



## **THE ECONOMIC ANALYSIS OF THE SPECIAL PROCESSING TECHNOLOGY OF AN UNIQUE HUNGARIAN PRODUCT THE APRICOT FROM KECSKEMÉT**

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### SUMMARY

*During our work we have studied the special processing technology of a unique Hungarian product the apricot from Kecskemét on the basis of the aspects of economy and marketing. In this essay I am talking about the activities and the effectiveness of Hungarian enterprises dealing with processing technology of an unique Hungarian product the apricot from Kecskemét. I have highlighted a main product of the enterprise and have followed its producing technology. In the study I am aiming at the following points:*

- *The processing technology of the product.*
- *The viability and the possible improving of the enterprise.*
- *The definition of the economic examination methods.*
- *The quantity of the product sold and the acceptance price of the apricot jam.*
- *The economic assessment of the product.*

*The methods in the study: Defining the processing costs, the income and the indices of resultiveness of the product. The indices of resultiveness are the following: Net cost, Effectiveness (economic), Profitability, Profit percentage.*

### KEY WORDS:

economic analysis, special processing technology, unique Hungarian product

### **INTRODUCTION**

Hungary is a traditionally foodstuff producing country. Following to the joining to the European Union, it will be extremely important for our country that its foodstuff industry could be able to keep its traditional role. Regarding competitiveness, the importance of the development level of food processing is higher and higher (Totth, 1998).

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When evolving agricultural structure, the country has to strongly consider those branches that are of high traditional recognition, and its Hungarian experts possess high experience being admitted internationally, and produce excellent quality products (Haduné-Lakner, 2001).

For canned fruits, the fruit base is harvested under the special soil and climate conditions of Hungary, on producing fields being established throughout centuries. The composition of specific taste and flavour materials is due to the unique soil structure and climate. These are making our fruit products famous all over the world. Amongst them, the Kecskemét Apricot marmalade is an outstanding product. This product is famous for its incomparable taste, colour and savour components, its consistence and flavour (Ferencz, 2000).

## MATERIAL AND METHODS

The methods in the study: Defining the processing costs, the income and the indices of resultiveness of the product. The indices of resultativeness are the following:

1.	Net cost =	total cost / products grown
2.	Effectiveness (economic) =	gross production value / value of the means of production
3.	Profitability =	gross production value / wages
4.	Profit percentage	(income / total costs) * 100

## ECONOMY

The production is economic when the large product quantity is manufactured by using low level of living labour and dead labour (say manufacturing resources). This means, the costs for the unit of produce or service are low. This shows if the manufacturing of the product is cheap or expensive. In general, the economy may be represented with the formula below. In this correlation, we get to the first-cost of the product or service (Hajós-Ferencz, 1999).

**Economy** = total costs / product quantity = First-cost. This index can be used vice versa! In this case, the economy is expressing other factor than first-cost. Economy = product quantity / total costs

## PRODUCTIVITY

This index is only related to the living labour. It is expressing, whether in what quantity or production value the product (service) is manufactured within a unit of time (e.g. working hour). This index may be related also to wages paid (Ferencz, 1999).

**Productivity** = total product quantity or production value / working day, working hour, wages paid. This index can be used vice versa! In this case, we express the working time (wages paid) related to a unit of product (1 ton, 1 kg) or its production value.

Productivity = working day, working hour, wages paid / total product quantity or production value.

## EFFICIENCY

This index is relating to the asset utilisation. It shows, what quantity of product can be produced (expressed in quantity or production value) with the used invested and operating funds (quantity or production value). Provided the assets are considered upon the quantity used, we talk about natural efficiency. Provided the assets are considered upon the production value, we talk about economic or manufacturing efficiency (Ferencz, 2003/a).

**Manufacturing efficiency** = product quantity or production value / quantity or production value of assets used.

This index can be used vice versa! In this case, we proceed upon the formula as follows:

**Manufacturing efficiency** = quantity or production value of assets / product quantity or production value.

The manufacturing efficiency and the productivity are frequently inversely proportional to each other.

