



## [What competition do you face on the European fresh fruit and vegetables market?](#)

The buyer power of European importers is high. For niche or premium products, it is easier for suppliers to influence the buying process. This is thanks to the growing demand for tropical, exotic and high-quality off-season fruit and vegetables. These fruit and vegetables are not easily replaced by other products; however, strict buyer requirements as well as forward and backward integration of the supply chain will make it increasingly harder for new and small companies to enter the market.

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## 1 . Market entry: Which opportunities and barriers will you face when trying to enter the European market?

The European market for fresh fruit and vegetables is a very mature market that is well managed by legislation and certifications. Opportunities can be found in the accurate response to market needs, good compliance with buyer requirements and product differentiation.

### Certification and high standards make market entry difficult

Certification schemes are essential on the European market for fresh fruits and vegetables. Although different certificates are common in different European end markets, all markets require quality, food safety and – to a certain extent – awareness of environmental or social aspects of your production. According to European buyers, your certification and pest analysis often receive just as much attention as the product itself.

It is mainly the retail that is continuously raising the standard and importers act on it. Consequently, as an exporter of fresh fruit and vegetables, it is becoming more and more difficult to enter the European market. This especially affects smaller exporters. However, you have to understand that these high standards also affect the potential buyer of your product. They often compete in gaining access to quality fresh produce, as other markets are less strict and offer good prices. This can give you more power for negotiation with your European counterpart.

### Trade relations are intensifying

As rules get stricter, supply chains become more direct. Retailers want to be closer to the source and importers integrate with growers in order to maintain control over the high quality standards

and to fulfil the needs of their retail customers.

Establishing a close cooperation can enhance your success and reputation as a reliable supplier.

Buyers are generally not eager to replace well-established relationships that meet all of their requirements or that supply specific brands. Nevertheless, attractive pricing and differentiated products are always good arguments to win their confidence.

Remember that reliability is a two-way street and poor market conditions can bring out the worst in people. Product quality claims are a common practice in the fresh trade.

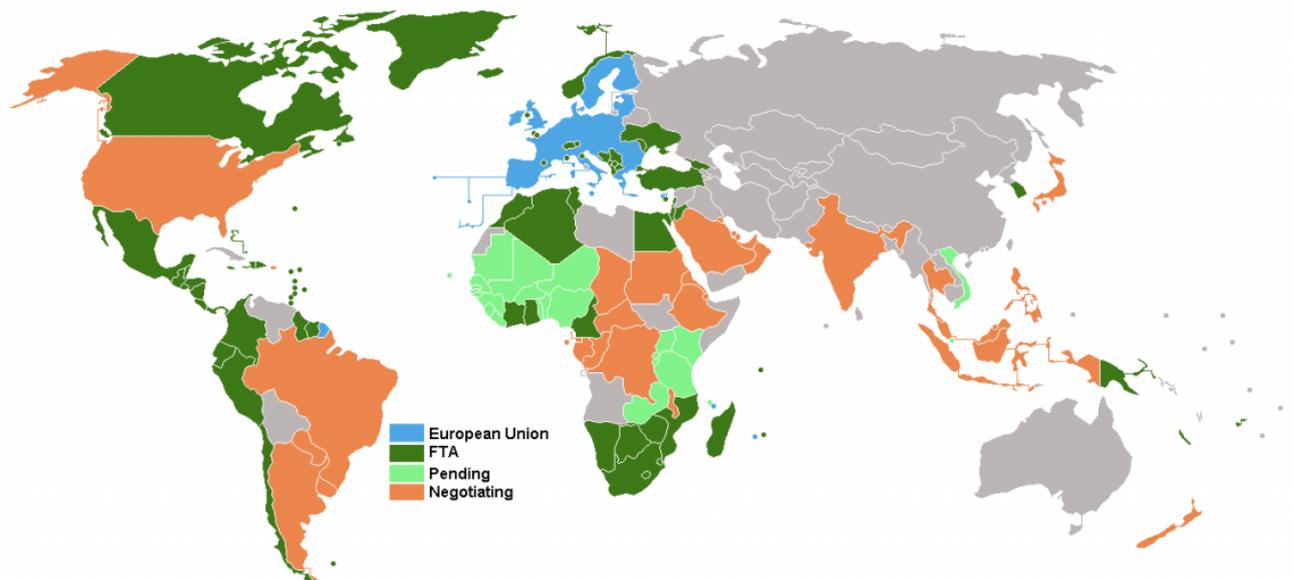
### Tips:

