Cooperation Barriers and Prospects among Olive Oil Cooperatives in the island of Crete

Ms Antigoni Pappa
Dr Panagiotis Kotsios
MOTIVES FOR THE RESEARCH

**Social Economy** is rising as a strong alternative against the only-for-profit economy.

Politicians, business owners and civilians-consumers are **gradually realising** the **multilateral benefits** of social entities.

The **EC Action Plan** describes promising actions for the SE for the next decade.

**Best practices** can be exchanged between more and less developed countries.
MOTIVES FOR THE RESEARCH

Cooperation is a key theme in Social Economy.

It constitutes one of ICA’s basic principles.

It creates networks effects such as knowledge transfer, cost reductions and revenues.

There are also important social and environmental benefits.
MOTIVES FOR THE RESEARCH

**Agrifood Sector** is a vital part of almost every economy.

In **Greece** the **primary sector** is responsible for **4,3%** of the country’s **GDP**.

The **food industry** creates **25%** of the **secondary’s sector** added value (**17,9%**).

**Agricultural Cooperatives (AC)** are at the heart of agricultural production and food processing.

According to the **National AC Registry** (kept by the Greek Ministry of Rural Development), on the end of **2021** there were **1042 active ACs**.
**MOTIVES FOR THE RESEARCH**

**Olive oil** is one of the most important food products of Greece.

**Annual production of about 340,000 tones.**

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Spain</td>
<td>1,059,194</td>
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<tr>
<td>2</td>
<td>Italy</td>
<td>557,574</td>
</tr>
<tr>
<td>3</td>
<td>Greece</td>
<td>344,615</td>
</tr>
</tbody>
</table>

Source: FAOSTAT

**Mediterranean basin** has 95% of olive trees in the world.
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International demand for olive oil have risen significantly, along with exports and price per litre.

Value of Olive Oil Exports in Thousands of Euros

<table>
<thead>
<tr>
<th>No</th>
<th>Country</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>+40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>World</td>
<td>5.039.188</td>
<td>5.290.702</td>
<td>6.600.234</td>
<td>6.653.653</td>
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<tr>
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<td>1.950.029</td>
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<td>1.456.924</td>
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</tr>
<tr>
<td>4</td>
<td>Portugal</td>
<td>340.846</td>
<td>372.754</td>
<td>433.544</td>
<td>412.216</td>
<td>495.245</td>
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</tr>
<tr>
<td>5</td>
<td>Greece</td>
<td>494.279</td>
<td>260.235</td>
<td>632.856</td>
<td>584.132</td>
<td>481.312</td>
<td></td>
</tr>
</tbody>
</table>

Source: UN Comtrade

85% of total exports
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Average Export Price of Olive Oil per Litre in Euros

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>World</td>
<td>2.98</td>
<td>2.77</td>
<td>3.61</td>
<td>3.62</td>
<td>4.09</td>
</tr>
<tr>
<td>1</td>
<td>Spain</td>
<td>2.76</td>
<td>2.45</td>
<td>3.49</td>
<td>3.45</td>
<td>3.89</td>
</tr>
<tr>
<td>2</td>
<td>Italy</td>
<td>3.76</td>
<td>3.47</td>
<td>4.48</td>
<td>4.35</td>
<td>5.01</td>
</tr>
<tr>
<td>3</td>
<td>Portugal</td>
<td>3.25</td>
<td>2.92</td>
<td>3.60</td>
<td>3.50</td>
<td>4.05</td>
</tr>
<tr>
<td>4</td>
<td>Greece</td>
<td>2.96</td>
<td>3.53</td>
<td>3.64</td>
<td>3.63</td>
<td>4.27</td>
</tr>
</tbody>
</table>

Source: UN Comtrade, Processing by Dr P. Kotsios

ICA Conference 2022
MOTIVES FOR THE RESEARCH

USA: OLIVE OIL IMPORTS
1966/67 - 2015/16
(Including Olive-Pomace Oils)

Y = 9344.2x + 25549

1980: Start of IOC promotional activities

Y = 137.7x + 25707.4

2016

Trend: 1966/7-1982/3
Trend: 1983/4-2015/16
Imports
RESEARCH QUESTIONS

➢ Social Economy is rising

➢ Cooperation a key aspect of social economy

➢ Agricultural Cooperatives play a key role in the agri-food chain

➢ Do Agricultural Cooperatives cooperate?

➢ Examine a sector of high demand (Olive oil) in an area of high production (Crete) – about 25% of national production
RESEARCH QUESTIONS

- How many Olive Oil Agricultural Cooperatives (OOACs) are active in Crete?

- What is their level of cooperation and in which fields?

- What are the barriers to cooperation and how cooperation can be improved?
METHODOLOGY

- Retrieved the "List of updated ACs up to 08/12/2021" from the Greek Ministry of Rural Development.