## PROFITABLENESS

With the help of this index the profit reached is related to the total (entire) cost.

*Profit = sales revenue – total cost*

This index is expressing, what cost usage has been necessary to achieve a unit of cost (Ferencz, 2003/b).

**Profitableness** = Profit / total cost

This index serves for the comparability of the profit of our activity and the several departments. The index can be expressed for area unit, also for working time.

## RESULTS AND DISCUSSION

Table 1-2-3 tables contain the costs, the income, the profitability of the product studied.

TABLE 1. THE COSTS, THE INCOME, THE PROFITABILITY OF THE APRICOT JAM FROM KECSKEMÉT

Costs of producing apricot marmalade:
Produced quantity: 172 204 pieces
Material cost: 58,8 thousand EURO
Direct energy power: 3,5 thousand EURO
AT-input at apricot_product: 1,8 thousand EURO
Waste reimbursement: -3,6 thousand EURO
Machinery cost: 1,4 thousand EURO
Other direct plant cost: 0,3 thousand EURO
Direct wages and related charges: 7,4 thousand EURO
Other costs in total: 10,7 thousand EURO
Direct costs. In total: 69,5 thousand EURO

TABLE 2. THE SALES REVENUE AND PROFIT  
OF THE APRICOT JAM FROM KECSKEMÉT

Development of sales revenue and profit of apricot marmalade:
Average sales price: 0,56 EURO / piece
Gross production value = proceeds+sales price difference = 85,7 thousand EURO
Proceeds: 69,5 thousand EURO
Profit = 16,5 thousand EURO
Profit = Sales price difference
Sales revenue: 57,9 thousand EURO (60% of the produced quantity has been sold)
Asset value: 60,4 thousand EURO
Living labour cost: 9,1 thousand EURO

TABLE 3. THE INDICES OF RESULTATIVENESS  
OF THE APRICOT JAM FROM KECSKEMÉT

Profitability indexes of apricot marmalade production:
Formulas and calculated values of profitability indexes
Economy = 2,5 pieces / EURO
First cost = 0,4 EURO/piece
Efficiency (natural): = 28,5 piece/ EURO asset value
Efficiency (economic) = 3,55 EURO / EURO asset value
Productivity (to living labour) = 23,5 EURO / EURO living labour
Profitability % = 23 %

The market policy of the enterprise

- Applying market prices depending on demand-supply, further development of product packaging (unification of labels and packaging systems), marking origin or trade mark;
- To guarantee permanent, excellent quality of the product;
- To introduce extra services (loading, protection of goods, transportation);
- To introduce new methods for the sake of renewing domestic sales;
- Application of representation and exclusivity agreements;
- Selection of adequate market ratios;
- Renewing contracts with department store chains;
- More frequent maintenance and exercising of sales prices;
- Application of new trade rebates based on realised performances;
- Frequent analysis of sales profitability upon client evaluations;
- Examination of competitors' market positions;
- More relevant appearance on the well-paying Southern markets (Slovenian, Croatian, Arabic);

## CONCLUSION

The Hungarian foodstuff economy is one of the most important areas of the national economy. Higher and higher ratio of agricultural products is reaching their consumers via processing. The level and advancement of its foodstuff industry is determining the market possibilities of a country's agriculture, as well as the competitiveness of the agricultural products.

Amongst the historical measure changes in national economy, the most specific ones are the series of changes realised in the agriculture. The privatisation has completely transformed the property structure of the foodstuff industry. It may be presumed that, from the extremely high number of economic participants dealing with agricultural production, there will be that group growing out in the course of the coming years, who will manage family enterprises being competitive even in West-European sense as well, and they will provide a determinant ratio of the Hungarian agricultural production.

The indices of the products processed are quite good. The Hungaricum products are not well marketable on their own, but together with the appropriate „historical and cultural background“. The consumer in this case does not purchase merely a product – products are available anywhere – but also flavours, aromas and traditions.

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