- Get to know your buyer and try to build partnerships. Make sure that you arrange for the basics when entering into new deals. For example, think about taking pictures of your product before shipment, negotiate a minimum price and stay alert.
- Always be careful when being approached by unknown buyers that promise you an incredible return on your product. Incredible promises are often not realistic.
- Check out the different types of certification schemes on the [ITC Standards Map](#).
- Find more information about the [European buyer requirements on the CBI Market Intelligence Platform](#).

## EU Free Trade Agreements

The creation of business opportunities for European exporters is a key priority for the European Union. This process is facilitated by Free Trade Agreements (FTAs). In return, partner countries can negotiate preferential tariffs for the export of fresh products to the European Union. Important suppliers of fresh fruit and vegetables (for example, Morocco, Egypt, Colombia, Peru and South Africa) have FTAs with the European Union. Depending on their content, such agreements can provide advantages in the trade of fresh products. For a complete overview of FTAs with the EU, see the [European Commission website](#).

Figure 1: Free Trade Agreements



Source: [Wikipedia](#)

### Tip:

- Determine whether your country has a Free Trade Agreement with the European Union and whether your product qualifies for a preferential tariff. Determine your advantages or disadvantages compared to direct competitors from other countries.

## Grower's licence

Having a licence from seed companies may lower the threat of new entrants temporarily. Access to the right plant material and varieties in order to meet quality and taste requirements is important, specifically for the more common products. Remember that breeder rights are strictly regulated in Europe.

### Tip:

- Gather information on which varieties are in demand from European buyers and acquaint yourself with European regulations on plant breeders' rights through the [Community Plant Variety Office](#) (CPVO).

## 2 . Product competition: What are substitute products?

This section describes the existence and competing power of substitutes for fresh fruits and vegetables. This may include candy bars and other snacks, fruit and vegetable juices, prepared or processed products, or even vitamin pills.

### Substitution by price variation

Price is a major factor that determines which fresh fruit is chosen. When mangoes are expensive, consumers can decide to buy other, lower-priced fruit products. The availability of fresh produce is generally very good and broad in terms of assortment. Nevertheless, consumers are mostly buying the same products again and again or looking for specific products to use in specific dishes.

Under normal price conditions, the threat of substitution is low. However, when exporting, you have to be able to absorb possible fluctuation in demand as well as price.

### Fresh snack alternatives

Fruit and vegetables are considered to be a healthy alternative to conventional snacks. This provides opportunities, although not always as a fresh product. Fruit and vegetables are used in [fruit bars](#), [smoothies](#) and [vegetable crisps](#), among other products.

[Freshly cut fruit and "snack vegetables"](#) are an upcoming and growing market. Exporters can respond to this trend by supplying well-ripening and tasty fruit as well as small-size products that are ideal for individual consumers, such as small "sunset" papayas, mini watermelons, baby cucumbers and cherry tomatoes.

### Tips:

- Visit retail outlets when visiting Europe to get a good impression of the types and varieties that appeal to consumers in your target country.

- Ask your buyer how you can cooperate in the promotion of health benefits of your product, which is a responsibility shared by the entire supply chain.

### 3 . Company competition: Who are my rivals?

Competing on the European market is a game of price negotiation, especially when you are not part of a supply programme. Complying with your buyer's requirements and keeping your promises will keep you in the game.

