

# THE DAIRY MARKETS IN HUNGARY RESULTS OF AN EMPIRICAL RESEARCH



 **SZÁZADVÉG** <sup>30</sup>

# Introduction

## *Why does it matter?*

- + The drive to build and support sustainable supply chains is becoming increasingly important in 21st century economies.
  - + Policy objectives
  - + Citizens' value preferences
  - + Environmental protection
  - + Increasing the competitiveness of enterprises



## + Desk research:

- + Literature review
- + Domestic data sources [KSH, TGI]
- + International databases (Eurostat)

## + Primary quantitative research

- + 53 randomly selected companies

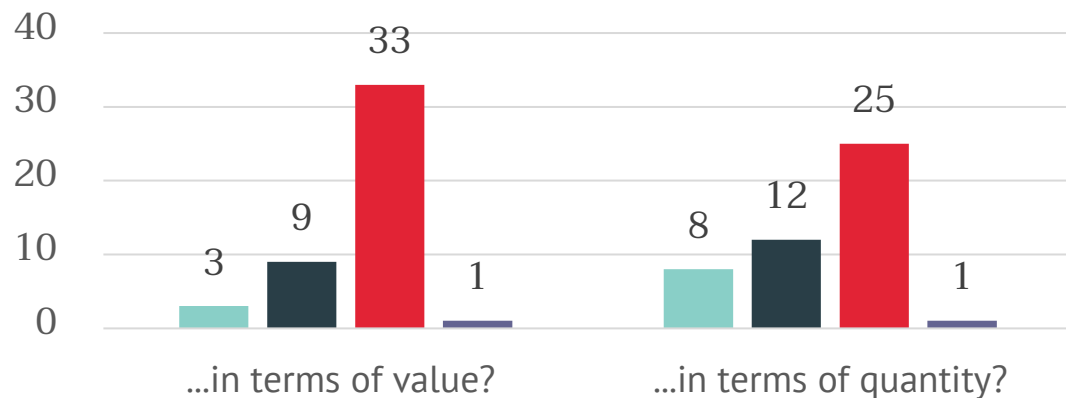
## + In-depth interviews

- + 20 semi-structured interviews:
  - + Producers
  - + Processors
  - + Traders
  - + Representatives of interest groups



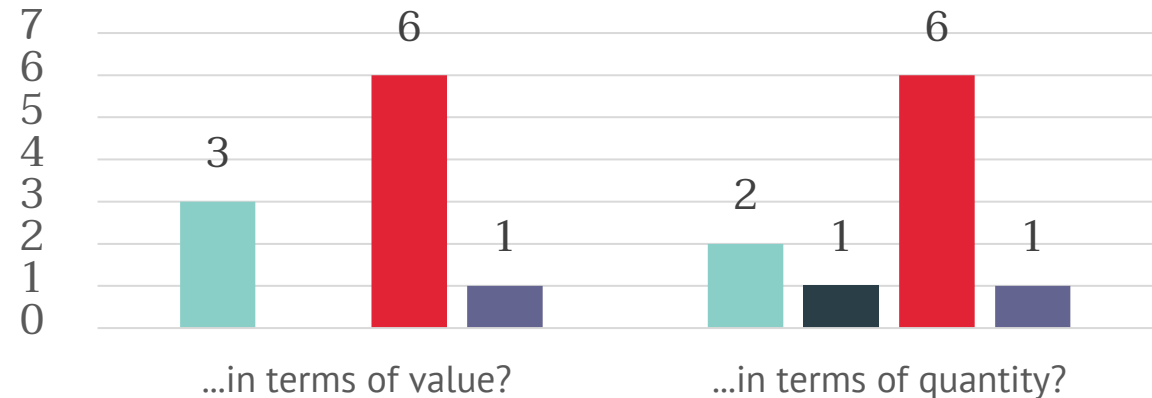
# Results – Situation

How has the sale of milk as a raw material changed in your company in the last few years... - Producers (person)



