Which trends offer opportunities on the European fresh fruit and vegetables market?

There are opportunities for fresh fruit and vegetables in Europe thanks to the increased popularity of healthy, natural as well as organic products. Consumers look for good taste and a convenient purchase. They have also become more aware of social and environmental issues. More integrated social and certification programmes are introduced with increased sharing of information along the total supply chain. Meanwhile, product innovations will improve the customer experience and taste. These developments require you to specialise further and integrate with actors within the supply chain.

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1. Increasing preference for locally grown products

The total value of the European trade in fresh fruit and vegetables is increasing gradually year by year. There is an increasing preference for locally grown fruit and vegetables, but the import of out-of-season and more exotic products continues to grow as well.
2. Market diversification: new, healthy, tasty and easy

Healthy living

Health has always been a strong selling point for fresh fruit and vegetables. In the coming years, the importance of communication on the health benefits of these products will increase.

Especially in north-western Europe, products with specific healthy characteristics such as berries (blueberry, açai, cranberry, physalis), avocado, pomegranates and papaya have become more popular. The continuation of this development has been confirmed by the fact that leading retailers have started to embrace these products. Despite their growing popularity, however, many health foods remain specific to relatively wealthy consumer groups and specialised import companies.

Popularity of pure and organic continues

A significant group of European consumers are increasingly seeking pure and natural products. This is a principal motivation for them to buy organically produced fruit and vegetables, because they are associated with health and better taste.

According to data from FiBL, the European organic market grew by 12% in 2016 to a retail turnover of 30.7 billion euros.

The market share for organic food in Europe varies from around 1% in most eastern and southern European countries to 8-10% in Denmark, Switzerland, Sweden and Austria. In terms of volume, Germany offers you the largest market for organic food, representing almost a third of the organic sales. The organic food consumption develops exceptionally well in relatively wealthy countries.

Although still considered a niche, the organic market is expected to grow over the next years. Among the top vendors in Europe are Tesco, Metro, Carrefour, Ahold and the REWE group. But there are also specialised organic retail chains, such as Denn’s Biomarkt in Germany and Austria, Biocoop in France and Ekoplaza in the Netherlands.
Organic regulations will become difficult for developing countries

Often, the demand for organic products exceeds the supply, making it easier to find buyers and better margins. On the other hand, it can be challenging for exporters in tropical climates to comply with the increasing organic standards in Europe.

After several years of negotiation, a new set of regulations are set to be implemented in July 2020. According to the European Council, this new agreement aims to guarantee fair competition, prevent fraud and improve consumer confidence. Importers have already started with stricter compliance.

However, the International Federation of Organic Agriculture Movements (IFOAM) considers it very likely that many small organic producers in developing countries will not be able to meet the requirements which are designed for the EU context, due to different socio-economic and geographical conditions. The administrative burden and costs might also be a problem. This means that you as a producer will have to evaluate your potential as organic supplier very well.

**Tips:**

- When focusing on organic fruit and vegetables, find specific market partners that are well integrated in this segment and have knowledge of European legislation.

- Consult Organic-world.net and IFOAM reports for detailed information on organic production and sales in Europe.

- For organic requirements, also see the buyer requirements on the CBI market intelligence platform.

Consumers combine price-consciousness with luxury spending

The market for fresh fruit and vegetables has traditionally been driven by price, but today’s market
has become more dynamic. Retail discounters are claiming increasingly greater market shares, while consumers are complementing their price-conscious shopping rituals with an interest in exotic or special-quality fruit and vegetables.

The market for special niche products is growing. Niche products and new varieties will continue to emerge, providing unique taste and triggering consumer indulgence, particularly within the high-end market.

Fresh products such as avocados, mangoes and sweet potatoes have shown a strong annual import growth of 10% to 20%, while other, more common and large-volume products such as oranges and tomatoes have seen little fluctuation.

**Branding enhances consumer experience**

In addition to consumers’ preference for exotic and special-quality fruit and vegetables, taste and experience are playing an increasingly important role. Consumers are willing to pay premium prices for products that have consistently good taste. Branding and storytelling are necessary tools to support the marketing of exceptional taste.

Demanding and changing consumer habits motivate suppliers to diversify and innovate. To make this innovation possible, you must be able to supply a constant quality.

**Tips:**

- Make sure that you use excellent seasonal planning and logistics. Poor quality and immature fruit will hurt the consumption as well as your reputation.

- Use the superlative taste of your product as a marketing tool on packaging, or through magazines or the internet. Be familiar with taste preferences per country or region.

**Convenient food**

Lifestyles are becoming more fast-paced and the interest in easy and convenient foods is increasing. Especially in north-western Europe, retailers are responding to this trend with freshly cut fruit, snack vegetables, seedless fruit, easy peelers, prolonged shelf life, individually sized products (for example, mini papayas or mini watermelons), ready-to-eat products and e-commerce. Although the demand for convenience products in other parts of Europe is lower, it is on the rise as well.

Specific trends with growth potential include ready-to-eat and ripened fruit. An underlying development is the improvement of ripening processes for fruits such as mango, avocado and papaya in the importing country. It is convenient for the consumer and cheaper in transport than airfreight of already ripened fruit.

E-commerce facilitates fresh products on demand, thus further strengthening the convenience trend. Examples are HelloFresh, Gousto and home delivery services offered by supermarket chains.

