



RATIONALITY OF FOOD PRODUCTION: THE CASE OF THE BALTIC STATES

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THE RESEARCH AIM:

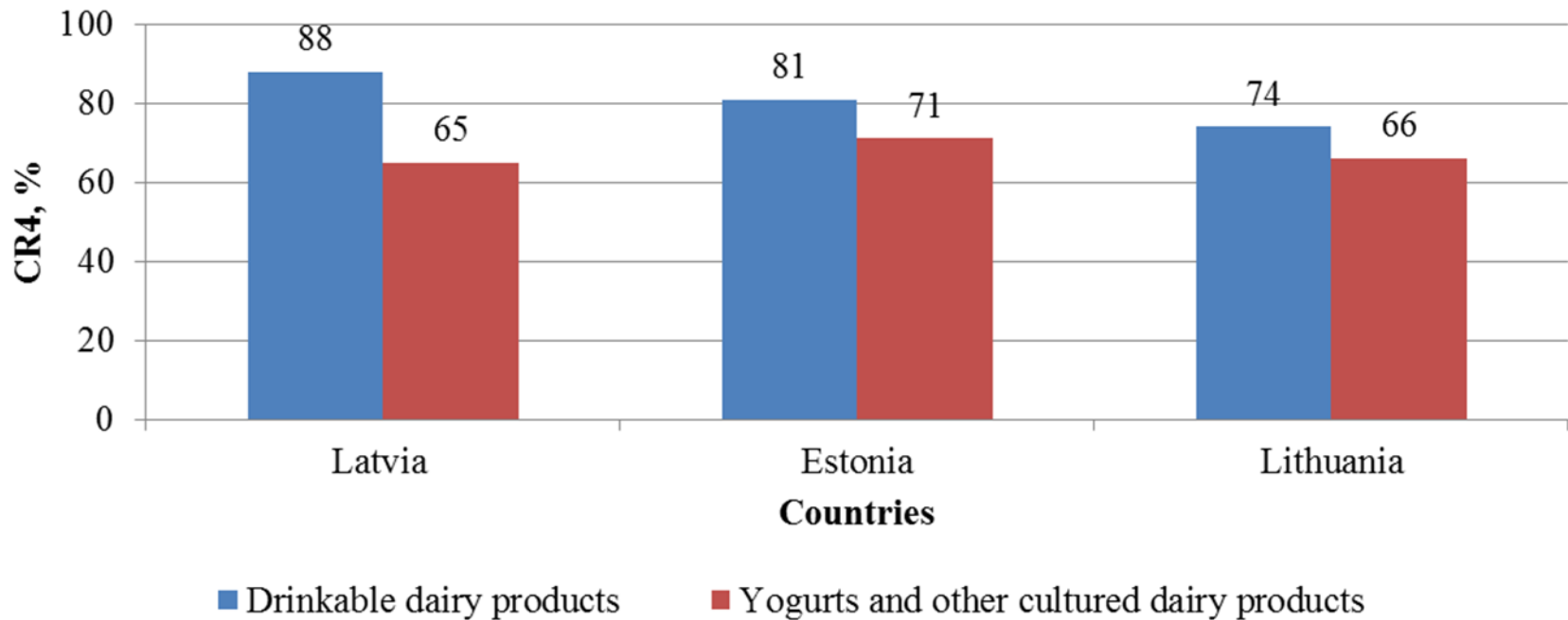
to examine the dairy supply chain in the Baltic States in order to identify opportunities for the development of packaging

THE RESEARCH TASKS:

- 1) to describe the dairy supply chains in the Baltic States from the aspect of retail trade;
- 2) to examine the characteristics of the dairy supply chain that affect logistics and the development of packaging in logistics