■ Decreased ■ No change ■ Increased ■ None, no milk sold as raw material

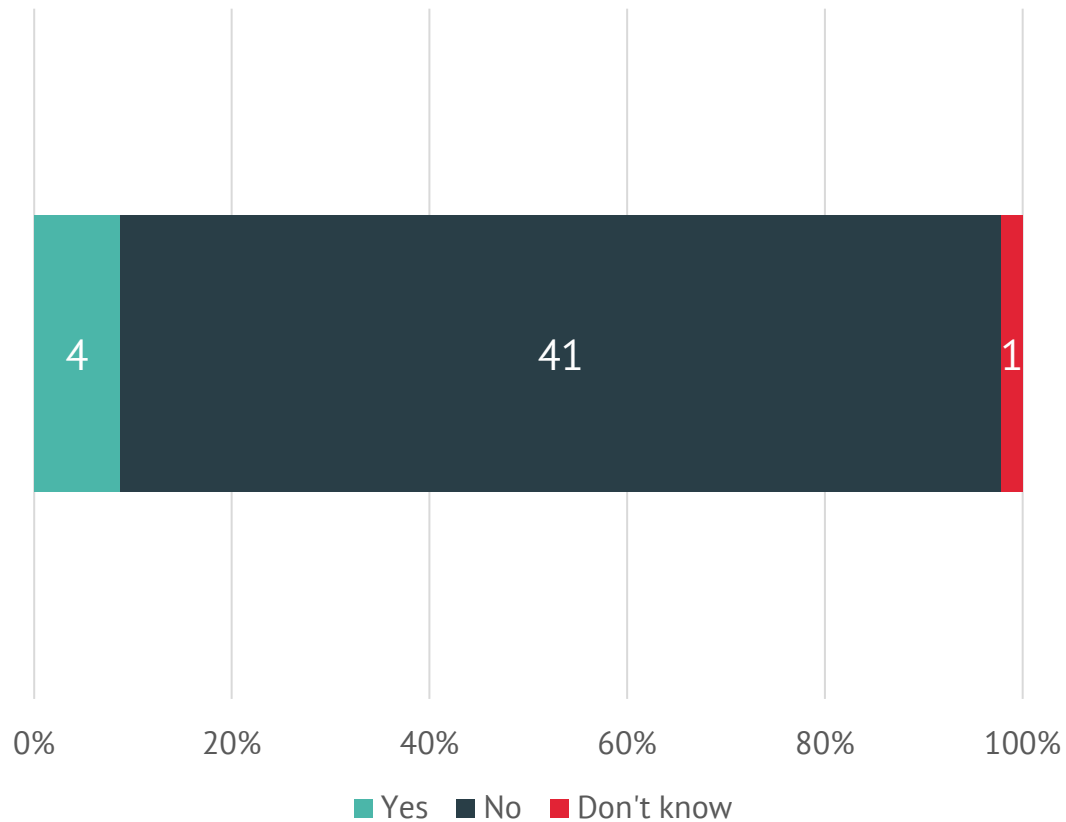
How has your company's sales of processed dairy products changed in the last few years... Processors (persons)



