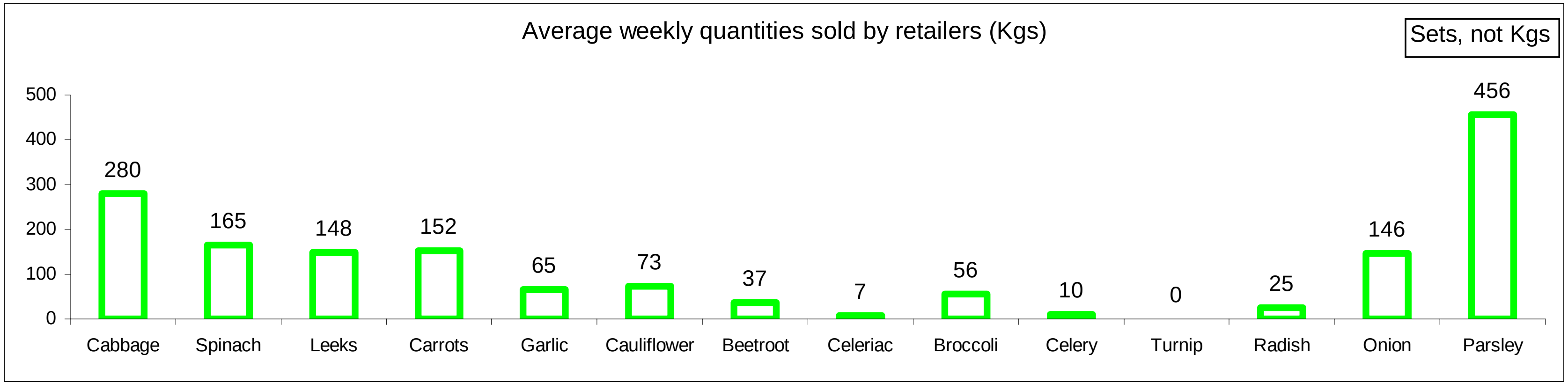


- Once again the demand for beetroot and broccoli is appears. And surprisingly there would be a high demand for fresh and unprocessed beetroot, and to a smaller extent for Broccoli. Concerning spinach, the figure is most likely an error from the interviewee as it is not really difficult to find fresh spinach in Kosovo!

