



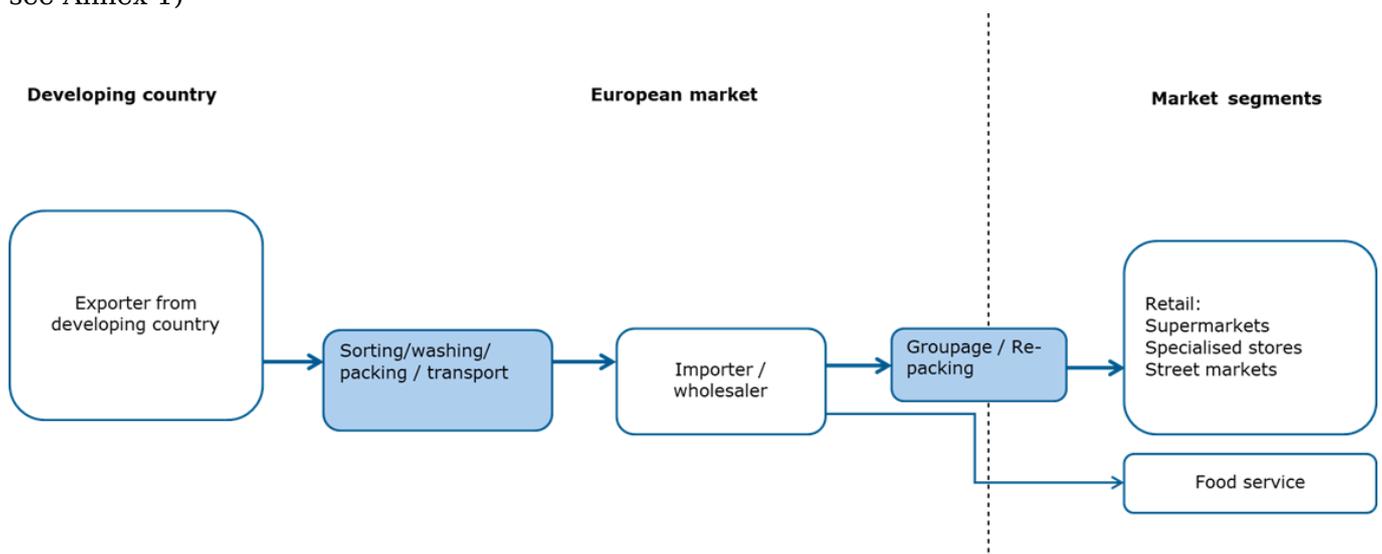
Through what channels can you get fresh fruit and vegetables onto the European market?

The European retail market for fresh fruit and vegetables is dominated by the supermarkets. About 60–90% of produce is sold through supermarkets, depending on the product and country. Supermarkets are demanding customers, generally with more than minimal requirements on quality and efficient consumer response, and providers of import services are the key to supplying them. Some large supermarkets have special service providers who – together with importers and local producers – attend to the smooth delivery and sourcing of good-quality products. Niche products are often traded by specialised traders. It is important to differentiate and select importers that fit your supply.

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Figure 1: European market channels for fresh fruit and vegetables (for an explanation of the boxes, see Annex 1)



1 . Importers are the key to the European market

Importance of importers/distributors

Most fresh produce from developing countries is traded via importers. Importers that fulfil the role of intermediary between producer and retailer have developed an efficient organisation. Larger companies have state-of-the-art ripening and packing houses, while others rent facilities only when necessary.

Many supply chains are strictly organised under the direction of the importer/wholesaler or service provider in adherence to the retailer's demands. It reflects the important trend towards vertical integration. As a regular exporter from a developing country, it will be difficult to get around these main service providers; they are the gateway to the mass market.

Smaller importers are searching more and more for niche channels; for example, by specialising only in exotics or the wholesale market.

Increasing role of service providers

Europe counts many importers, but the market is consolidating. Supermarkets are increasingly organising integrated supply chains with a limited number of preferred suppliers or service providers. This enhances responsiveness and safeguards product quality and promotional planning. Larger importing wholesalers will also often act as service providers to the supermarkets, investing in added-value services such as ripening, packaging and mixing.

The Netherlands is an important gateway to the European market

A great deal of produce is imported through the Netherlands (via the Port of Rotterdam) only to be exported to other European markets such as Germany and the UK. The strongest point for Rotterdam is the fast track record on groupage services (combining several small shipments into a single container). Belgium and the UK are also major importers of fresh fruit and vegetables from developing countries. The importance of supply chain logistics (planning & cold chain) in terms of the quality of the final product must not be underestimated. Supply chain management is key.