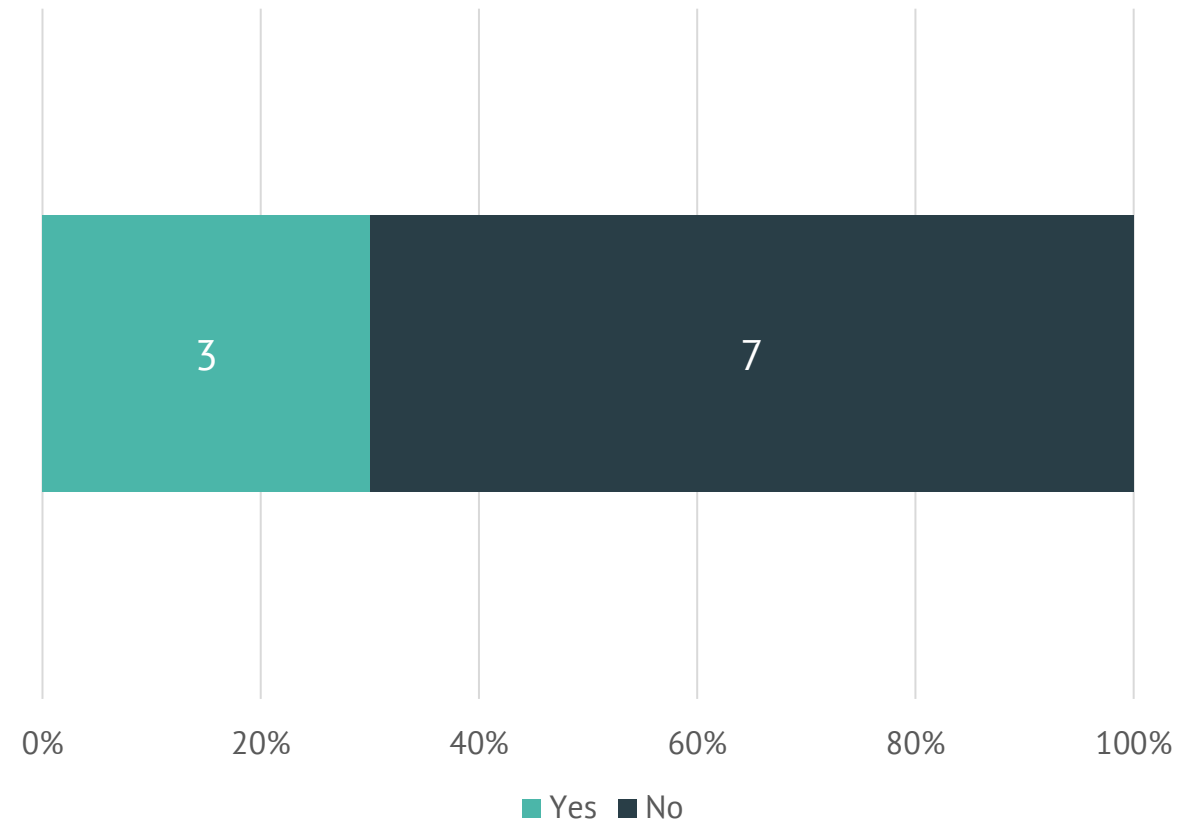
■ Decreased ■ No change ■ Increased ■ D.K.

# Overproduction

Has your company ever experienced overproduction?  
- Producers (Persons)

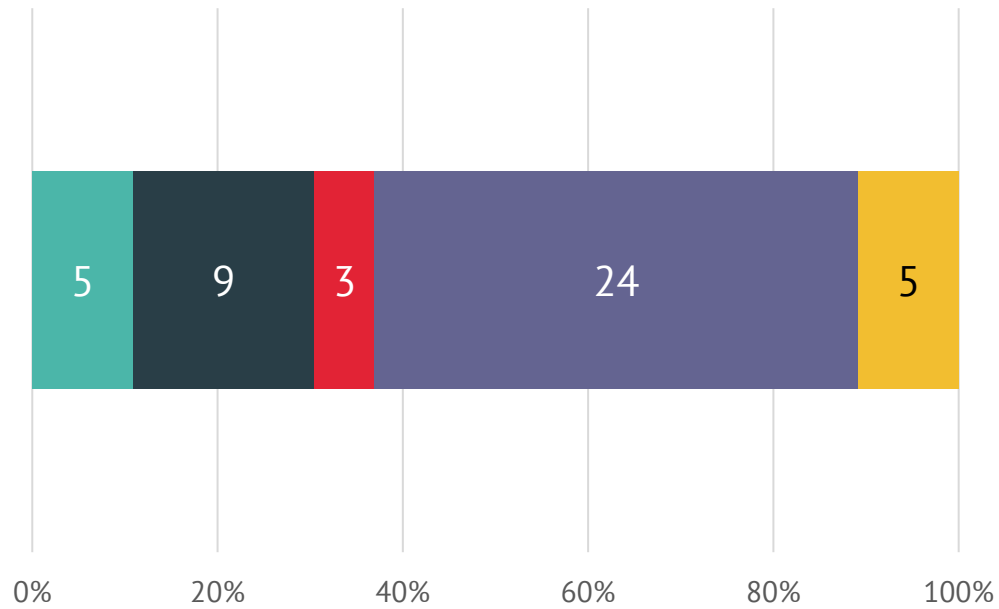


Has your company ever experienced overproduction? -  
Processors (Persons)



