



Large horticultural farms have stronger position

Large horticultural farms often earn more than small ones, not because their costs per kilo of produce are lower, as is often assumed, but because they get higher sales prices. This finding comes from PhD research by Evert Los.

Los analysed the economic and business data of around 250 Dutch vegetable farmers with a loan from the Rabobank. He looked at farmers who grew cucumbers, tomatoes and peppers. 'There are big differences between farms,' says Los. 'But large farms generally have a stronger position in the market. They can't negotiate higher prices with supermarkets but they can offer year-round supplies, which gets them a better price.' But larger farms don't always do better than small ones, says Los. Some large farms have high capital costs, for example because they have taken out loans with high interest rates and spend a lot on labour. Small farms can do well too depending on the type of vegetables grown.

Tomatoes

Cucumber growers usually have relatively small farms of three to four hectares. That is because cucumber plants grow fast, which makes them difficult to manage and also requires a lot of labour at peak times. Vine tomatoes, however, are easier to grow and cultivation is more industrialized, so tomato farms tend to be over 10 hectares. While cucumbers and peppers are essentially standardized products, there is more variation in the cultivars and flavour of tomatoes. That product variation is reflected in a greater variation in sales prices for tomato growers, says Los. AS