

Abstract:

The per capital consumption of fresh fruits and vegetables is still increasing in almost all countries but the ongoing consolidation in the retail market challenges the traditional vertical market coordination of the fresh fruit and vegetable sector which for a long time was dominated by spot markets. Retailers are backward integrating parts of the wholesale business and the share of produce moving directly from large growers to retailers is increasing and both sides are engaging in a wide range of contractual agreements. In response to this a structural change of the farm can be observed: farms are growing and specializing on a few crops, forming new cooperatives and alliances and providing customer designed products. The paper contrasts the described empirical findings in the farm sector with different economic theories in order to find some key drivers for this development. Based on this analysis, an attempt is made to outline what options may be open for the farm sector to respond to the emerging new vertical market coordination along the supply chain.