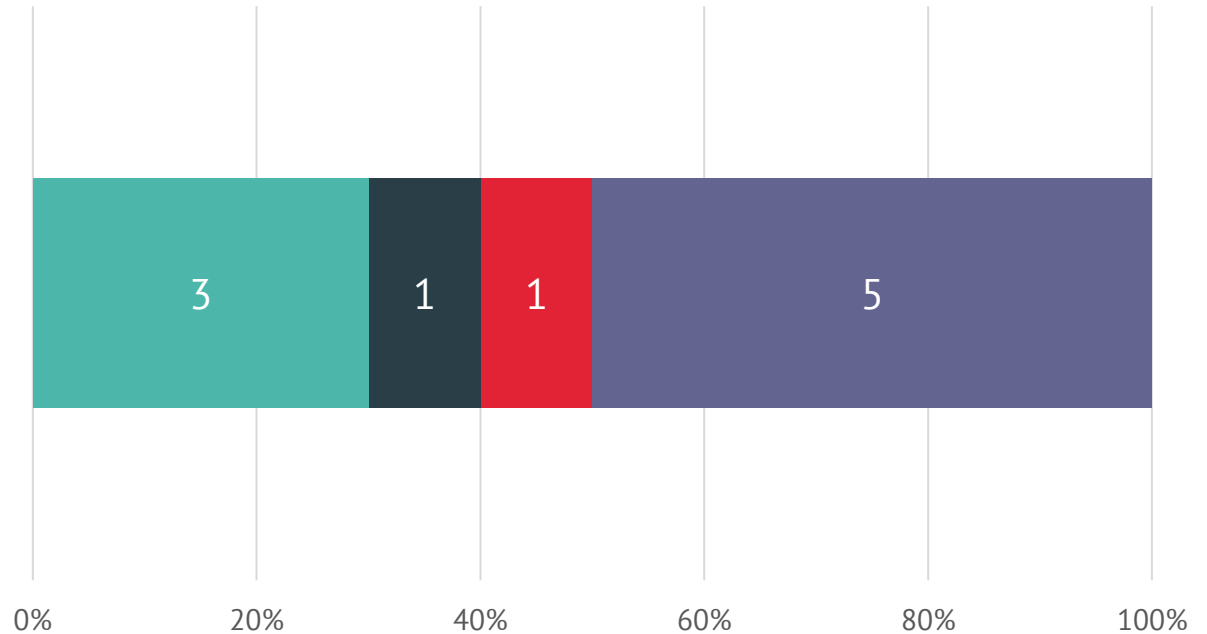
# Product shortage

Has your company ever experienced a product shortage? - Producers (Persons)



- Yes, from products manufactured by the firm
- Yes, from products processed by the firm (e.g. animal feed)
- Yes, from both manufactured and processed products
- No
- Don't know

Has your company ever experienced a product shortage? - Processors (Persons)



- Yes, from products manufactured by the firm
- Yes, from products processed by the firm (e.g. liquid milk)
- Yes, from both manufactured and processed products
- No
- Don't know