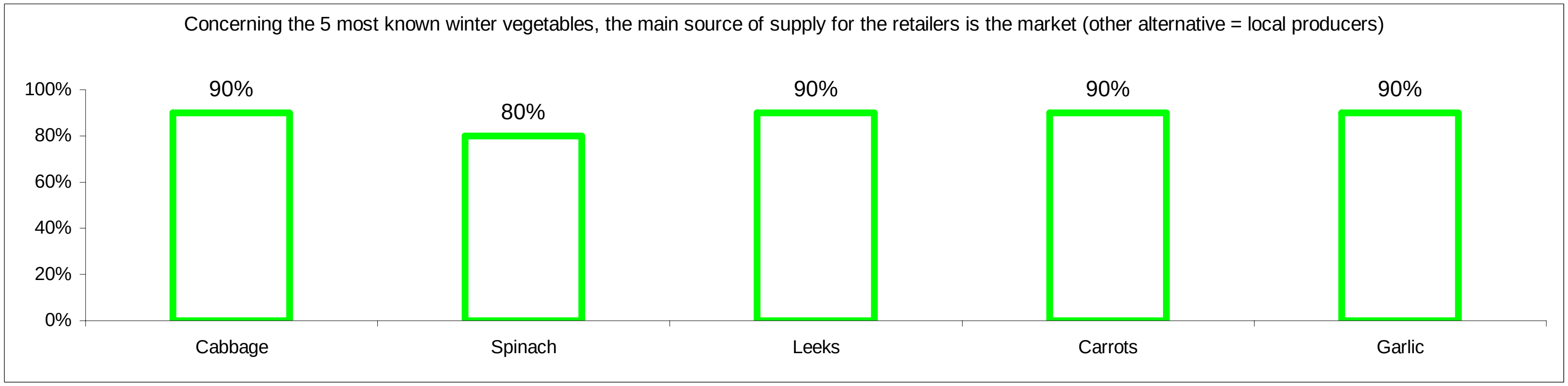
Retailers



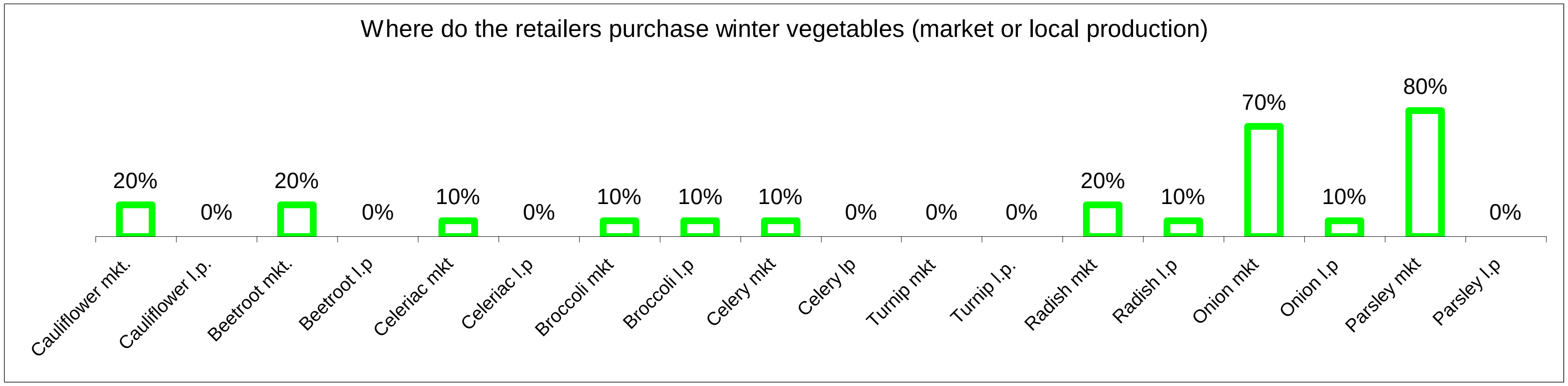
➔ The trend concerning the knowledge of winter vegetables is even clearer than for the restaurants: no problem with the category 1 vegetables, the category 2 is fairly well known, but then the rates for the 3rd category are getting very low. For products such as cauliflower, beetroot and broccoli the presence of international in the neighbourhood slightly influences the range of proposed vegetables. These products are almost unknown by retailers except in 2 shops located in the centre where the international presence is the most concentrated.



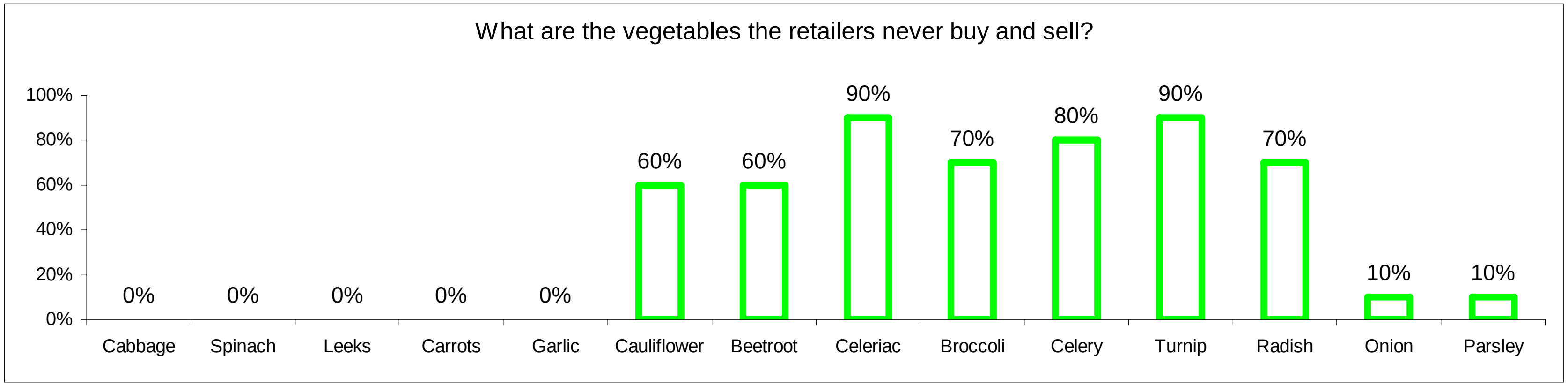
➔ Logically the quantities sold by retailers follow the trend highlighted in the first chart. The 2nd and 3rd categories vegetables are completely marginal and obviously reserved to an international clientele.