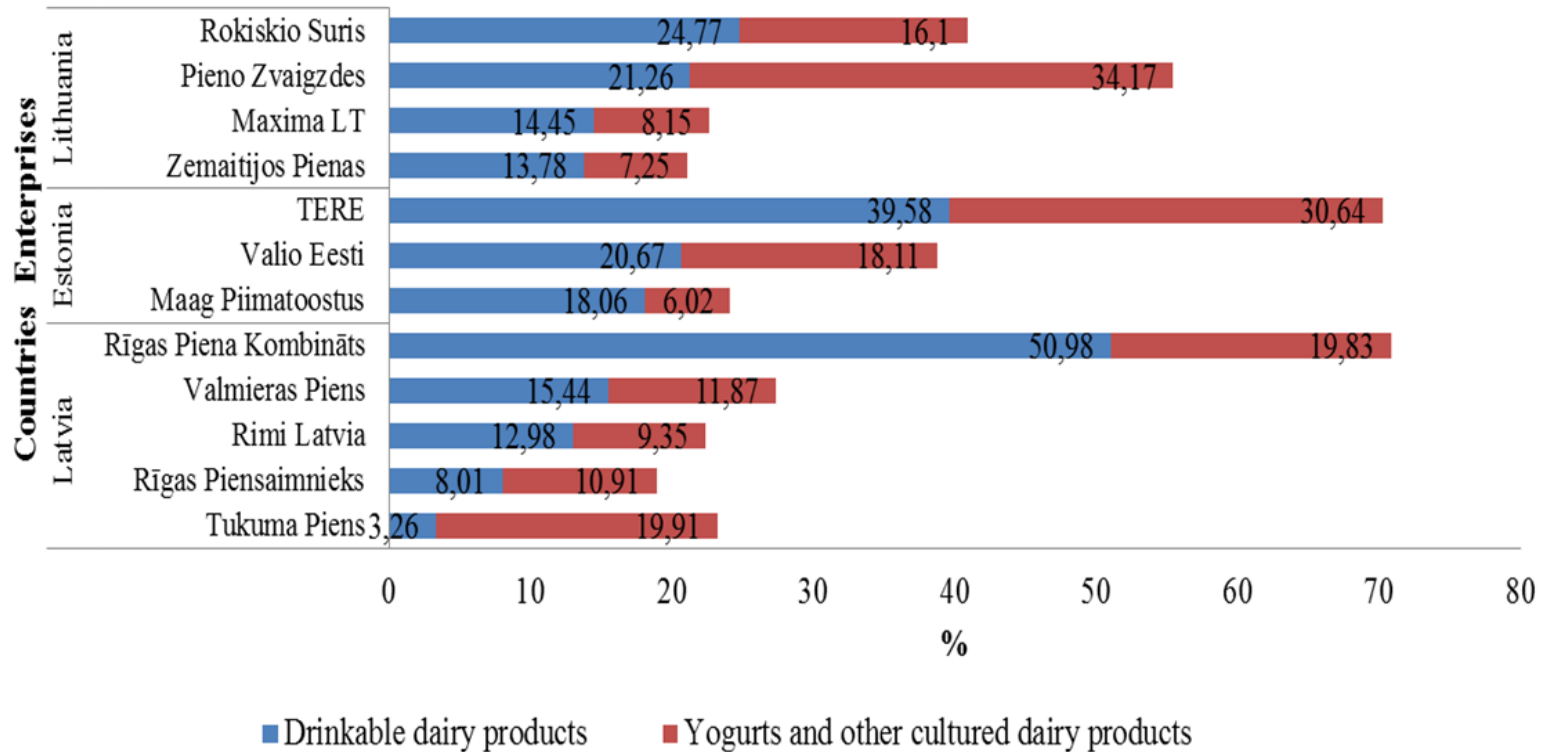


Characteristics of the trends in dairy retail sales in the Baltic States (1)



Concentration ratio for the dairy processing industry (CR4) in the Baltic States in 2011 (%)

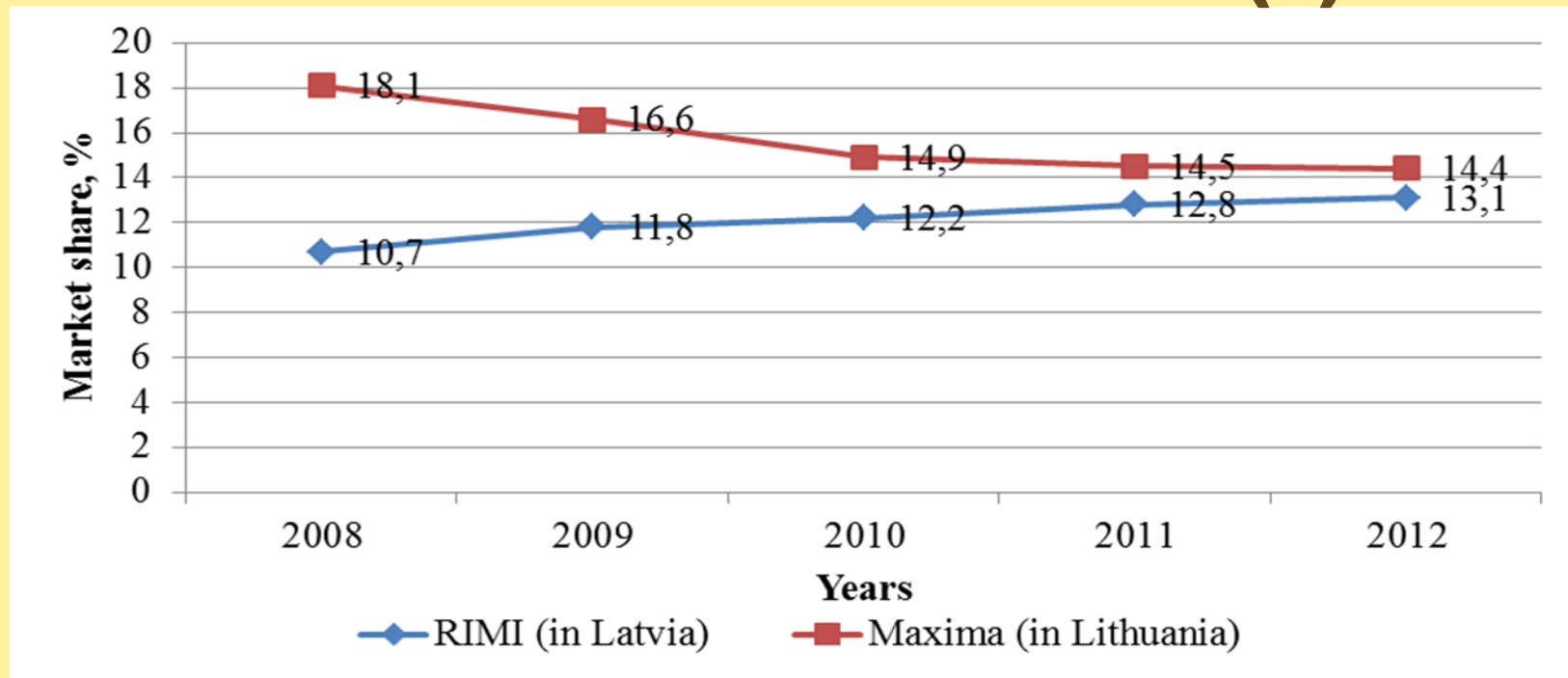
Characteristics of the trends in dairy retail sales in the Baltic States (2)




