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Croatia

Fresh Deciduous Fruit

Report

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Report Highlights: The fruit and vegetable market was liberalized after Croatia's recent WTO entry. Small markets and street vendors still dominate distribution but supermarket chains are making rapid gains.

Includes PSD changes: No
Includes Trade Matrix: No
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1. Distribution of fruit and vegetables

Following Croatia's WTO membership in 1999, the domestic fruit and vegetable market is rapidly liberalizing and swiftly turning to a developed market format. The most important distribution channels in Croatia, on wholesale level, are so-called "green markets", which are primitive forms of auctions. Currently, six wholesale markets operate in Croatia - in Zagreb, Rijeka, Split, Osijek, Zadar and Metkoviÿ. The dominant selling method is private contracts. "Green markets" do not have wholesale facilities for storage and handling nor do the have refrigerated warehouses.

An alternative form of selling is through distribution centers, in which closed storage-selling spaces are leased. Some bigger producers, especially those who have storage space, directly sell their products to caterers, larger consumers and retailers. National wholesale prices of fruit and vegetables are established in the "green markets".

City markets are the dominant retail sales channel for fruit and vegetables large supermarket chains are quickly increasing, and becoming more competitive. According to current regulations (Official Gazette n. 37/98) city markets consist of outdoor areas and buildings where people trade food and other goods. An outdoor area is allowed to sell agricultural products: fruit and vegetables, diary products from private production, eggs, and flowers. City markets are usually located in city centers or in each district in larger cities. They are open daily in the morning and early afternoon. This sales channel usually has the best fruit and vegetables supply at the retail level in Croatia. Tradesmen dominate at city markets. Retail prices for fruit and vegetables are mainly established at these markets. Retail prices are about 30% higher than wholesale prices.

Of all fruit sold at the retail level, city markets sold about 45%, and retail shops 28%. About 4% by large consumers and the rest 23% is sold through direct sales. The structure of the vegetable market is: 64% city markets, 16% retail shops, 4% large consumers and about 16% other selling channels.

2. Fruit and vegetable consumption

Fresh fruit household consumption is about 52 kg per capita per year. Total fruit consumption is estimated to be 5-10% higher. Consumption patterns seem to be changing in favor of Mediterranean and subtropical fruits (about 45% of fruit consumption). Average expenditures for fruits are about US $55 per capita annually or about 6 percent of total expenditures for food. The biggest expenditures are for fresh fruit (87 per cent).

Table 1 Household Consumption of fresh fruits in 1999, kg per capita

Total fresh fruit

52,38	Tropical fruit
13,45	Bananas
9,62	Apples
13,32	Pears

1,47	Grapes
2,58	Stone-fruit
4,87	Berry-shaped fruit
0,94	Other fresh fruit
6,13	Dried fruit, peeled fruit and edible seeds
1,4	Preserved fruit, processed fruit, babyfood and dietetic products
0,52	

Source: CBS – Survey on personal consumption in households

Vegetable consumption is slightly higher than fruit consumption at about 55 kg per person per year and potatoes are about 43 kg. Average expenditures for vegetables are about US $90 per capita annually or about 11.09 percent of total food expenditures.

Table 1 Consumption of fresh vegetables in households in Croatia in 1999, kg per capita

Total fresh vegetables	55,13Leafy vegetables and culinary herbs
13,91	Cabbage, cole, brocoli
9,66	Vegetables grown for their fruit
19,10	Root vegetables
12,46	Frozen vegetables
1,34	Dried vegetables
5,28	Preserved and processed vegetables, babyfood, dietetic products
7,33	Potatoes
43,13	Products of tuber vegetables
0,43	

Source: CBS – Survey on personal consumption in households

Most consumers purchase fruit and vegetables at city markets. More than half of them make purchases several times a week, and most often on Fridays and Saturdays.

Variety, prices, quality and freshness of products are the main motives for going to city markets (in this order). The main criterion for a specific product choice is freshness, followed by quality, organic and domestic production. Less important for buyers is information about products they buy and purchase at their convenience.

Four Types of Fruit and Vegetable Customer

1. Patrons of city markets prefer are generally older consumers and spend the highest amount of money for fruit and vegetables. Retirees dominate this segment. Compared with other consumers, they find organic production, domestic origin and information about fruit and vegetables important. This group accounts for 31% of consumer sales.

2. Practical buyers prefer "modern" foods. Product appearance and an attractive presentation are important for them as well as price. They visit city markets less often than other buyers and prefer buying at retail shops. This segment counts for 20% of the market.

3. Traditional buyers consider quality of fruit and vegetables more important than other buyers. They prefer traditionally produced, domestic fruit and vegetables and have negative attitude towards imported products. Fruit and vegetables are an important part of their diet. Most of these consumers are employed and buy fruit and vegetables in the afternoon hours. This is the youngest segment representing 23% of sales.

4. Indifferent buyers prefer meat in their diet and fruit and vegetables are not considered as very important. Therefore they spend less money for fruit and vegetables compared with other consumers. Freshness and quality are the most important product characteristics for these consumers. Organic production, domestic origin and information about fruit and vegetable are unimportant to them. Indifferent buyers represent 26% of the market.

3. Future Developments in the Fruit and Vegetable Market

- Expect more product differentiation according to product quality and labeling (e.g., origin, organic production, or brand).
- Higher prices for some vendors will be achieved through more consistent product quality and an increasing supply of organic and "domestic" products.
- Further market liberalization will increase competitiveness.
- The trade in fruits and vegetables in city markets will decrease.
- The market share of supermarket food chains will increase.
- Demand for organic and “domestic” products will increase.