Which trends offer opportunities on the European market for processed fruit and vegetables and edible nuts?

Consumer demand for healthy produce, exotic fruit and vegetables, as well as transparent and sustainable sourcing offers opportunities for exporters from developing countries. The trend of vertical integration of supply chains also offers an opportunity to establish long-term partnerships with European buyers.

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1. Sustainable initiatives become more important
Although for several years sustainable certification such as organic and Fairtrade have created an interesting but limited market niche, mainstream conventional companies are now introducing other sustainability initiatives too. This surging interest from big companies is expected to have a
positive impact on existing initiatives such as Fair Trade. It may also encourage the use of alternative certifications such as UTZ, Rainforest Alliance and several others internal to the trade such as SMETA and BSCI.

In the edible nuts sector, several large traders joined the Sustainable Nut Initiative with the objective of stimulating traceability and sustainability. Among many tools to reach this goal, the initiative provides a management information system (3S — Sustainable Supply System) to stimulate productivity and quality, creating traceability and transparency in the supply chain.

Leaders in the fruit juice industry formed The Sustainable Juice Covenant (SJC) with the global aim of making the sourcing, production and trade of fruit- and vegetable-derived juices, purees and their concentrates 100% sustainable by 2030.

With the support of the European Fruit Juice Association (AIJN), companies work together to increase social and environmental standards at the farming and processing stages by rolling out sustainability certifications throughout the supply chain. The AIJN established the Juice CSR Platform to support, guide and inspire juice stakeholders to integrate CSR throughout the supply chain.

Another new and important issue is to ensure that farmers earn a sufficient income for a normal life. Commonly accepted certification schemes often don’t guarantee this because it is not commonly agreed upon what a living income actually is.

Tips:

- If you are an edible nut producer, use the online 3S Platform to trace, analyse and improve nut supply. The system is currently operating in the cashew nuts supply chain but will soon be ready to operate in a range of different nut chains.
- Review corporate social responsibility (CSR) good practice examples on the Fruit Juice CSR Platform. This platform is co-initiated by the European Fruit Juice Association (AIJN) and Sociability and is endorsed and co-funded by the European Commission.
- Get CSR certified to become more competitive in the market. Certified companies will be more easily selected as suppliers. You can start your own assessment using the self-assessment tools of the Sustainable Agriculture Initiative Platform, or the Sedex Members Ethical Trade Audit (SMETA). You can invite suppliers or farmers in your supply chain to use the same tools.
- Get familiar with sustainability initiatives on the International Trade Standards Map portal.
- Provide specific information to final consumers about your sustainability approach. You can use internet, social media and even product packaging to tell your story and promote the positive effect on the communities where production takes place.

2. Recyclable packaging

There is a growing expectation that companies be more smart about the use of natural resources in packaging, for instance, using biodegradable materials and other waste reduction strategies. Zero-waste supermarkets are on the rise and cafés now offer discounted prices for customers who bring in a reusable cup. The terms ‘biodegradable’ and ‘compostable’ are increasingly used as promotional claims, replacing ‘carbon print’, which many consumers simply did not understand.

The European Commission has established a recycling target of 55% for all plastic packaging waste
by 2030. In addition, Member States have been directed to reduce the use of bags per person to 90 bags a year by 2019, then to 40 bags by 2026. In the private sector, big packaging suppliers such as Tetra Pak have been promoting recyclable packaging and post-consumption recycling through different projects around the world.

3. Growing retailer requirements

Organic food is in growing demand, yet buyers increasingly look for requirements beyond organic certification. Vegan food products, social responsibility in the supply chain and food safety have been growing in popularity among consumers and retailers, who also expect food to be produced generating the lowest possible carbon dioxide (CO2) emissions.

Another growing trend among consumers, especially in North and Western Europe, involves ethical consumption that takes into account fair labour standards and wages in the supply chain, among other standards, naturally incurring in additional requirements for producers and traders. In this topic, even the political situation in sourcing countries has been influencing demand, as some clients will not accept food imported from certain conflict areas.

4. Consumption of low-calorie and other ‘low’ products is on the rise

What started as a big issue in the fruit juices and soft drinks sector, growing attention to high sugar content is now influencing the dried fruit market as well. A growing number of traders and processors have turned to buying dried fruit without added sugar.

European consumers tend to choose healthier versions of certain foods when the taste and texture of a certain product is retained from the original version. Reducing sugar content while retaining taste and texture can be a significant challenge for European traders and processors of specific products. For example, in the jam industry, substituting sugar with fruit juice or other sweeteners normally alters the taste of the final product. So, instead of removing all sugar from jams and marmalades, producers use less sugar and promote products as “less sugar – more fruit”.