#### Position in the market

High competition in the main fruit types

The intensity of competition depends on the product, geographical market, sales channel and segment. Competition between suppliers of commodity products such as bananas, pineapples and oranges is high, with a few large firms dominating the market. For most products, there are many suppliers from which buyers can choose.

Exporting to the European market principally involves competition on price, volume, and adherence to strict rules and regulations. Setting your product apart from the rest by differentiating on added value such as quality, taste and sustainability may decrease competition or give you a more advantageous position. For smaller niche markets in Europe such as exotic products, competition can be less intense, since those products are not widely available or grown in Europe.

#### Tips:

- Do not to compete on price only but on added value (organic, sustainable, healthy, ready-to-eat) and differentiated products.
- Team up with other producers when you lack company size or product volume. Make yourself an attractive and competitive supplier.
- Develop long-term partnerships with European buyers that provide you with more knowledge and stability on the European market. It also helps you establish relations with larger retailers.

European competitors are productive and well organised

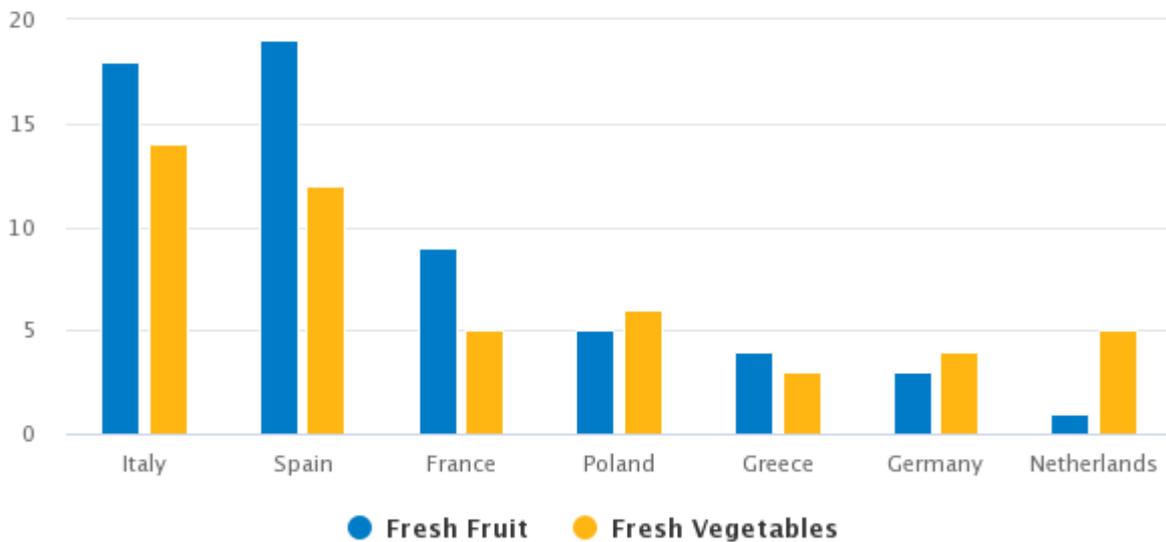
The European Union provides one of the largest markets for fresh fruit and vegetables, and suppliers can expect their products to be moved extensively across the continent. Over 80% of European fresh exports are destined for the internal market. For in-season fruit, southern Europe is a strong competitor of suppliers from developing countries. European grower organisations are well organised and have optimised their marketing tools, including social media and online presentation.

#### Tip:

- Familiarise yourself with the possibilities of using social media and other information technologies for promotion and customer relationships. Social media such as LinkedIn, Facebook, Twitter and WhatsApp are widely used in Europe.

Figure 2: Production of fresh fruit and vegetables in the European Union 2016

in million tonnes



Source: ITC Trade Map

Southern Europe is strong in competing production

Based on the 2016 production data, Italy and Spain produced over half of European fresh fruit (mainly grapes and citrus fruits), and over 40% of the fresh vegetables (excluding potatoes). The Netherlands is also a top producer of fresh vegetables, producing mainly tomatoes, cucumbers and sweet peppers from greenhouse horticulture. As an exporter from a developing country, you must be aware that local produce in Europe is often preferred over imported products.

