

EXPLORING E-BUSINESS

Much to g@in for exporters of fresh fruits and vegetables

Mapping relevant e-business applications

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E-business

E-business is a hot item for many businesses all over the world. SME companies in developing countries (DC) are therefore not the only ones to struggle with the e-business topic. One of the most important questions here is: what are interesting e-business applications for SME companies from developing countries that want to export to the EU? To help SMEs find answers to these questions, CBI analysed the e-business potential in the fresh fruit and vegetables industry. The results of this research will be discussed in this article. In addition, special attention will be given to the importance of e-marketplaces.

Working method

The main target groups for DC exporters in the fresh fruit and vegetables industry are:

- Importers
- Agents
- Processing Industry
- Wholesalers
- Multiple Retailers
- Specialist Retailers
- Food Services

In order to identify the needs and suitability of the use of e-business practices in the EU trade, representatives of these target groups (n=14) and exporters (n=10) from DCs who participate in the Export Coaching Program (ECP)¹ filled in an online questionnaire on the use of e-business practices in their company (for their answers please refer to appendices I and II). In addition, several industry experts in the EU and in DCs (n=9) have been questioned by phone. Finally, CBI expert for fresh fruits and vegetables Mr Piet Schotel has been consulted.

E-business has been divided into 5 main business processes:

- Marketing and sales
- Payment
- Product Service Delivery (PSD)
- Customer Service
- Production

For the list of e-business applications that fall under these processes, please refer to appendix I.

Use of Internet

E-business is no common practice in the fresh fruit and vegetable industry, but it is getting more important. EU companies start to demand from suppliers to show them images of products, give information about the company and about certifications on their website. Nevertheless, it is very important to realise that in this sector personal contact is still very important. Before doing business, potential buyers want to meet their suppliers and see their products. Since the products involved easily go bad and prices change quickly, even during the day, deals are often closed by telephone.

¹ ECP is formally known as Export Development Program (EDP).

E-marketplaces and news portals

E-marketplaces in the fresh fruits and vegetables sector are scarce. CBI expert Piet Schotel was involved in the try-out of an e-marketplace some years ago, but the result was poor. Mr Schotel states that the reason for this is the surplus the market often encounters. Rest products might be placed on an e-market, but there is hardly any demand for these products. Another reason for the rarity of e-marketplaces is the way trade is organized in this industry; it is all day trade and spot trade. Buyers often make three phone calls at the same time just to buy and sell products immediately.

Instead of e-marketplaces, the industry uses news portals such as:

- Efreshportal - <http://www.efreshportal.com>
- Fresh Plaza - <http://www.freshplaza.com>
- Fruchtportal - <http://www.fruchtportal.de>

Mr Schotel states that companies in this business check Fresh Plaza at least once a day!

The question is, how important are these news portals for trade between DC and EU companies?

EU buyers and experts

In the online questionnaire, 14% of the EU buyers state to already use e-marketplaces, but when taking a closer look it becomes clear that they in fact mean news portals. These news portals are huge in providing information about the sector. Companies have the opportunity to send reports for publication on the news portal for free. In addition, they can place a paid advertisement; preferably a nice photograph with the product and contact information. According to Mr Schotel, this is so popular that sometimes there is not enough space to put more banners on the portal. However, DC companies should be very well aware that they need to be able to supply what they promise, because an advertisement will most probably generate new business.

ECP participants

Some ECP participants are already familiar with the news portals. One ECP participant states that her company uses Fresh Plaza to get more information about the European market. The company also benefited from news reports they published on the news portal. As a direct result, the company got new business contacts.

Suggestion

DC companies should look into the possibilities these news portals offer them. It is a good opportunity for name recognition, building up trustworthiness and generating more business. Make sure that the news report is written in good English, otherwise it may not be published. It might even be a good idea to hire someone to write it for you, if your own writing skills are not sufficient.

Marketing & Sales

EU buyers / experts

The following e-business applications within marketing & sales are very important according to the buyers and experts:

- Certificates (mentioned by 4 out of 4) - For examples please refer to <http://www.freeland.nl> and <http://www.alaraagri.com>.
- Prospect database (mentioned by 3 out of 4)
- Links on other sites (mentioned by 3 out of 4) - For an example please refer to <http://www.freshplaza.com>.
- E-mail follow up (3 out of 4)
- Online product catalogue (3 out of 4) - For an example please refer to <http://www.aksun.com.tr> and choose 'our products', then click on one of the products.
- References (3 out of 4)