

Spain: Lower tomato volumes, demand and prices

According to Lorenzo Carrasco, marketing director of LC Group, sales volumes of Spanish tomatoes are still lower than normal for this time of the year, although demand and prices are not rising.

"No product is highly demanded and prices are lower than they should be because of the lack of demand. For the next few weeks, overall consumption is expected to drop, as it happens every year after the Christmas holidays. In the second half of January, we usually register lower sales, although the market can still surprise us."

The Russian veto has also had some impact, according to Lorenzo. "Obviously, we have been affected by the lack of sales to Russia. At the same time, oversupply has driven prices to lower levels than they should be and this naturally hurts us. For this reason, we have recently opened new lines of business in Middle Eastern countries that are restoring some hope, and Asia is the next target."

Meanwhile, Spanish tomatoes are also facing increasingly fierce competition, not just from the Netherlands, but also from other countries like Morocco and Turkey. "Moroccan tomatoes are increasing their presence in all European markets, which of course means that they must be doing something right, even if we are affected by it. Its trade policy is based on offering stable prices, and that is something supermarket chains appreciate," points out Lorenzo.

Much is being said today about the pressure from distribution chains, especially discount chains, on the prices of some products; something which Lorenzo says does not apply to differentiated products. "Discount supermarkets have long since taken the step of demanding quality products for their shelves and not necessarily lower prices. This entails that, as their market share increases, they seek to meet the needs of their customers, who are increasingly more interested in flavour.

"Almeria and Murcia, Spain's main tomato producing regions, are quite adapted to meet their needs with the right technical specifications, and therefore, the current importance of these clients for Spanish distributors comes as no surprise," he adds.

Speciality tomatoes are the future

Grupo LC sells every standard tomato variety on the market; everything their clients demand. However, Lorenzo Carrasco stresses that "some time ago we took a step forward and introduced new tomato varieties with a focus on flavour that have really allowed us to differentiate ourselves from the competition, and which allows us to provide added value to our customers. This trend's popularity is on the rise, as there is a true search for flavour and specialities," he affirms.

"For this reason, speciality tomatoes are increasingly more important in our range, and we believe they are the future. Some specialities succeed and others will not, depending on productivity and market acceptance, but we must focus our efforts on

products that promote and attract consumption. Tomato varieties such as the Pink, Montserrat, Oxheart or Raff register greater levels of demand every day," he says. "We have been exporting such tomatoes across Europe on a regular basis, and lately some Middle Eastern countries are becoming increasingly interested in such specialities."

2014, a year of contrasts for LC

Lorenzo Carrasco defined 2014 as "a year of contrasts." In terms of consumption, "it has been a difficult year, as the downward trend has not improved and prices have driven sales to lower levels than in previous years."

"Regarding new projects, however, it has been an exciting year, as we have not given in to the pessimistic consumer trends and we have embarked on major new projects, such as the acquisition of Cooperativa SCA La Pequeña Holanda, based in Cádiz, which gives us a direct link with the production; the opening of new markets in the Middle East; and the consolidation of our partnerships with local supermarket chains we already collaborated with, and with which we are immersed in some projects for the future."

Source: www.freshplaza.com/ 26/12/2014