



THE FRUIT AND VEGETABLE INDUSTRY SERIES



OECD-COLEAD Fruit and Vegetables Industry Series

Session n°11

Market dynamics in the F&V industry: The role of supermarkets and large retailers in shaping market trends and prices

Thursday 6 November 2025

9:00-10:30 UTC/10:00-11:30 CET (*time in Paris/Brussels*)

[Online \(Zoom\)](#)

Live interpretation in English and French

1. Context

Supermarkets and large retailers have become decisive actors in shaping the structure and performance of the global fruit and vegetable (F&V) industry. The past two decades have witnessed an accelerated consolidation of retail power, leading to a transformation of supply chains, procurement models, and pricing systems. In many OECD economies, the five largest supermarket groups already capture over 60 % of grocery sales, including fresh produce. Similar trends are emerging in global south countries, where international supermarket chains are expanding rapidly through franchising and strategic alliances with local partners. This concentration of retail power has far-reaching implications for how fruits and vegetables are grown, marketed, and consumed.

Retailers play a dual role as both market makers and gatekeepers. Their procurement policies and quality standards determine which producers can access the market and under what conditions. Private standards increasingly go beyond public regulation, covering aspects such as pesticide residues, sustainability certifications, product appearance, and packaging. These requirements often entail substantial compliance costs for producers. Empirical studies show that price transmission between farmgate and retail levels remain imperfect and asymmetric. Consumer prices tend to rise less when producer prices increase but fall more when producer prices decline. This imbalance highlights the complex power relations in vertically integrated supply chains where retailers exercise strong influence over margins and market information¹.

At the same time, supermarkets are agents of modernization. They invest in logistics, digital traceability, cold-chain systems, and standardized packaging that enhance food safety and reduce post-harvest losses. Their ability to forecast demand and ensure year-round supply has improved market efficiency yet has also marginalized smaller suppliers unable to meet strict delivery and quality standards. Consumer expectations particularly regarding affordability, health, and sustainability further reinforce the centrality of retail chains. Through promotions, product

¹ OECD, 2021. [Concentration and Market Power in the Food Chain](#).

placement, and loyalty programmes, supermarkets shape purchasing behaviour and indirectly determine the evolution of entire product categories².

Retail consolidation raises important questions about fairness, transparency, and inclusiveness. Smaller farmers and SMEs face barriers related to certification, volume, and negotiation power, while consumers are increasingly exposed to global price volatility transmitted through large retailers' pricing policies. As the global fruit and vegetable trade integrates further, the challenge lies in balancing the efficiency and innovation gains of retail transformation with the need to ensure equitable participation and resilience across all actors in the value chain.

2. Supermarkets as market shapers: new patterns in the F&V value chain

The structure of the fruit and vegetable market has evolved from fragmented local networks toward tightly coordinated supply chains dominated by large retail groups. Centralized procurement and long-term contracts took more space compared with spot transactions in wholesale markets. Modern retailers increasingly rely on preferred-supplier programmes and vertically integrated logistics hubs, which allow them to ensure quality consistency and optimize transportation routes.

Such systems prioritize uniformity, traceability, and year-round availability, attributes highly valued by urban consumers but often difficult for small producers to maintain. Private standards, such as GLOBALG.A.P. or proprietary sustainability certifications, have become prerequisites for market entry. For suppliers, meeting these standards often requires investment in equipment, infrastructure, human resources and compliance documentation.

Pricing mechanisms have likewise shifted. Retailers use promotional pricing, own-brand development, and dynamic inventory management to compete for market share. In Europe, private labels now represent nearly half of all F&V sales, allowing retailers to capture larger margins while maintaining price competitiveness. In many developing regions, the rapid growth of supermarket penetration, indicator of new consumer categories emergence, is accompanied by the decline of traditional markets, reshaping livelihoods along the supply chain.

E-commerce has further expanded the reach of supermarkets. The COVID-19 pandemic accelerated the adoption of online grocery platforms, and digital retail models now influence not only distribution but also product development and price formation. Algorithms increasingly guide stocking decisions, determine product visibility, and shape consumer demand, making data analytics an emerging source of market power³.