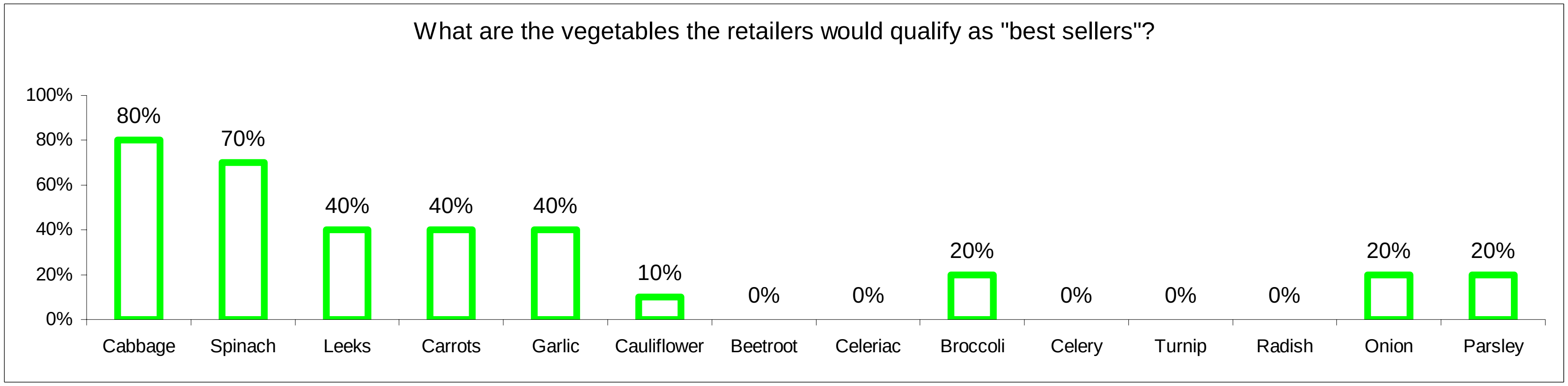
➔ This actually shows 2 things: 1) most of these vegetables come from abroad procured by the wholesalers to the Pristina “wholesale market”. 2) There is absolutely no direct connection between retailers and local producers, even for commodities widely available in Kosovo (cabbage).



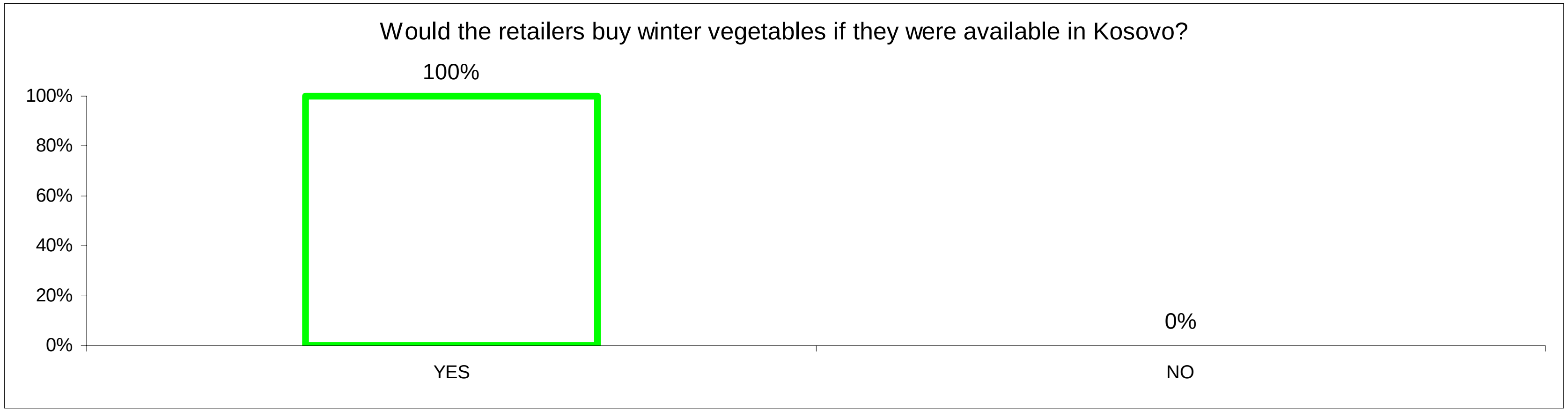
➔ The purpose of this question was to assess whether or not the retailers had direct contacts with small local horticultural producers. It actually confirms the above comment: the connection between retailers and local producers is inexistent.