**Tip:**

- Use the right seeds or varieties, as well as seasonal planning, and meet all logistic requirements to acquire a good position in the supply of convenience fruit and vegetables. For example, supply mature enough fruit that can ripen in a conditioned environment before it reaches the consumer.
3. Good conduct determines success

Certification is as important as the product itself

Food safety and certifications have become leading aspects in the trade of fresh products. GLOBALG.A.P. has become the standard certification and the required maximum residue levels (MRLs) are becoming stricter than the legal limits. It seems that buyers nowadays are more concerned about certification than the product itself. Experienced buyers resent the fact that more and more fresh fruit professionals only focus on paperwork and lack actual product knowledge.

The paper trail and the strict requirements are a challenge for every producer, exporter and importer. At the same time, if applied well, they can improve your competitive position.

Tips:
- Work together with importers on tracking and tracing systems. Gain an advantage by demonstrating good conduct and consistent compliance with food safety standards.
- Certify and organise your production before exporting to Europe. Be professional; your supply chain is only as strong as the weakest link.
- Be up to date with MRLs and food safety requirements. Check the buyer requirements.

Sustainable produce is becoming mainstream

On all levels in the value chain, people are gaining interest in more sustainable and responsible fruit and vegetables. This trend relates to many aspects such as working conditions, water use and waste management, among other things.

The awareness among consumers is growing thanks to more transparency. Retailers and traders throughout Europe are also joining forces in the Sustainability Initiative Fruits and Vegetables (SIFAV), coordinated by the Sustainable Trade Initiative (IDH). They aim to make all imports from Africa, Asia and South America 100% sustainable in 2020.

Industry sources mention the conservation of water resources as one of the principle concerns in the production of fresh fruit and vegetables.

You can anticipate this by demonstrating that your product has been produced in a sustainable way, both socially and environmentally.

Tips:
- Invest in social and sustainable practices and certification to maintain your position on the European market in future and increase the value of your product. Make your product supply chain transparent by using a website and QR codes. These can give consumers insight into the product, the people and the plantation.
- Read about the various social compliance programmes and certificates (for example, BSCI, ETI, Fair for Life, GSCP and Fairtrade).
Specialisation and integration

Specialising role for importers
As a result of increasing competition and buyer concentration, the role of importers and wholesalers is changing. They become more specialised and are looking to establish a unique market position.

Importers and distributors focus more and more on ensuring “just-in-time” delivery, trying to shorten their supply chain to retailers and saving on warehousing costs. Importers that supply to large retail formulas prefer to work with large producers and large quantities. They handle the European logistics without having their own facilities. If plant space is needed, they will hire it temporarily. Importers that sell from their own warehouses have difficulties in competing with importers that have arranged their logistics externally.

As a smaller exporter, you can best search for opportunities within a broader spectrum. This also includes traders that do not have direct access to supermarkets and that specialise in other segments or niche markets.

Tips:
- Define your strategy and choose an appropriate marketing channel based on the strengths of your company, preferably before closing any contracts.
- Find a large importer/distributor if you focus on bulk production and make sure that you can handle the strict logistical planning. Work with specialist importers if you supply smaller quantities of special products.

Vertical integration
Specialisation is often accompanied by vertical integration. Supply lines are becoming shorter and more efficient.

Contact between farmers, traders and retailers is becoming closer.

Recent experiences have also yielded examples of integration with a negative impact. For some, investments in warehousing and logistics have had significant financial consequences when the economic crisis occurred in 2008.

Nevertheless, the key to future development resides in the integration of the core activities. Control throughout the entire value chain is essential in order to build expertise in specific products and to comply with the strict delivery terms of large retailers.

Tip:
- Profit from the experience of your buyers and business partners. In some cases, joint ventures with European companies could improve your market position in Europe.

Cultural, economic and political influences in trading
**Brexit**

When the United Kingdom announced its intention to leave the European Union after a referendum vote, companies expressed their concerns for potential consequences. The fresh fruit and vegetable sector is also affected, mainly because of its international nature. Nobody knows exactly what the long-term effects will be, but the most notable changes so far have been:

1. a decreased availability of affordable labour in the United Kingdom due to many foreign workers leaving the country;
2. a devaluation of the British pound.

The United Kingdom is an important market for exporters from developing countries. However, with the current pressure on prices, you can best look for additional or alternative markets.

**Eastern Europe is emerging**

Currently, the market for tropical fruit and exotics in the eastern Europe is still relatively small, but it is considered a growth market. Countries such as Poland and Romania are following the same trends as the rest of Europe. They are starting to buy more and more tropical fruits such as mangoes and avocados. With consumption still being low, they have more room to grow.

Consumers in eastern Europe are very price-conscious, and exotic and tropical fruits are relatively new for most consumers. A good way to enter this market is through importers in western Europe that are extending their business to Central and Eastern Europe. It is also a good market for fresh products that do not reach the higher standards in western Europe. Remember that payment morals may also be less strict.

**Tip:**
- Invest in your European contacts and look for possibilities to extend exports to upcoming European countries. Visit trade fairs such as Fruit Logistica or invite importers and retailers to visit your company.

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**The European market is highly regulated**

Individual Member States of the European Union maintain strict control over the fresh food market. European and Member State decisions can have a major influence on your market. Examples of European interventions are:

- compensation and subsidies for farmers in Europe;
- phytosanitary restrictions on South African citrus fruit due to the threat of Black Spot;
- European policy against genetically modified fruit and vegetables.

**Tips:**
- Keep up to date with European rules and regulations on food safety, genetic modification and phytosanitary limitations; for example, via www.efsa.europa.eu or the RASFF System for Food and Feed Safety Alerts for temporary import restrictions.
- Be aware of the importance of plant health and the good quality of the border checks, which may cause rejection for the European market or ultimately wider import bans.
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