ASPECTS CONCERNING THE WORLDWIDE APPLE MARKET FOR THE INTERNATIONAL CONGRESS INTERPOMA 2006

ASPECTE PRIVIND PIAŢA MONDIALĂ A MERELOR ÎN CADRUL CONGRESULUI INTERNAŢIONAL INTERPOMA 2006

CUJBĂ MONICA[1], GRĂDINARIU G.[2], CORNEANU G.[1], HUMĂ RAMONA[1]

[1]Research and Development Station for Fruit Tree Growing Iaşi
[2]University of Agricultural Sciences and Veterinary Medicine Iasi

***Abstract**. The complexity of problems which the apple industry faces internationally is one of the main worries of specialists in this sector. In the last decade, solutions for dealing with these problems have been looked up.*

Growers, packers and resellers apply different marketing strategies to survive in the new market conditions and to obtain profit.

During the Interpoma International Congress 2006, several strategies have been presented for resolving the main problems of the apple industry, in the EU during 1996-2006.

This study tries to resume the data's concerning production, consumption and apple prices in Romania and other countries.

Key words: apple industry, marketing strategy, producers, consumers, common market, profit.

***Rezumat**. Complexitatea problemelor cu care se confruntă industria merelor la nivel mondial constituie una din preocupările majore pentru specialiştii din domeniu. În ultimul deceniu s-a încercat găsirea unor soluţii obiective pentru rezolvarea acestor probleme.*

Cultivatorii şi firmele care se ocupă cu ambalarea şi comercializarea merelor au aplicat diferite strategii de marketing pentru a supravieţui în noile condiţii de piaţă şi penru a obţine profit.

În cadrul Congresului Internaţional INTERPOMA 2006 sunt prezentate strategii şi propuneri de abordări pentru problemele specifice industriei merelor şi este analizată situaţia consumului de mere în Uniunea Europeană pe perioada 1999-2006.

În această lucrare autorii prezintă o sinteză a datelor privind producţia, consumul şi preţurile de valorificare a merelor în România şi Uniunea Europeană.

Cuvinte cheie: industria merelor, strategie de marketing, producători, consumatori, piaţă, profit.

For the last decade, apple industry has confronted major difficulties all over the world. Production has surpassed consumption, competition with other fruits got higher, and demands became more and more qualitative, the selling price lowered.

Therefore, surviving for growers and processors on the market became very difficult. Many of them have given up because of their incapacity of becoming competitive and obliging with the common market's rules.

Firms that still operate in the common market have applied different marketing strategies, trying to limit losses and becoming profitable again (O'Rourke, 2006).

One of the strategies applied was to resize the production capacity, by setting up new orchards and growing the storage places and processing centers. New cultivars were being used, with a high capacity of production, in super intensive systems of planting and with specific shapes of crown. All these led to obtaining very high yields and diminishing the production cost per unity.

This situation was not beneficial, as the price of fruits diminished faster than the costs for production. Therefore, the producers were unable to get their money back in due time.

O'Rourke, 2006 considers that this strategy auto-destructive and very harmful for the industry, concerning the fact that the orchards of those who drop pot of the business are taken over by others who use the exact same marketing strategy.

In this frame, a new approach has been set up: negotiation between competitive producers. Originating from areas with a tradition in apple growing the producers formed different alliances for facilitating surpassing financial difficulties.

These alliances can be simple, at regional level, but they can also become incredibly complex, such as inter-regional and international associations.

The main condition for them to function is that each producer signs over control of the brands and self image for the wellbeing of the group and accepts major attitude changes regarding the members of the group. The individual producer must pay a membership fee and relinquishes control over some activities, but, in return, they have access to information, counseling and different other services. Of course, such alliances can be very easily terminated due to disagreements.

Still, these kinds of alliances don't imply major changes for the offered products.

Therefore, a new approach has been made: the introduction of a new element (new apple sorts, or changing the images, through promotions, of those already existent) and then, promoting and valorizing products at much higher prices, on international markets. This is also possible due to obtaining of a unique geographical identity (AOC) through which the apple sort is recognized internationally.

For example, the Limousine region in France has an AOC status for the Golden Delicious apple sorts. The Melinda society in Italy owns an AOC status for Golden Delicious, Red Delicious and Reinette sorts. The Terentino Region owns a PGI for the Sudtirol apple sort and the Naples denomination for the Annurca Variety.

The brands impact on the common market keeps drooping as more and more products succeed to gain this status each year and they stop bringing important economical contributions.

A variant of this strategy means radical changing in the production system. Firms associate themselves in marketing clubs that deal with promoting a new product on the market. The initiator of the club decides which cultivar will be introduced in the system and be promoted, how many hectares will be planted with that apple sort and what quantity production will be sold and to whom (O'Rourke, 2006).

The impact the new apple sorts have on the market and the price for which they are sold compensates the investment made for promoting them. The problem is the impossibility of pre-seeing the customer's reaction in the moment the stocks will grow. One must also take into consideration the misunderstandings that can appear inside the club and the necessary effort for an efficient administering of the production, distribution and apple commerce.

Some producers consider that the problems they face can be solved through negotiation and collaboration. Those are the adepts of the marketing strategies generically known as "Bono" (O'Rourke, 2006).

Through this strategy, one can obtain external financing, which will be used to promote apple consumption, by showing the benefits of these fruits to health.

The apples have a tonic effect on the organism; it helps eliminating uric acids, and reduces the cholesterol and the absorption of toxins. It is recommended within obesity, for diabetics, children and for the elderly (Gradinariu G., 2002).

The challenge is: trying to change the usual consumption habits of the population, and to obtain financing where others have failed. It is also hard to assume, that competitive firms on the market will be able to work together as a team.