3. Implications for producers and SMEs

For producers, integration into supermarket supply chains presents both opportunities and constraints. On one hand, participation in modern retail systems offers stable demand, potential for higher income, and incentives to improve efficiency, quality, and sustainability. Supermarkets often support training, standardization, and technology adoption that can strengthen supplier competitiveness. On the other hand, the requirements to enter these value chains (consistent supply volumes, certifications, and strict delivery schedules) are particularly challenging for small and medium enterprises (SMEs) and smallholder farmers, who risk becoming dependent on a single, powerful customer.

Small-scale producers who successfully integrate tend to do so through aggregation and collective action. Cooperative models, digital traceability tools, and technical assistance programmes, help suppliers meet compliance demands and strengthen negotiating capacity. Yet, asymmetry persists.

² Vavra, P. & Goodwin, B., 2005. [Analysis of Price Transmission Along the Food Chain](#). OECD Food, Agriculture and Fisheries Papers No. 3.

³ Gravert, C. et al., 2025. [In-store food promotions increase sales as well as waste: evidence from vegetable purchases](#). Nature Scientific Reports.

Power imbalances can lead to unfair contract terms, delayed payments, or sudden order changes. Moreover, volatility in global transport and input costs further compresses farm margins⁴.

Addressing these challenges requires systemic approaches. Access to affordable finance, investment in cold-chain infrastructure, and better contract enforcement are essential. Development partners can play a catalytic role in building supplier resilience and ensuring that the evolution of retail chains also contributes to inclusive and sustainable agricultural growth.

4. Retailers as catalysts for sustainability and innovation

Beyond their economic role, supermarkets are emerging as key drivers of sustainability and technological innovation in food systems. The world's leading retail groups such as Carrefour, Tesco, and Shoprite are integrating environmental, social, and governance (ESG) principles into their sourcing strategies, setting internal targets to reduce carbon emissions, eliminate single-use plastics, and promote circular packaging. However, these commitments often coexist with ongoing pressures for low prices and high turnover, creating tensions between sustainability goals and commercial imperatives and financial viability.

Technological innovation is central to these transitions. Retailers are adopting blockchain and QR-code systems to enhance traceability and transparency throughout supply chains. Consumers can now access real-time information on product origin, certifications, and environmental impact. Yet, these technologies are unevenly adopted across regions and supply chains, and their benefits often accrue primarily to large, well-capitalized suppliers. Artificial intelligence and machine learning are being used to forecast demand, optimize logistics, and reduce food waste. Research has shown that dynamic pricing systems based on data analytics can increase profitability and reduce spoilage in fresh food sections⁵. However, they also concentrate control over market data in the hands of retailers, reinforcing existing asymmetries in information and bargaining power.

Sustainability campaigns are also reshaping consumer perceptions. Initiatives such as “ugly fruit and vegetables” promotions and surplus redistribution partnerships encourage waste reduction while supporting consumer education. Meanwhile, eco-labelling and carbon footprint disclosures respond to growing demand for climate-friendly products⁶. Still, these tools rely on consumers' ability and willingness to pay a “green premium,” which remains limited in low-income contexts and under pressure elsewhere.

If not managed appropriately, the sustainability agenda can inadvertently reinforce inequalities. Compliance with advanced environmental standards often require costly upgrades that smallholders cannot afford. In developing economies, these trends often unfold in fragmented retail landscapes where informal markets still dominate, raising questions about the reach and inclusivity of supermarket-driven sustainability transitions. Without targeted technical and financial support, sustainability certification risks becoming a new form of non-tariff barrier. For a truly inclusive transformation, large retailers must complement their commitments with supplier-development programmes, transparent value-sharing models, and public-private partnerships that help distribute the costs and benefits of sustainable sourcing more equitably.

⁴ Kidane, D. G. et al. (2024). [Price transmission and asymmetry in a changing seafood supply chain](#). Marine Resource Economics.

⁵ Liu, X. et al. (2025). [Integrating Attention-Enhanced LSTM and Particle Swarm Optimization for Dynamic Pricing and Replenishment in Fresh Food Supermarkets](#)

⁶ Food Marketing Institute (FMI), 2023. [Power of Produce 2023](#).