The impact of excessive sugar consumption on health is currently an active area of scientific and political debate. Following a guideline for sugars intake from the World Health Organisation, several European countries are considering introducing new regulations or public health policy measures to lower sugar intakes in their countries. In the United Kingdom, a levy on sugary drinks popularly known as ‘sugar tax’ entered in effect in April 2018. Packagers in the UK pay the levy according to the sugar content in soft drinks.

Healthcare professionals and consumers in Europe have been inundated with information about the excessive levels of sugar in fruit juices in recent years. This has resulted in a decrease in fruit juice consumption which continued in 2018. To help stimulate consumption of 100% fruit juices, the European Fruit Juice Association started a promotional campaign using verified scientific information about the health benefits of fruit juice consumption called Fruit Juice Matters.

Tips:

- If you are a juice producer, consider joining forces with the European juice industry and promote your product as “liquid fruit” with components such as vitamins, antioxidants and water so your products can be perceived as healthy and safe goods for consumption. See the guidelines for juice marketing campaigns of the European Fruit Juice Association. The Fruit Juice Matters 2017 report provides more information about the current achievements of the AIJN fruit juice promotional programme.

- Consider replacing added sugar in your products with other sweet ingredients. An interesting possibility is to use concentrated fruit juice as a natural sweetener in jams or dried fruit. Other possible sweetening options are: lucuma powder, mesquite, stevia,
banana puree and tree syrups (maple, birch, agave, yacon, etc.).

5. Increased consumer awareness about food

European consumers have been getting better informed about the nutritional value and composition of food products for the last several years, including by spending more time reading labels than before. In response to this trend, some food companies have started to place barcodes on their products for consumers to obtain more information on laboratory tests and ingredient origin, for example, on their corporate sites.

An important aspect of this trend is the growing demand for food without additives and in ‘free from’ food, such as gluten free, sugar free, dairy free, etc. For processors, a major challenge is to maintain taste in comparison with an original product, since reducing or removing important ingredients often affects taste.

As consumers become more conscious about their food choices, they expect manufacturers and brands to be more transparent about the origins and processing methods of food and beverages. Apart from searching for healthier food choices and learning more about ingredients and production methods, consumers are getting more interested in ethical issues. Meanwhile, the number of new product launches carrying ‘ethical’ claims keeps growing worldwide.

Reacting to consumer interest, marketing claims educating final consumers on the entire production process are being increasingly used. New initiatives have been attempting to establish a difference between storytelling and story ‘living’. Producers, i.e., those involved in production rather than sales, are still not visible enough in marketing to consumers. Increasing farmer visibility to consumers is considered a marketing opportunity with future potential.

Tips:

- Consider investing in technology to shorten your production process and supply chain. Some examples include not-from-concentrate juices and high-pressure processing of juices and smoothies.
- Consider investing in natural ways of preservation. Some examples include sundried fruits and vegetables, dried fruits and nuts without preservatives nor bleaching, vegetable juices preserved with natural acid or vegetables preserved by natural fermentation.
- Try to effect change by improving the living conditions of farmers and local processors. Promote your efforts to potential EU buyers.

6. Vertical integration

Frequent fluctuations of production volume in the leading production countries are making it more difficult for fruit and vegetable processors to keep a stable supply of raw materials. These fluctuations are likely to increase due to global climate change. A strong dependency on only a few countries for the production of specific products adds to this problem. Increasing demands for food safety and sustainability also motivate vertical integration, which allows much more control of these aspects. Vertical integration may come as a subsidiary, joint venture or a long-term cooperation between exporter and importer.

In several production countries processing companies started to invest in fruit orchards to ensure
stable supplies. Some examples are:

- In Brazil big processors are already producing on their own orange plantations.
- In China processors grow industrial varieties of apples on their own orchards.
- In Chile, big fruit processors have started their own production of peaches.
- European processors have started strawberry production in Northern Africa and Eastern Europe.
- Italian processor Ferrero has started investing in hazelnut orchards in several developing countries in South America and Eastern Europe.
- Other examples of investment in fruit orchards by fruit processors are happening in Ecuador (pineapples) and Mexico (strawberries and vegetables).
- In Western African countries, several initiatives support local processing of cashew nuts and drying of mango.

Tips:

- Take the opportunity to subcontract to European processors, not only for final products but also for the production of fresh fruits and vegetables as ingredients.
- Consider supporting the enlargement of production fields together with farmers. Processors tend to prefer dealing with few large producers than with several small producers.