Investments in infrastructure

New investments are being made in ports and container services as well as reefer services in places such as Rotterdam in the Netherlands. Intermodal transport services (using multiple modes of transport) and connections are being extended and developed. This will further strengthen the position of the Netherlands and Belgium as trade hubs.

Another European initiative is to improve the [Fresh Food Corridor](#) (using intermodal containers or vehicles on multiple modes of transport) from the Middle East through the Mediterranean to eastern and northern Europe. This project ended in October 2017 and contributed to a more efficient supply from countries such as Egypt, Jordan and Israel. For Israel, it has already proved a success in a [pilot action](#). For road logistics (for example, from Jordan), stability in the Syrian region is a precondition.

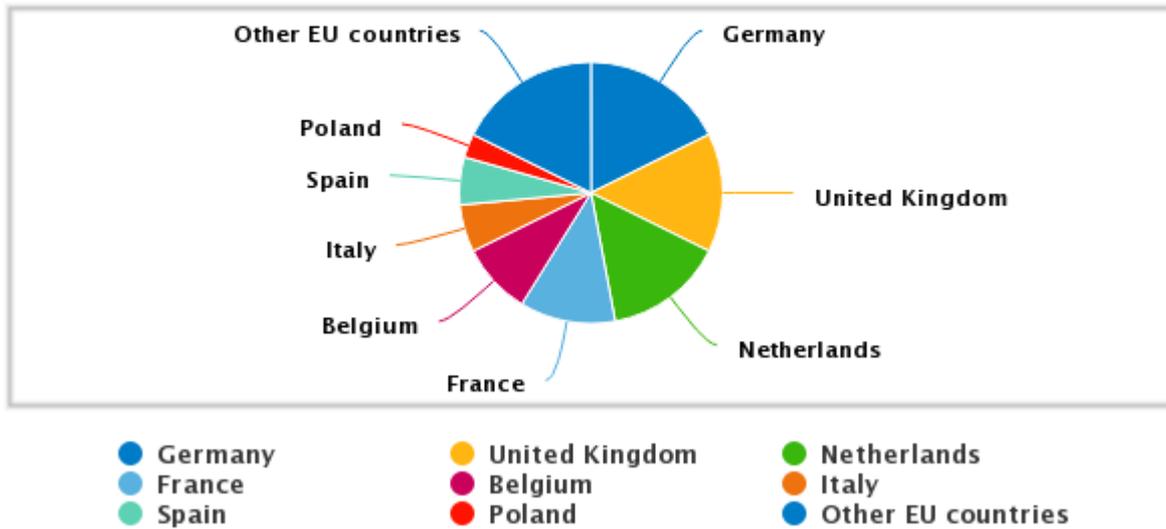
Major destinations include Germany, the UK, Belgium and France

In 2015, European countries imported € 35.8 billion worth of fresh fruit and € 20.7 billion worth of fresh vegetables (including intra-EU trade). Almost 50% of the fresh fruit and over 80% of the fresh vegetables that are imported concern products that are re-exported or locally produced.

- Germany, the UK and France are the largest final destinations, accounting for around 44% of the product value that was imported in 2017 from both within and outside Europe.
- The Netherlands and Belgium are responsible for 21% of the import value and mainly re-export to other European markets.
- Italy and Spain have an 8% share in the European import value of fresh fruit and vegetables, but are also net exporters because of their large own production volumes.
- Eastern Europe has growth potential: well-known tropical fruits such as pineapples, lemons and limes are finding their way through western European ports to new, upcoming markets in eastern Europe.