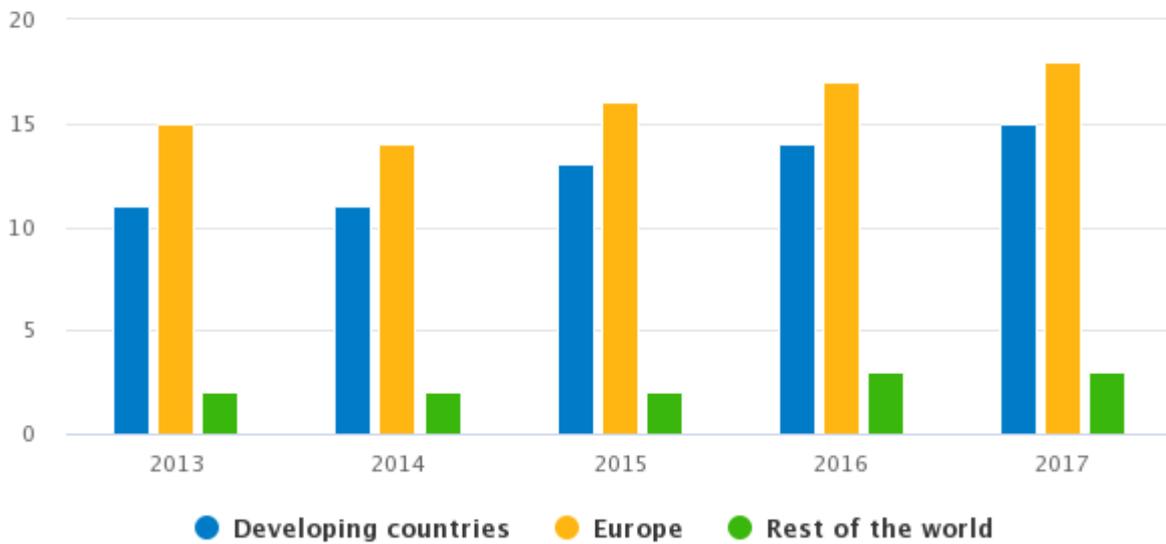
With an export value of over 7.4 billion euros, Spain accounted for over 30% of Europe's fresh fruit exports in 2017. The Netherlands followed with a value of 5.7 billion euros.

Climate and geography determine competitiveness

Opportunities and competition will vary depending on your product but are also determined by geography and climate. The principal suppliers to the European market produce counter-seasonally or produce tropical fruit that is difficult to grow in Europe.