7. Organic market growth

The European market for organic food is the second largest in the world, after the United States, and it continues to grow strongly in sales volume. This trend is evident in several market segments, especially as consumers look for natural food that makes them feel like they are contributing to a better world, food that contains less or no pesticide residues and food that is produced in a more sustainable way.

The number of processors and importers of organic food grows faster than the number of producers, indicating that organic production does not keep pace with demand, opening up new opportunities.

Tips:

- Consider investing in organic production. Demand for organic nuts and dried fruit is increasing.
- Try to combine organic certification with other sustainable initiatives to increase your competitiveness in the European market.

8. Stricter food safety regulations

The European Union is constantly strengthening its food safety requirements. The maximum residue levels of pesticides have changed and added to Regulation (EC) 396/2005.

The number of alert notifications involving a serious health risk increased by 11% in 2017 in comparison to 2016.
In France, the new Biodiversity Law of 2016 prohibits the use of plant protection products containing an active substance or substances of the neonicotinoid family and seeds treated with such products, starting from 1 September 2018.

The new EU novel foods regulation (Regulation (EU) 2015/2283) entered into force on 1 January 2018, introducing a new centralised authorisation procedure, a fast-track notification procedure for traditional foods from countries outside the European Union and providing for the establishment of an EU positive list.

Maximum levels for several contaminants and preservatives are also under revision. For example sorbates, which are used in the preservation of dried fruit and jams.

**Tips:**
- Regular analysis of pesticide residues should be part of your monitoring plan. Make sure you are up-to-date on the changes in the requirements in Europe.
- Implementation of a HACCP (Hazard Analysis and Critical Control Point) system is a minimum requirement for European importers, but certification such as BRC (British Retail Consortium) is preferred.
- For more information see our study about Buyers requirements for Processed Fruit and Vegetables on the European market.

9. Vegetable alternatives for animal products are in high demand

Vegetable-based milks, meat alternatives and vegan offerings have rapidly become one of the key trends on the European markets. Consumers are looking for innovative options to decrease their consumption of meat and animal products.

**Tips:**
- Find opportunities in the increasing consumption of foods of non-animal origin. For example edible nuts, which are promoted as the healthy alternative for meat proteins. Another opportunity can be found in ‘edible nut milks’ to replace animal milk, such as hazelnut, almond or coconut milk. However, this requires investments in production technology.
- Consider adding value to your offer of dried fruit and juices, or use the side products of juices by extracting valuable ingredients such as proteins or natural colorants. Examples of natural colorants are: black carrot, carrot, elderberry, plum, beetroot or sour cherry.

10. Fast living styles and convenience in eating

Due to busier lifestyles people eat away from home and ‘on the go’ more often. However, the healthy food trend and a balanced diet are still important. Even for snacking. Favourite ‘fast and healthy’ foods are breakfast cereals. New product launches include mueslis that can be prepared by pouring milk into the packaging, even without heating.
**11. Retail segment consolidation**

Acquisitions in the retail sector have been happening more often, naturally resulting in fewer retailers. Currently, relatively few retail chains combined control a large share of the EU retail market, which increases their bargaining power. Recent examples of this consolidation include the acquisition of British retailer ASDA by Sainsbury, which is currently in progress. Another example of force from large retail chains is the strategic alliance announced by British retailer Tesco and French retailer Carrefour to buy products together to supply more than 19,000 stores.

Mergers and acquisitions have been forcing supermarket suppliers to offer a broader variety of products at lower prices. Consolidation in the retail segment also leads to a decreasing number of branded products and a growing number of private-label products, i.e. brands owned by retail chains.

Another important trend in the European retail segment is the premiumisation of private label products specifically in food, where health, wellness and food safety have been driving consumer demand. This trend has also been affecting suppliers from developing countries. An expected effect of this trend for these suppliers is that it will make it more difficult for them to supply on their own brands and that importers supplying the retail segment will become increasingly more demanding in terms of safety and quality of products.

**Tips:**
- In order to stay competitive, consider joining forces with other companies from your country. This will enable you to offer larger volumes and more variety and increase your chances of supplying for the European retailers’ private labels.
- By offering unique products or products with unique characteristics, you will face less competition in the European markets and increase your chances of selling products to the retail segment.

**12. Increased demand for coconut products, edible nuts and tropical dried fruit**

Consumption of coconut products such as coconut milk, creams, desiccated coconuts, coconut sugar and especially coconut water continues to grow. This has been an on-going development for the last 15 years, thanks in part by sustained marketing in the media in general, but particularly on the Internet.
Many types of nuts have been showing increased consumption numbers. After a large increase in the consumption of cashew nuts, consumption of macadamia nuts are also expected to grow in the future.

Dried mango has also been showing significant growth, however in lower rates in comparison with the import and consumption of nuts.

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