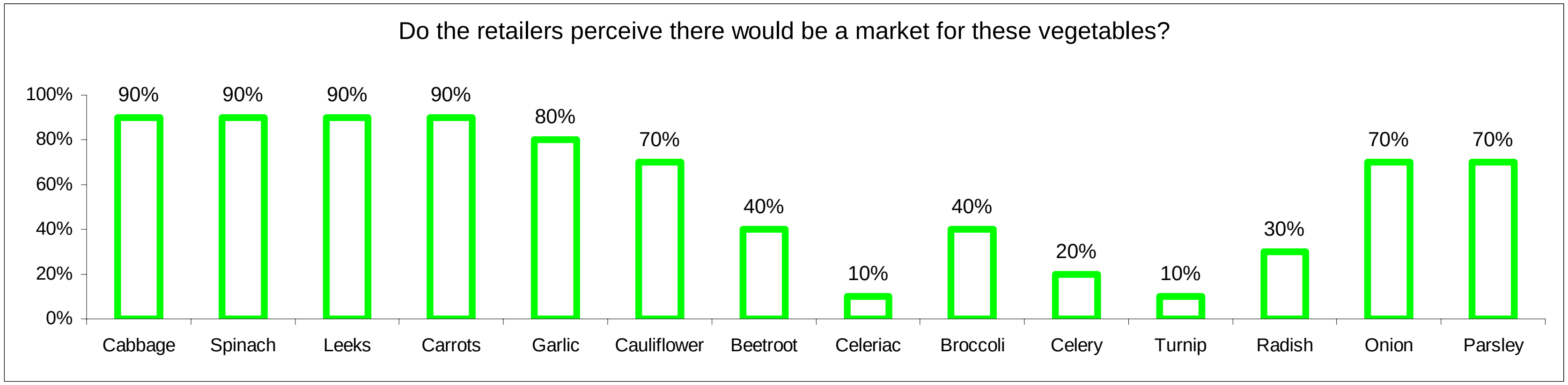
➔ This is the complement of the chart below about the retailers' knowledge of winter vegetables. Logically they do not buy the vegetables they do not know. There is actually about 30% of the retailers that have an interest in the vegetables from category 2 and 3 (most likely connected with some foreign consumers.



➔ Generally speaking retailers never buy and sell vegetables from second and third categories (celeriac, celery, turnip, broccoli, beetroot, cauliflower, radish), but on the other hand they would be very interested in buying these winter vegetables if they were available in Kosovo and they are very confident in the fact that there would be a market for this kind of vegetables (see the chart below).