Figure 3: Origin of European import value of fresh fruit  
2013–2017

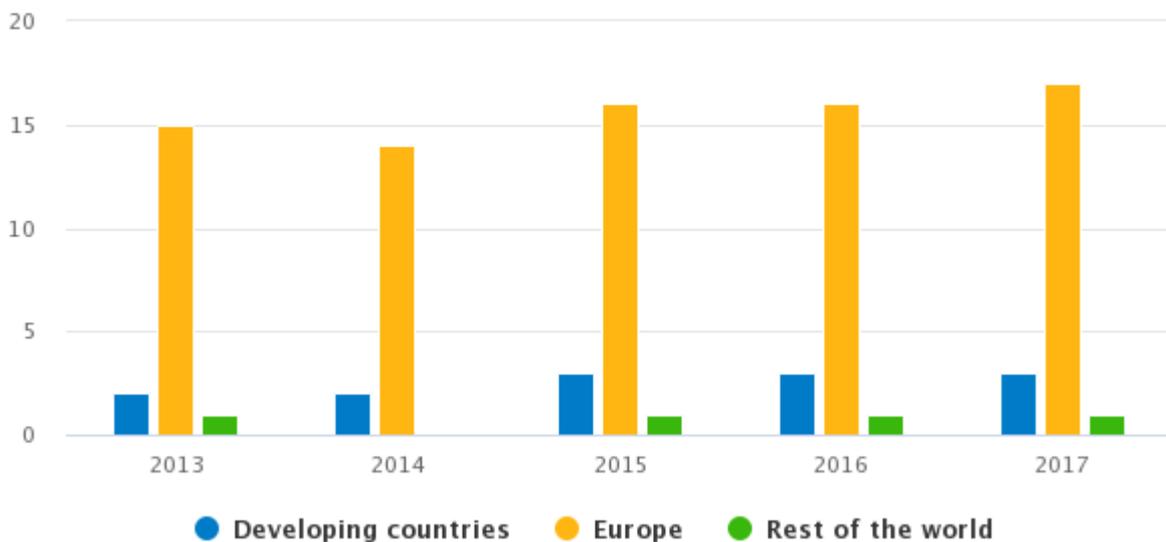
in € billion



Source: ITC Trade Map

Figure 4: Origin of European import value of fresh vegetables 2013–2017

in € billion



Source: ITC Trade Map

In 2017, bananas represented over 34% of the total import value from developing countries, followed by grapes, avocados and limes. In the past five years (2013 to 2017), the import from South Africa (citrus, grapes), Turkey (grapes, citrus), Peru (avocado, mango, berries), Morocco (citrus, soft fruit) and Mexico (limes, avocado) increased.

For vegetables, the imports show a gradual growth. Europe imports tomatoes, peppers, potatoes and onions from nearby countries such as Morocco, Turkey and Egypt. In terms of import value, Peru and Kenya are also significant suppliers of respectively asparagus and beans.

New suppliers and suppliers of non-traditional fruit and vegetables can best achieve success in

specific niches for exotic and out-of-season fruit.

Climate conditions can be a decisive factor. Times of low supply in one region due to poor harvest, pests or climatic difficulties can result in a better market position and bargaining power for other production regions. Although impossible to predict, short-term opportunities and difficulties are typical in the fresh trade.

### Tip:

- Plan your supply carefully. If you want to export a fruit or vegetable product which is already available in Europe, timing is important. Check the [production calendar](#) in Europe to determine the potential demand for imported fresh products. Buyers try to offer their customers the same products year-round and need to fill the gap in their seasonal planning. Timing is crucial.

## Position in the supply chain

Strong buyer position for supermarkets

The buyer position of European supermarkets is strong and is expected to increase even more in future. This is evident in the demanding requirements and strict conditions that supermarkets set.

Large retail organisations also put tremendous pressure on prices. This pressure is then passed on from service providers and importers to the exporter and producer.

In this price-driven business, it is unlikely that your European buyer will lose money. When price levels go down, they will most likely negotiate the new terms of delivery with you.

### Tips:

- Present yourself as a reliable (adhere to your agreements) and accessible (be easy to contact) partner.
- Aim to become a direct or indirect part of a long-term buying programme with a European retailer, but only if your company is ready for that kind of commitment.
- Have a look at the website of [France Agrimer](#) or the [Fresh Fruit Portal](#) for a rough indication of wholesale catalogue pricing. Be aware that these prices are mostly indicative and negotiable.
- See CBI's [Market channels & segments](#) for more information on the role of the different players in the supply chain.

## Supply chain transparency

Retailers and wholesalers require full transparency of their suppliers from production to consumer. This assures them of your good conduct and reduces their risks in food safety. However, it goes as far as the consumers, informing them about the origin and producer of the product.

You will have an advantage over your competitors if you are able to provide transparency along the supply chain. Be open to regular audits and consider these to be helpful in order to improve your day-to-day operation.

## Tips:

- Increase your transparency by showing end-users where a product comes from, preferably at the farmer level. Use "storytelling" and be as open and honest as you can be.
- Always communicate good news and bad news. Open communication helps you build and maintain relationships in the competitive field.

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