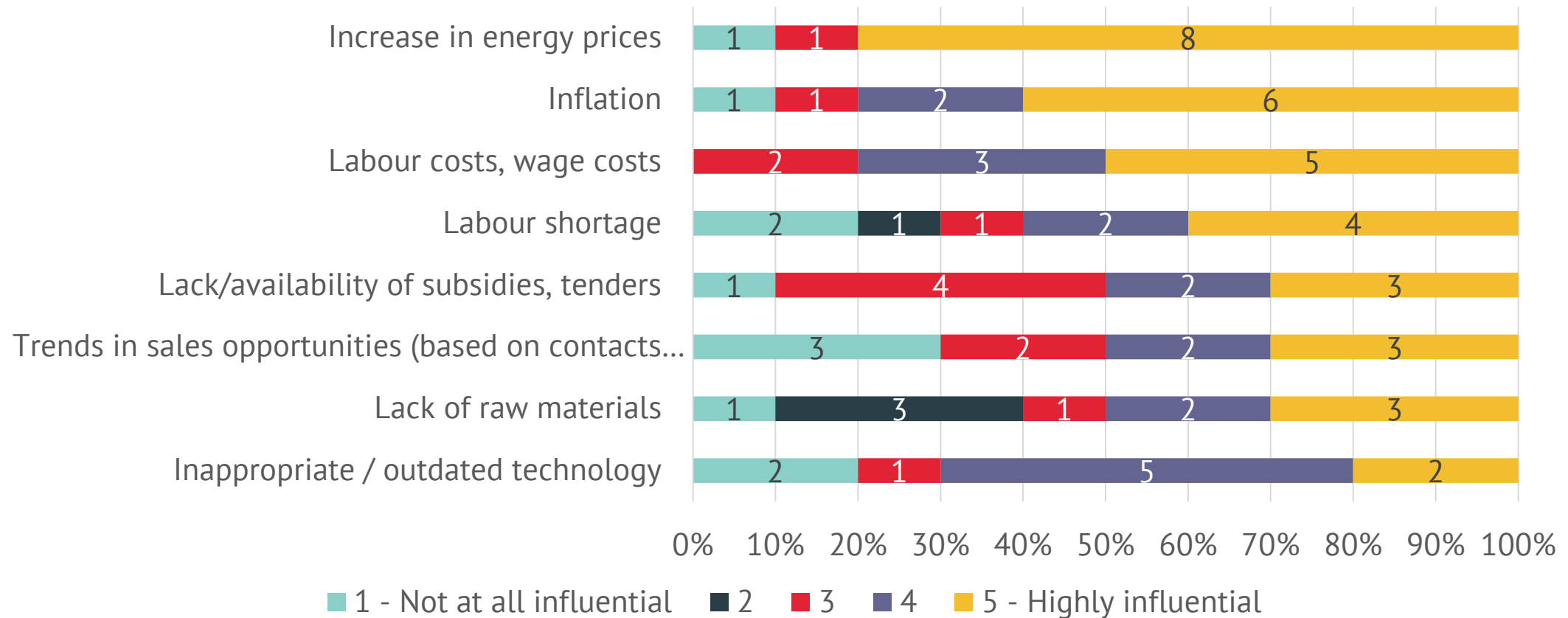
# Results – Problems

- + The vulnerability of producers to the processing sector.
- + The asymmetric relationship between the processing and trading sectors.
- + Lack of human resources.
- + Lack of necessary vocational training
- + Energy crisis and high inflation



# Results – Problems

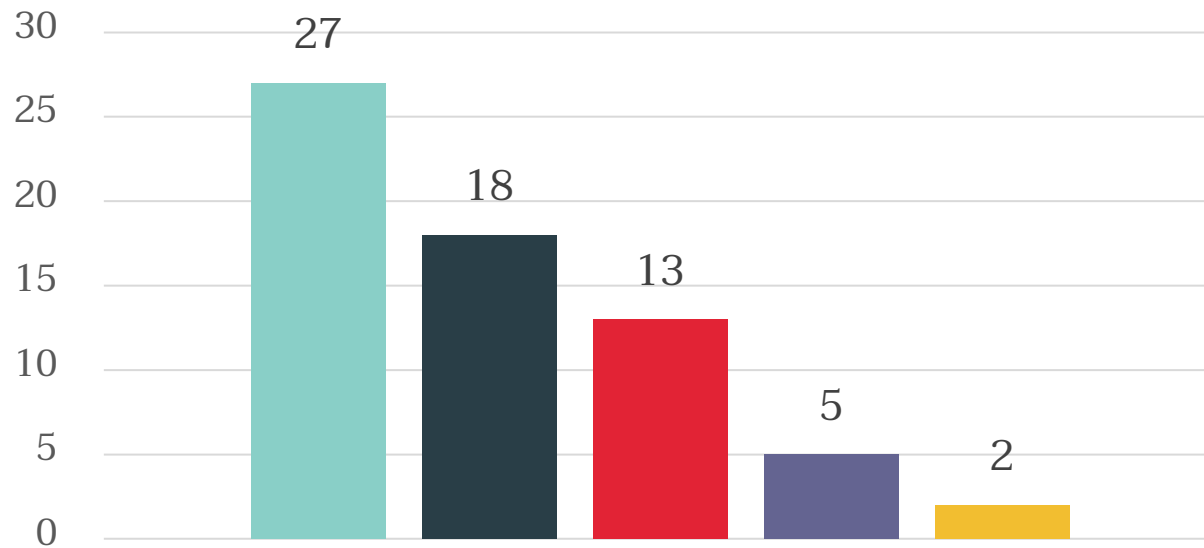
To what extent do the following factors influence dairy production? - Processors (persons)