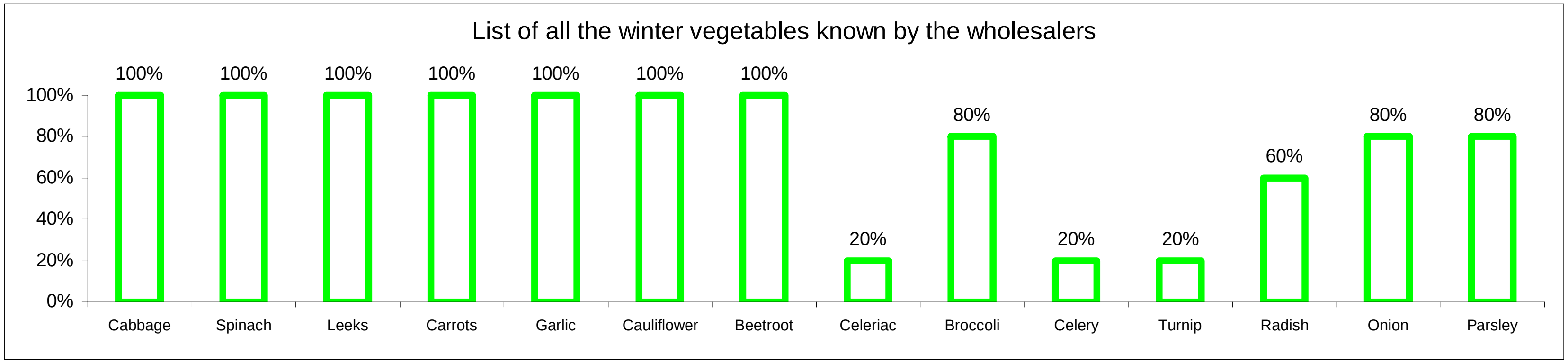


This shows that there would be a potential market in Kosovo for selling winter vegetables through the retail channels. Then the main problem for this happening is apparently a lack of linkages between the distribution channels and the production. Supporting the production of winter vegetables will also imply to work on connecting the producers to demanding distribution channels.

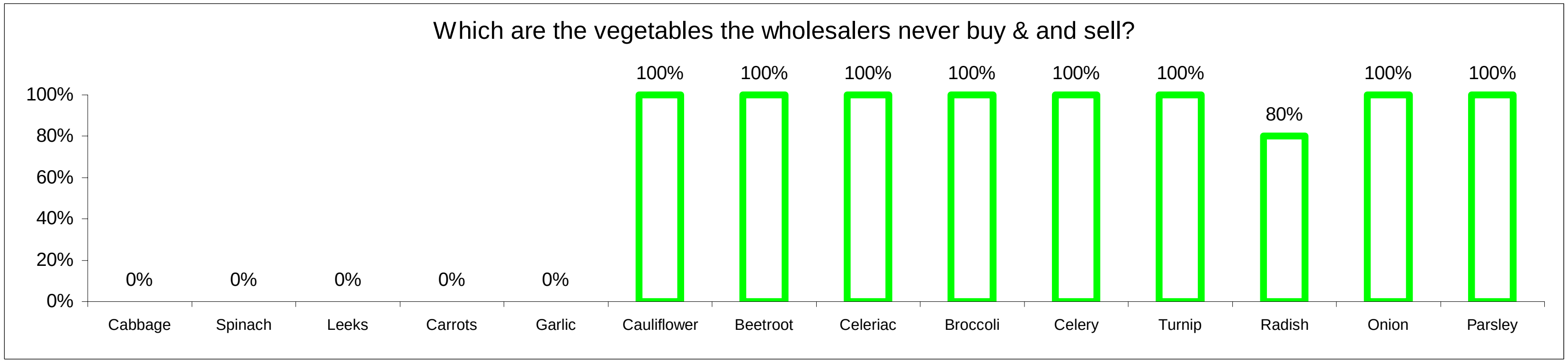


Once again beetroot and broccoli show an interesting potential, whereas some more rare vegetables like celeriac and turnip do not really interest the retailers. It is worth mentioning that products such as garlic, cauliflower, broccoli, onions could then quite easily find an outlet especially if they are locally grown during winter (substitution to imports).