5. Persistent barriers to fair and inclusive market systems

Several structural issues continue to hinder the establishment of fair and transparent F&V markets. The first is market concentration: as retail power consolidates, suppliers face a narrowing pool of potential buyers. This limits competition and can compress producer margins, especially in highly perishable commodities where switching costs are high.

A second challenge relates to price transparency. The complexity of pricing formulas, combined with the opacity of contractual arrangements, makes it difficult to assess how value is distributed along the chain. Retailers' access to real-time sales and consumer data gives them informational advantages that producers rarely possess. This data asymmetry undermines equitable negotiation and limits the ability of regulators to monitor fairness in transactions⁷.

Third, the compliance burden remains a major obstacle. Meeting multiple overlapping standards for food safety, sustainability, and packaging requires infrastructure, skills, and continuous auditing. For smallholders in low-income countries, these obligations can outweigh potential commercial gains.

Finally, external shocks such as climate variability, energy price fluctuations, and global logistics disruptions amplify volatility and risk throughout the chain. The impacts of these shocks are unevenly distributed, with small producers often absorbing disproportionate losses due to their limited capacity to hedge or diversify⁸, particularly when their marketing strategies do not include diversified outlets.

6. The way forward

Building a more equitable and resilient fruit and vegetable sector requires aligning public policies, private incentives, and financial instruments around shared goals of competitiveness, sustainability, and inclusion. Progress will only be lasting if it is economically viable for all actors, from small producers and MSMEs to large retailers, and if partnerships create tangible value for both sides. Governments and regional bodies should play an enabling role by fostering fair competition and more transparent trading relations. While regulation should remain proportionate, sound policy frameworks should help reduce transaction costs and stimulate long-term investment in inclusive sourcing models.

Development partners and financial institutions have a key role in bridging the gap between policy ambitions and market realities. Investments in logistics, cold storage, and digital traceability can reduce supply chain risks and improve reliability for retailers, while blended finance, guarantees, and technical assistance help smallholders and MSMEs meet supermarket standards competitively and sustainably. Such approaches make inclusion a lower-risk, higher-return strategy for private investors and retail groups.

Retailers, for their part, should increasingly embed inclusion within their core business models. Differentiated compliance pathways, pre-financing mechanisms, and incentives for sustainable practices can all contribute to build diversified and resilient supply bases. Collaboration with financial institutions and donors can further de-risk sourcing and strengthen long-term supplier partnerships, an important advantage in volatile markets.

Digital innovation will accelerate this transformation. Data-sharing platforms, supply-chain observatories, and digital marketplaces can enhance transparency and open new channels for smaller suppliers. Consumer-facing tools can also reinforce trust, linking responsible sourcing with brand value and customer loyalty.

Ultimately, ensuring that supermarket-driven modernization supports rather than excludes smaller actors depends on balancing equity with efficiency. Through coordinated action between governments, retailers, producers, and development partners, the fruit and vegetable sector can evolve into a competitive, fair, and resilient ecosystem that delivers shared value from farm to fork.⁹

⁷ FAO, 2020. [Price Transmission and Market Power in the Agri-Food Sector](#). FAO Policy Brief.

⁸ World Bank, 2024. [Food Systems and Climate Change: Managing Price Volatility and Supply Chain Risk](#)

⁹ EUR-Lex, [Unfair trading practices in business-to-business relationships in the agricultural and food supply chain](#)



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Agenda

Moderator: José Brambila-Macias, Programme Manager, Trade and Agriculture Directorate, Agricultural Codes and Schemes, OECD

9:00-9:10 Welcome and introduction: Jeremy Knops, DG, COLEAD; José Brambila-Macias, OECD

9:10-9:30 Supermarkets' growing role in shaping F&V markets

- Celine Giner, Policy Analyst, OCDE
- Sarah Breitburd, Trade Policy Adviser, Freshfel Europe

9:30-10:00 Perspectives from market operators: Impacts and adaptation strategies

- Linette Wawira, Founder Jiwa Farm, Kenya
- Eugenia Bofo, New Product Development (NPD) Lead, HPW, Ghana

10:00-10:20 Q&A session

10:20-10:30 Conclusion and way forward: Ahoefa Soklou, Project Officer, Networks and Alliances, COLEAD



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