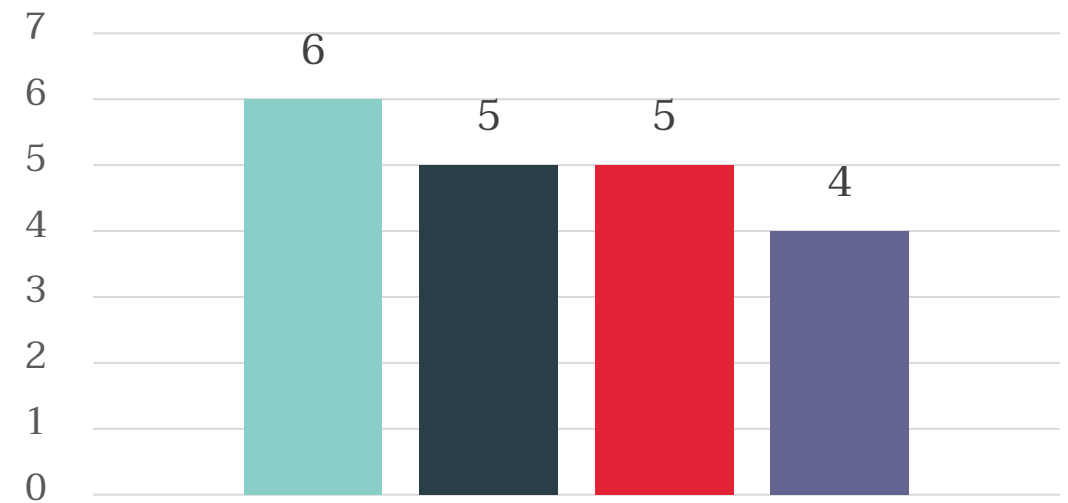
# Results - Developments

In what area do you plan to develop? - Producers  
(Persons)



- Infrastructure (e.g. site, machinery, process equipment)
- Energy efficiency investments
- Technology, processing
- Human resources
- Other

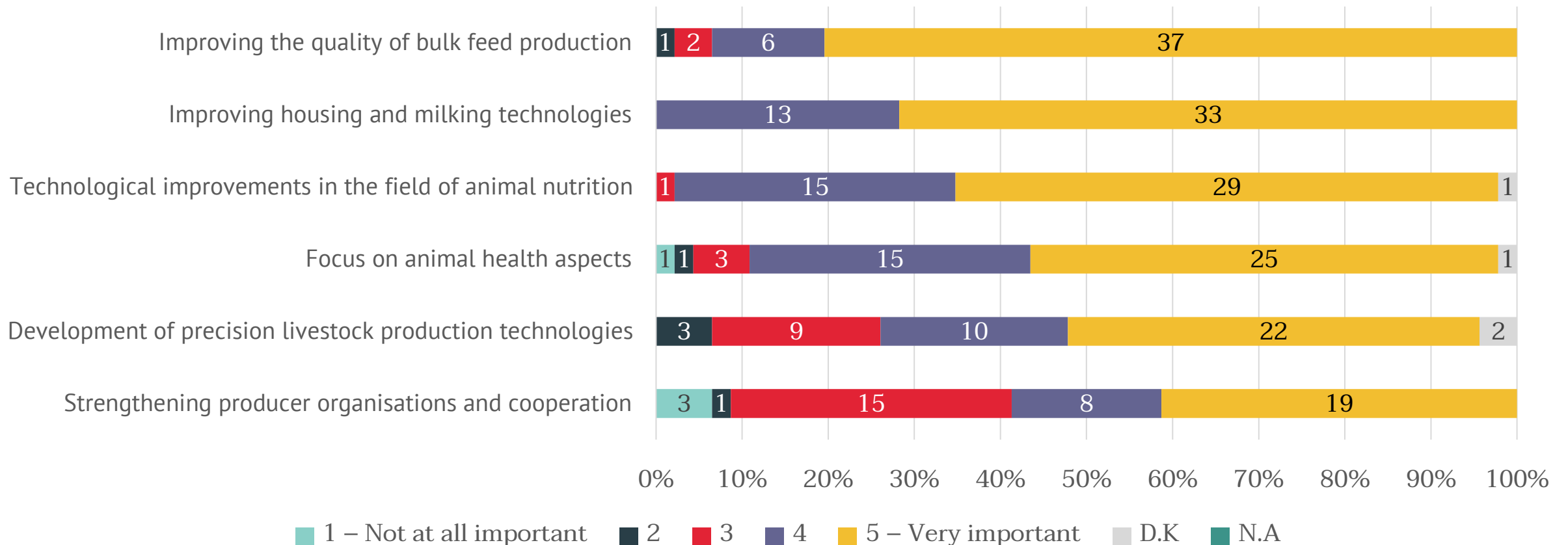
In what area do you plan to develop? - Processors (Persons)