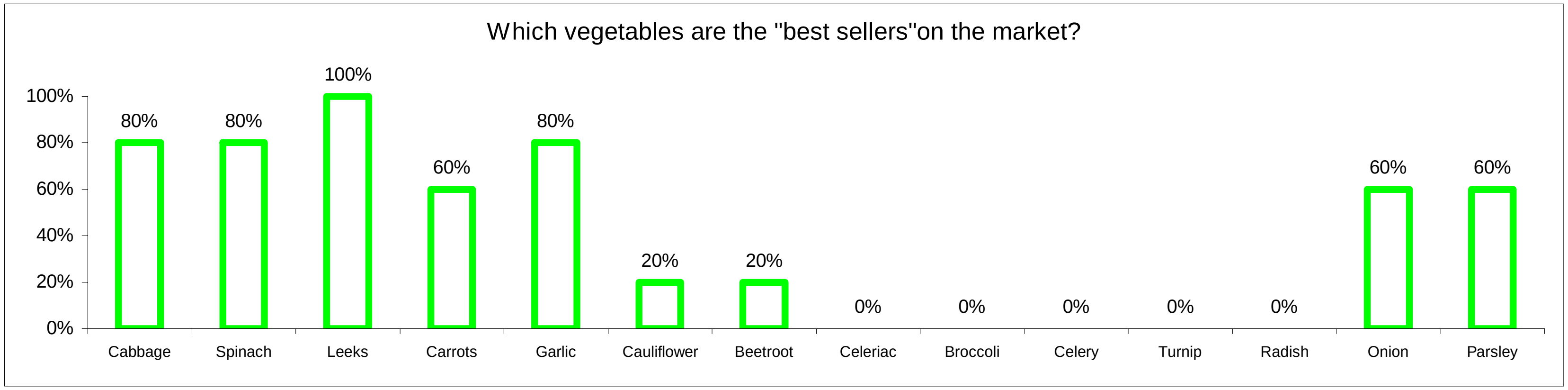
Wholesalers



➔ Being exposed to a diversified offer from outside Kosovo, the wholesalers have a higher knowledge in terms of winter vegetables than retailers…

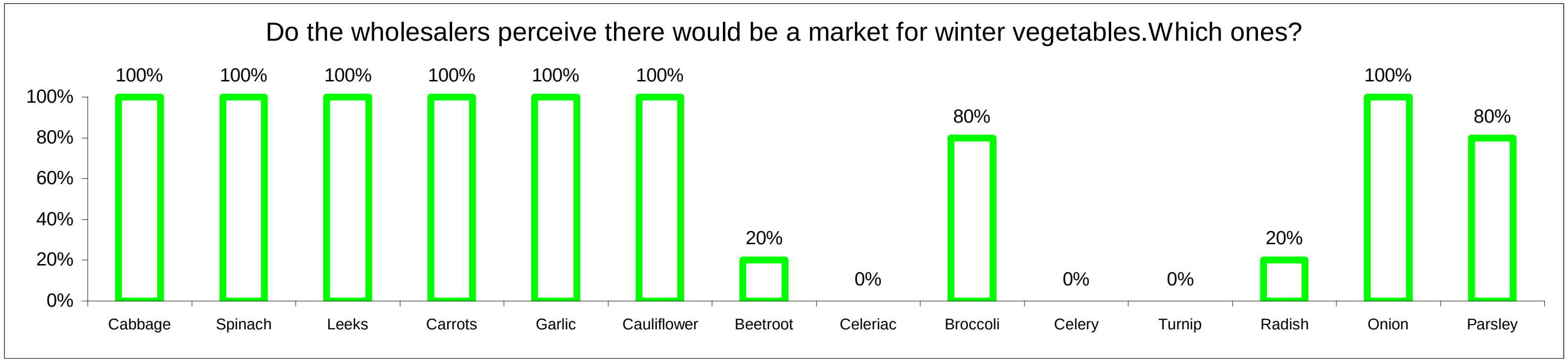


➔ … but they actually work with a very narrow range of vegetables. The main reason being apparently that there is no demand for it. In fact they assume that the Kosovo-Albanians do not eat these vegetables because it is not part of the traditional diet. This is confirmed by some restaurant owners who declared that they were going to Macedonia (Skopje) themselves in order to find broccoli.