- Separated those that are active in 4 regional Units of Crete (163)

- 83 had the term Olive Producing in the Title

- Survey: used an e-questionnaire of 16 questions

- Send by email and also phoned them once for verification and second time as a reminder

- 27 March – 11 April 2022 (15 days)
RESULTS

Active ACs of Crete (end of 2021) per Regional Unit

<table>
<thead>
<tr>
<th>Regional Unit</th>
<th>Population</th>
<th>Agricoops per habitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chania</td>
<td>156,585</td>
<td>1/6.263</td>
</tr>
<tr>
<td>Rethymnon</td>
<td>85,609</td>
<td>1/9.512</td>
</tr>
<tr>
<td>Heraklion</td>
<td>305,650</td>
<td>1/3.969</td>
</tr>
<tr>
<td>Lasithi</td>
<td>75,381</td>
<td>1/1.449</td>
</tr>
</tbody>
</table>

In Total 163
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RESULTS

Olive Oil ACs of Crete per Regional Unit

In Total 83

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chania</td>
<td>9</td>
<td>12%</td>
</tr>
<tr>
<td>Rethymnon</td>
<td>4</td>
<td>4%</td>
</tr>
<tr>
<td>Heraklion</td>
<td>37</td>
<td>44%</td>
</tr>
<tr>
<td>Lasithi</td>
<td>33</td>
<td>40%</td>
</tr>
</tbody>
</table>
RESULTS

Replies of OOACs of Crete per Regional Unit

Total Replies 29
Response Rate 39%

- Chania: 6 (21%)
- Rethymnon: 1 (3%)
- Heraklion: 9 (31%)
- Lasithi: 13 (45%)
RESULTS

Replies of OOACs of Crete per Regional Unit

Replies 29
RESULTS

Respondents' Roles in the AC

- Director: 7%
- Member of the managing board: 24%
- Employee: 28%
- Communication manager: 31%
- Simple Member: 10%

Replies 29
RESULTS

Period of OOAC Establishment

Oldest 1872
Newest 2016

Replies 29
RESULTS

Size of AgriCoop by Number of Members

- Small (10-49): 3%
- Medium (50-249): 52%
- Large (250+): 45%

Total number of Members
8,214

Replies 29
RESULTS

Sales Methods

- Only bottled 0%
- In bulk to traders 55%
- Both bottled and in bulk 33%
- Private label 12%

Replies 29
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RESULTS

Types of Customers

- Retail customers: 4%
- Wholesale customers: 48%
- Both: 48%

Replies 29
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RESULTS

Exports

Yes 59%
No 41%

Mostly in Italy, France & Germany

Replies 29
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RESULTS

Cooperation with other Olive Oil Coops

Replies 29

Yes 24%

No 76%
RESULTS

With which other OOACs do you cooperate?

All 6 coops that replied, named other Agricultural Cooperatives that were in the same regional unit and close to their own location.
RESULTS

Reasons of cooperation

- Cultivation: 0%
- Supplies: 23%
- Processing: 23%
- Sales: 23%
- Exports: 15%
- Legislation: 8%
- Advertising: 8%

Replies 7
RESULTS

Cooperation with Other Types of Coops

Replies 24

- Yes 21%
- No 79%
RESULTS

Cooperation with Other Types of Coops

- Yes: 21% (Replies 24)
- No: 79%

Replies 24
RESULTS

Perceived Benefits of Cooperation

- Market access
- Cost Reduction
- Negotiating power
- Increased profits
- Exchange of experience
- Increased production

Replies 12
RESULTS

Cooperation barriers

- Competition
- Lack of cooperation culture
- Lack of communication
- Different targets
- Insufficient management
- Distance
- Lack of education on cooperative principles

Replies 19
RESULTS

How can cooperation be improved?

• Better Communication
• Common quality and geographical certification
• State and EU intervention and motives
• Trust building
• Common vision
• Mergers

Replies 17
RESULTS

Cooperation Initiatives

- 2 Agricultural Cooperative Unions, one in Heraklion (Peza – 19 ACs) and one in Lasithi (Sitia – 41 ACs) (both founded in 1933)
- Union of Olive Producing Municipalities of Crete
- On September 2021 a new company was formed “ΑΕΣ ΚΡΗΤΩΝ ΕΝΩΣΙΣ ΑΕ”, that will represent ACs from all over Crete and create a common Cretan Olive Oil brand.
CONCLUSIONS

• **Large number of Agricultural Cooperatives** in Greece and in Crete specifically

• **Very limited cooperation** between them - competitors rather than collaborators

• When there is cooperation, it is usually in the **same region**

• Distance, lack of cooperation culture, education and communication are the most important **barriers**

• Think of ways to **promote cooperation**, such as communication tools and events, educational programs, networking methods, common branding and quality certifications
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• Think of ways to **promote cooperation**, such as communication tools and events, educational programs, networking methods, common branding and quality certifications
CONCLUSIONS

• Results from the initiatives remain to be seen
Thank You for Your Attention!