- Technology, processing
- Human resources
- Energy efficiency investments
- Infrastructure (e.g. site, machinery, process equipment)

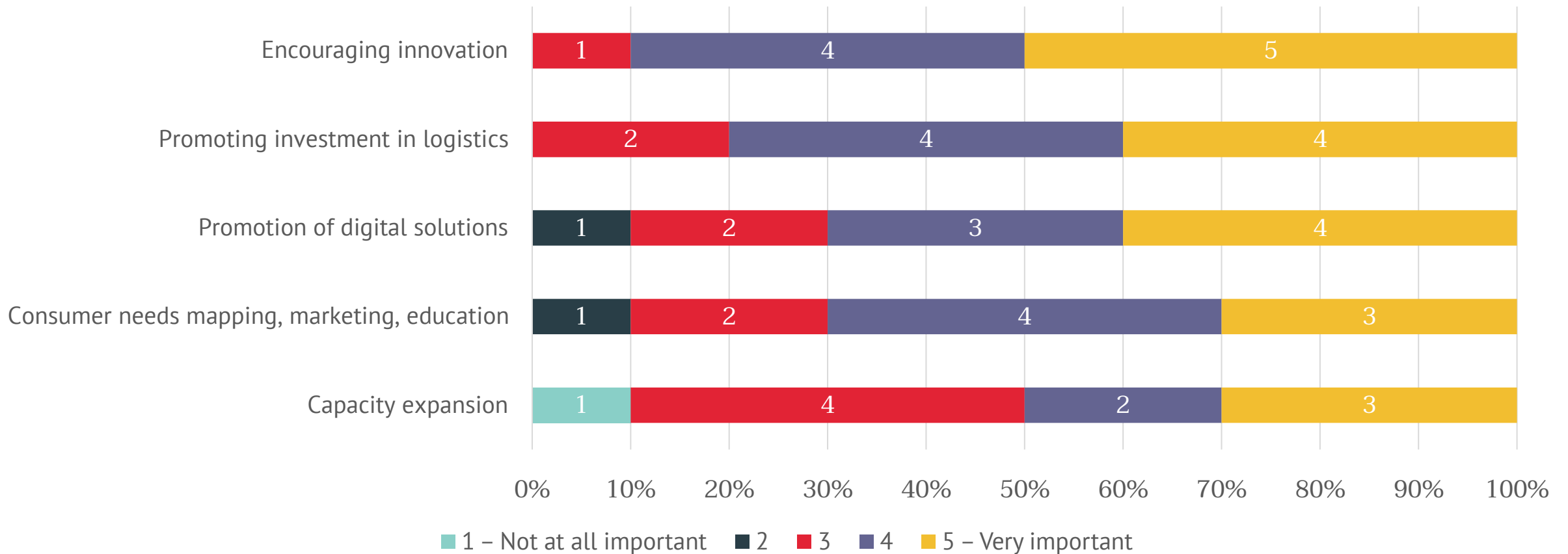
# Results - Developments

How important do you think the following improvement proposals for the dairy sector are? –  
Producers (Persons)



# Results - Developments

How important do you think the following improvement proposals for the dairy sector are? – Processors (Persons)



# Summary

- + Generally efficient supply chain
- + Smaller companies struggle with overproduction
- + Perceived asymmetry among the stakeholders
- + Shortage of skilled labor
- + Difficulties due to the energy crisis and high inflation
- + Two-thirds of the businesses plan developments within the next 2-3 years, focusing on infrastructure, energy efficiency, and technology.



## + **Balancing the Unequal Relationship Between Producers and Processors:**

- + As there is an unequal relationship between producers and processors, the formation of dairy producer associations would significantly increase the bargaining power of downstream actors in the supply chain in the market

## + **Addressing Labor Shortage:**

- + There is a need to organise training courses specialising in the dairy sector at the level of vocational training and higher education, with without State support..

## + **Dealing with the Energy Crisis:**

- + Addressing the energy crisis by promoting energy efficiency improvements and a shift to renewable energy sources.

## + **Providing Support for SMEs for Infrastructure Development**

- + It would therefore be important to advertise well-targeted tenders for small producers and processors.





***THANK YOU FOR YOUR ATTENTION!***