Market share of milk processing enterprises in the Baltic States in 2011 (%)



Characteristics of the trends in dairy retail sales in the Baltic States (3)



Changes in the market share of private brands for dairy products in the period 2008-2012 (%)



Characteristics of the trends in dairy retail sales in the Baltic States (4)

- 3-4 large milk processors in each country
- Low import influence
- Cross country distribution
- Retail influence
- Private brands
- Continuously consolidation
- Global management experience
- Dairy products' pricing elasticity;
- Product quality and qualities
- Low profit margin (2-4%)





Logistics of the dairy supply chains in the Baltic States and the development of packaging in logistics (1)



PRIMARY PACKAGING VARIETY



SECONDARY PACKAGING

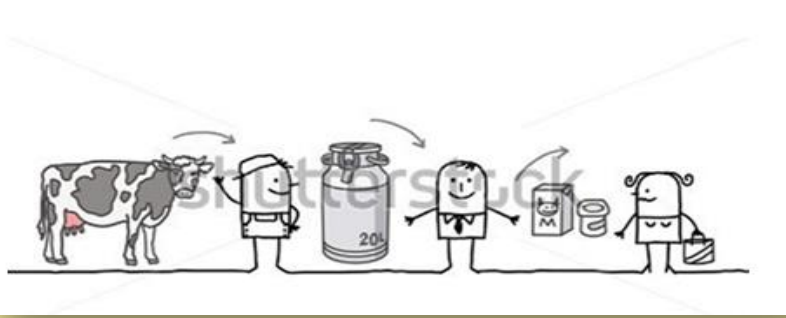


RETURNABLE
TRANSPORT PACKAGING
FIT TO BULKY SALES
PRIMARY PACKAGING

RETURNABLE
TRANSPORT PACKAGING
FIT TO TERCARY
PACKAGING; SRORAGE
SYSTEMS

ONE WAY PACKAGING
FIT TO PRIMARY
PACKAGING





Logistics of the dairy supply chains in the Baltic States and the development of packaging in logistics (2)

- ✓ Transport packaging costs
- ✓ Products damage
- ✓ Handling costs
- ✓ Lack of sustainability
- ✓ Transport and storage costs
- ✓ Goods' traceability and identification barriers



Conclusions

- Each country has 3-4 large milk processors that determine market trends in the segments of dairy products, yogurts and cultured dairy products.
- The Baltic States' milk processing enterprises have a single sales market, in which an important role is played by retail chains and their brands.
- Profit margins of the milk processors in the Baltic States have been within a range of 2-4% of their total turnover.
- The diversity of transport packaging cannot be equipped with standardised and modern identification systems in order to accelerate and enhance the traceability and identification of goods at any stage of the dairy supply chain as well as to ensure precise recording of inventories.
- Therefore, one of the solutions to it is to simultaneously introduce standardised and unified returnable packaging for dairy products in all the Baltic States by making an agreement among all the largest participants of the dairy processing industry.



THANK YOU FOR ATTENTION!