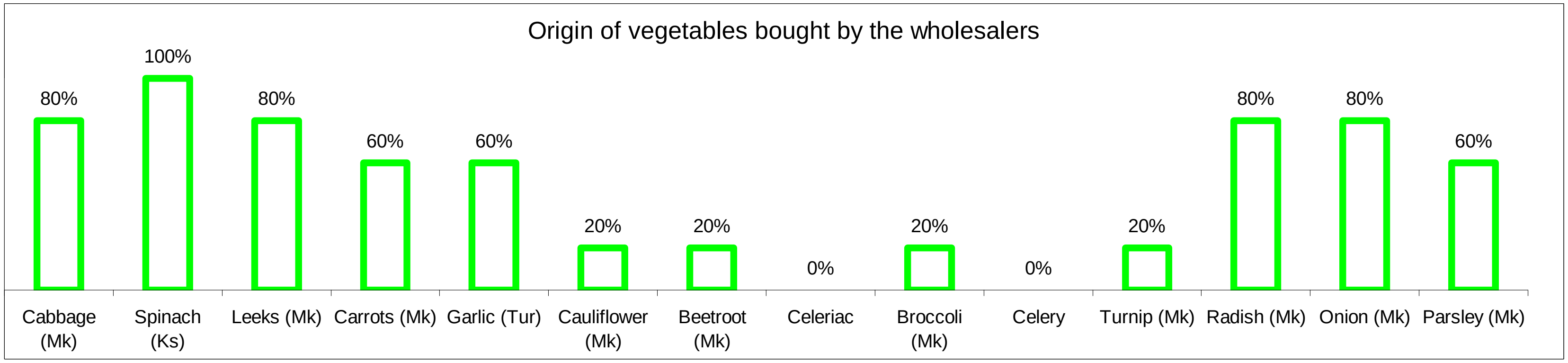


➔ Knowing that so far there is only spinach and cabbage that are produced locally (and not during winter), this chart shows that there would be an important outlet for winter (or off season) production of leeks, carrots, garlic, onion and parsley; which are so far almost entirely imported.

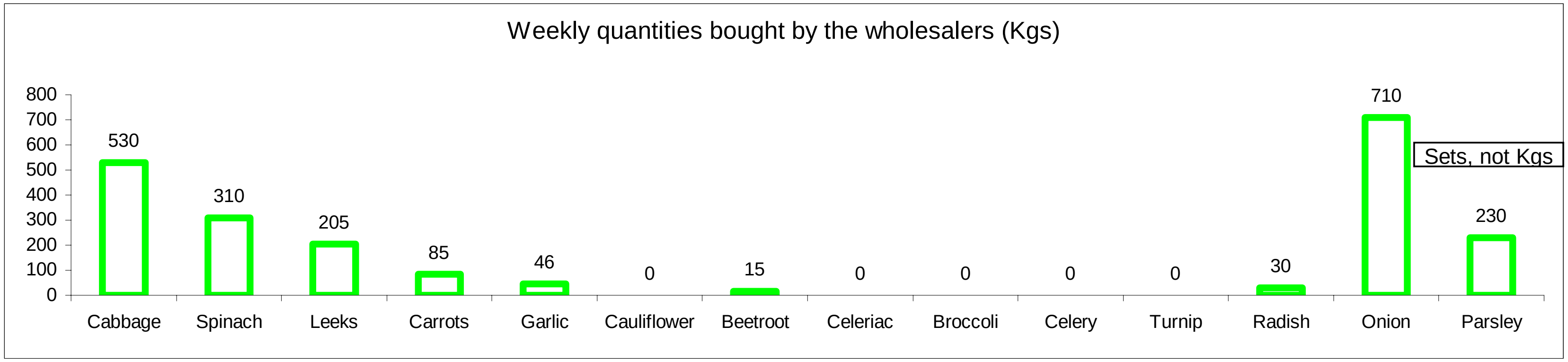
➔ Complement to the above chart, wholesalers would be ready to buy the locally produced winter vegetables, as long as they compete with the quality standards of the imported ones of course. This clearly highlight the potential of developing off season and winter horticultural production.