No matter how well promoted the apple sorts on the market are, if they don't satisfy the consumers' demands, everything is useless (O'Rourke, 2006).

Finally, the marketing programs orientated to production and their diversifications are not enough for solving the hard matters apples industry deals with. There is a high discrepancy between the offered products and the need for change of the consumers.

Desmond O'Rourke upholds a new theory to be tested. It is highly complex and acquires the latest marketing knowledge. The main idea is to understand the consumer, and the factors that influence him on fruit consumption.

We must take notice of the influence of the consumer's traditions, the changes caused by growth of income, and the attraction of new and exotic fruits.

Building a successful business, where the three ingredients (production, packaging and reselling) can easily mix, is extremely difficult and needs extraordinary managerial qualities.

For combining research with marketing programs designated for producers, will be necessary much more sophisticated industry organizations at a regional, national and international level, organizations that can define the consumer's desires. However, once the consumer's preferences are discovered through the research program, the responsibility of fulfilling it becomes that of individual producers, packaging firms and distributors, by investing in apple sorts, systems and operations that would satisfy the demand.

Major changes in the attitude towards the buyer and competition will be necessary at firm and industry level. Otherwise, the profitability will be unsure.

The study "Tendencies in apple sorts consumption", PhD Wilhelm Ellinger presents some aspects concerning the situation of apple consumption in the European Union.

There has been taken into debate the accuracy of statistical data's regarding apple production and consumption and the selling prices compared with the real situation on the market.

Factors that influence the exactness of the data:

A. the accuracy of production price: it varies a lot from one producer to another, according to the destination of the harvest, quality of the fruits, brand, and region;

B. the correctness of export statistics: there are a lot of uncertainties between statistics of apple importing in the EU and statistics of exporting countries. Some small differences can be explained by merchandise transit and losses that appear anyway, but there are times when the differences are extremely high. For example, one can notice the difference between the Poland's apple exporting data's in other countries and the EU import statistics.

Table 1.

Differences between Poland and E.U regarding apple exports and imports

Apples	2004	2005
Poland (thousands tons) - exported	+28,942	+18,143
EU states (thousands tons) - imported	-20,986	-12,844

Considering the actual situation of the apple industry and the difficulties that apple growers are facing, it is crucial to have access to new information from the common market. This way, producers are able to take correct decisions and adopt viable marketing strategies.

As for the international apple export, New Zeeland has been till recently the biggest apple producer from the southern hemisphere. This country has unique apple varieties, offered for consuming under the ENZA brand, a well-known apple brand all over the world. It maintains its leader position by using innovation as future strategy and perfecting production methods, informatics systems and technical transfer from orchard to laboratory (Peter Beaven, 2006).

On the other hand, in Australia, fruit industry has been oriented towards the internal market, only small quantities of fruit being sent to Asia and Europe.

Within the multitude of producers, on a 1.9 million hectares of apple orchards and 24 million tons of fruit (mostly in Shaanxi and Shandong regions), China is considered an international producer. Its main distribution markets are the South East of Asia and Russia.

A great importance is given to packaging, for maintaining the quality, following the requirements of the International Market.

In China, the present tendencies are to optimize and centralize apple orchards, limiting the production at 30 million tons. 25 million tons are designated to internal market, the rest are for export (Yongbing Yuan, 2006).

Apples are the most important fruit species cultivated in Romania, about 44,6% of all grown fruits. After 1990, the apple production represented half of the cultivated fruits, in the last years being compared with the plum production (Beceanu D., Benea E., 2001).

In the following table's are presented data's concerning apple production, consume and commerce in Romania, during 2000-2005:

Table 2.

Apple production in Romania in the last years (FAO)

Year	M.U.	Quantity.
2000	t	490300
2001	t	507440
2002	t	491500
2003	t	811100
2004	t	1097840
2005	t	637980

Table 3.

Apple consumption in Romania, in the last years (FAO)

Year	Total (t)	Quantity day/capita(grams)
2000	461390	57,15
2001	445090	55,37
2002	529770	66,15
2003	638370	79,99
2004	653060	82,11
2005	667530	84,24

Table nr. 5

Data concerning apple consumption in some European states, during 2000-2005 (FAO)

Country Year	Food quantity/day/capita(g) –Apples					
	2000	2001	2002	2003	2004	2005
Germany	115,01	109,22	99,98	93,17	90,71	89,05
Hungary	111,44	85,24	58,09	82,15	71,79	68,91
France	66,41	76,87	75,69	63,94	67,62	86,80
Italy	56,56	66,09	56,65	45,57	61,89	49,71
Poland	48,38	68,63	76,08	69,29	74,73	81,47
Romania	57,15	55,37	66,15	79,99	82,11	84,24
U.K	36,11	39,91	38,86	41,02	46,61	61,49

Table 6.

Data concerning apple commerce in Romania, in the last years (FAO)

Years	2005	2004	2003	2002	2001	2000
Imports(thousands tons)	84,31	47,83	50,35	26,03	17,28	26,52
Exports (th. Tons)	108,24	74,82	75,96	41,28	21,66	22,19

Table 7.

Apple Prices in Romania

Year	Unitary price ($ /t)	Export ($ /to)	Import ($ /to)
2000	420,38	260,48	269,86
2001	317,27	321,05	280,16
2002	370,02	201,36	291,33
2003	387,43	227,81	200,93
2004	-	264,98	207,49

One can easily notice a major growth of the apple production in Romania, during 2003-2004, compared to 2005, when a little drop occurs.

Apple consumption/day/capita constantly developed, reaching maximum in 2005, but compared to other European states, it is still relatively low.

In the actual context, with a common market that is changing continuously, the transfer of information and collaboration between worldwide producers is the essential condition for the industry to function properly. (Peter Beaven, 2006).

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