➔ Beside the traditional winter vegetables, the wholesaler perceive there would be a market for cauliflower, carrots and broccoli for sure, whereas the demand for beetroot and radish if it exists would be a lot more marginal.



➔ Apart spinach coming from Kosovo and Garlic from Turkey, all the other winter vegetables are actually coming from FYROM. Even though the climatic conditions there are significantly better, we perceive that a local winter vegetables production could well challenge these products.



➔ In terms of quantities the main commodities the wholesalers are dealing with are cabbage, spinach, leeks, onions and parsley. The other vegetables being a bit more marginal. Taking in consideration that most of these vegetables are currently imported from Macedonia (except spinach), then there should be an interesting potential for developing the culture of winter hardy species in Kosovo. At least the market exists.

Estimation of the market size

- From this survey we realised that the “concept” of winter vegetables is not widespread in Kosovo: neither consumers nor traders are very familiar with that. This is also confirmed by some traditional cooking habits (preserves of peppers for instance). And even though some of the vegetables that were the purpose of this study are fairly well known, they are definitely imported products. It then seems that the producers do not have a clear vision of what the market is demanding during off season or winter periods as well as the distributors are not aware of what the producers could do.
- The next stage of such a study would be to quantify the volumes of these winter vegetables that can be commercialised on the local markets. The below figures have to be considered with lots of precautions as they are based on a very small sample, but it can at least give a general idea of volumes expected by the market…
- According to the “Business Directory” realised by the statistical office in collaboration with IOM; there is in Pristina a total of 679 hotel-restaurants registered, among which 120 are enterprises (incorporated) and 559 are individual entrepreneurs. We only took into account these firsts, as the category “individual entrepreneur” is probably largely composed of small restaurants where the demand of vegetables is small.
- Concerning the estimation for traders, it is even less precise as the business directory only records in a same line “wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods” which is far broader than just fruit and vegetable trading. We then estimated that 1/5 of these would deal with vegetables and fruits… That is 321 enterprises and 561 individual enterprises (corner shops), for a total of 882 traders. We then multiplied this number by the average of quantities bought weekly both by wholesalers and retailers.

	Cabbage	Spinach	Leeks	Carrots	Garlic	Cauliflower	Beetroot	Celeriac	Broccoli	Celery	Turnip	Radish	Onion	Parsley (Sets not kgs)
Restaurants	713	373	161	501	80	340	53	0	315	300	200	432	216	390
Traders	405	237	176	118	55	36	26	3	28	5	0	27	428	343
Weekly Qty	1118	610	337	619	135	376	79	3	343	305	200	459	644	733
Monthly Qty	4695	2562	1415	2600	567	1579	332	12,6	1440	1281	840	1928	2704	3078

- The projection for cabbage and spinach is largely under estimated, probably because of the high consumption of cabbage in small traditional restaurants. Indeed, according to the data we gathered from the Pristina wholesale market there were respectively 108.650 kgs of cabbage sold in March, 75.100 kgs in April and 66.320 kgs in May. 4.800 kgs of spinach were sold in April. Same comment about onion, although it seems to follow a really decreasing curve: 22.070 kgs in March, 6.450 in April and 2.870 kgs for May. Then the demand seems to be higher during winter, which makes a winter production very interesting.
- This difference could be partly explained by the fact that cabbage is one of the key elements of the winter Kosovar diet, and it is also widely used in the small traditional restaurants that have been excluded of the above projection.

RECOMMENDATIONS

1. According to these results, we can conclude that the next season the priority will be the traditional winter vegetables, which are already known by consumers. (Cabbage, spinach, leeks, carrots, garlic, onion,) but are not widely available on the market.
2. Then for the category 2 and 3, the quantities to be tested should be rather smaller as we foresee a quite “shy” market response.
3. Considering that the market is not used to these commodities we shall be particularly vigilant on the monitoring and follow up of these winter vegetables. Indeed during the commercialisation lots of efforts will be required in terms of exposure and awareness towards consumers.