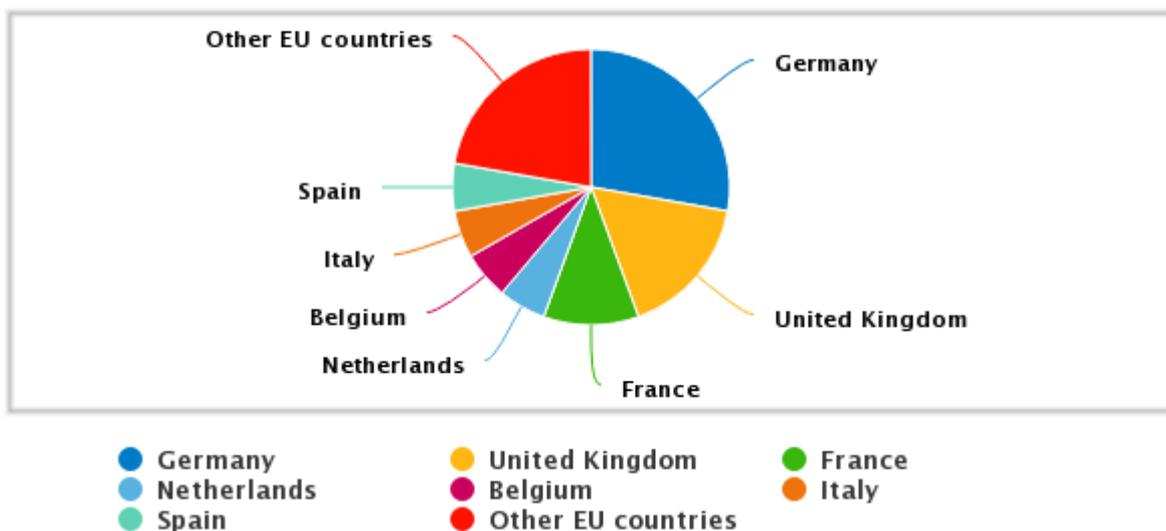
As a supplier from a developing country, your main export markets will be the Netherlands, the United Kingdom and Germany.

Figure 2: Imported value share of fresh fruit in Europe
2017
In € billion



Source: ITC Trade Map

Figure 3: Imported value share of fresh vegetables in Europe 2017
In € billion



Source: ITC Trade Map

Distribution hubs match quality with markets

The Netherlands and Belgium are typical trade hubs to northern Europe, where standards are strictly respected. Imported fresh products that do not pass these high standards are rerouted to other markets, such as [Rungis](#) in France where fruit and vegetables are traded on the spot (France is a typical end market). When fresh produce has quality issues, often a claim will follow, which is a common way to renegotiate.

Differences in European market channels

The European market can roughly be segmented into three geographical areas with different patterns of consumption and buying behaviour.

- Consumers in north-western Europe have the highest average purchasing power. The market has the highest demand for tropical and exotic fruit and off-season vegetables. North-west European consumers buy most of their shopping in supermarkets. Specialist fruit and vegetables stores are slightly more expensive than supermarkets but carry a more diverse range of products. The role of supermarkets is set to expand further. In this segment, almost all of the produce sold is Class I (highest quality).
- In southern Europe, fruits and vegetables make up a higher share of the diet. Consumers have a stronger preference for taste and local traditional produce, although local supply is not sufficient to meet the total year-round demand. The supermarket channel is gaining importance in these regions as well.
- In eastern Europe, product quality requirements are somewhat lower (Class I and Class II) than in north-western Europe and supermarkets generally have a lesser market share, but this is expanding. In the long run, the market growth in eastern Europe is expected to be substantial, which will also be accompanied by increasing quality standards and sustainable produce. With the increase in quality demands, customers will expect you to spend more attention to a quality supply chain.

Tips:

- Visit fresh markets and retail outlets in different target countries within Europe to understand the local dynamics and preferences of each market.
- Choose your distribution channel carefully according to local taste preferences, quality and market structure. Take into account that your buyer has to deal with strict compliance to large retail chains and expects the same from you.
- Visit trade fairs such as the [Fruit Logistica](#) in Berlin or the [Fruit Attraction](#) in Madrid. Here, you can find most of the important traders.

2 . Good logistics is essential in your trade channel

Post-harvest treatment and logistics are crucial

Many companies and agents are active in the supply channel. Products are usually sorted, washed, packed and sometimes processed (cut or sliced) and repacked before entering the retail channel. Packers operate at different stages of the supply chain to wash and re-pack products from harvest to wholesale into retail packages. Throughout the supply chain, cleaning and decontamination of equipment, containers, pallets, crates and vehicles is of the utmost importance. As an exporter, you must meet the demands of logistics and pay special attention to a timely delivery, quality equipment and packing, cooling, hygiene and correct documentation.

Tips:

- As cleaning and decontamination of transport equipment are crucial, implement and actively operate quality and hygiene procedures. Also see the different food safety systems in the CBI study of [requirements for fresh fruit and vegetables](#).
- Ensure good logistical treatment of your produce and check for the best ways to maintain

product quality.

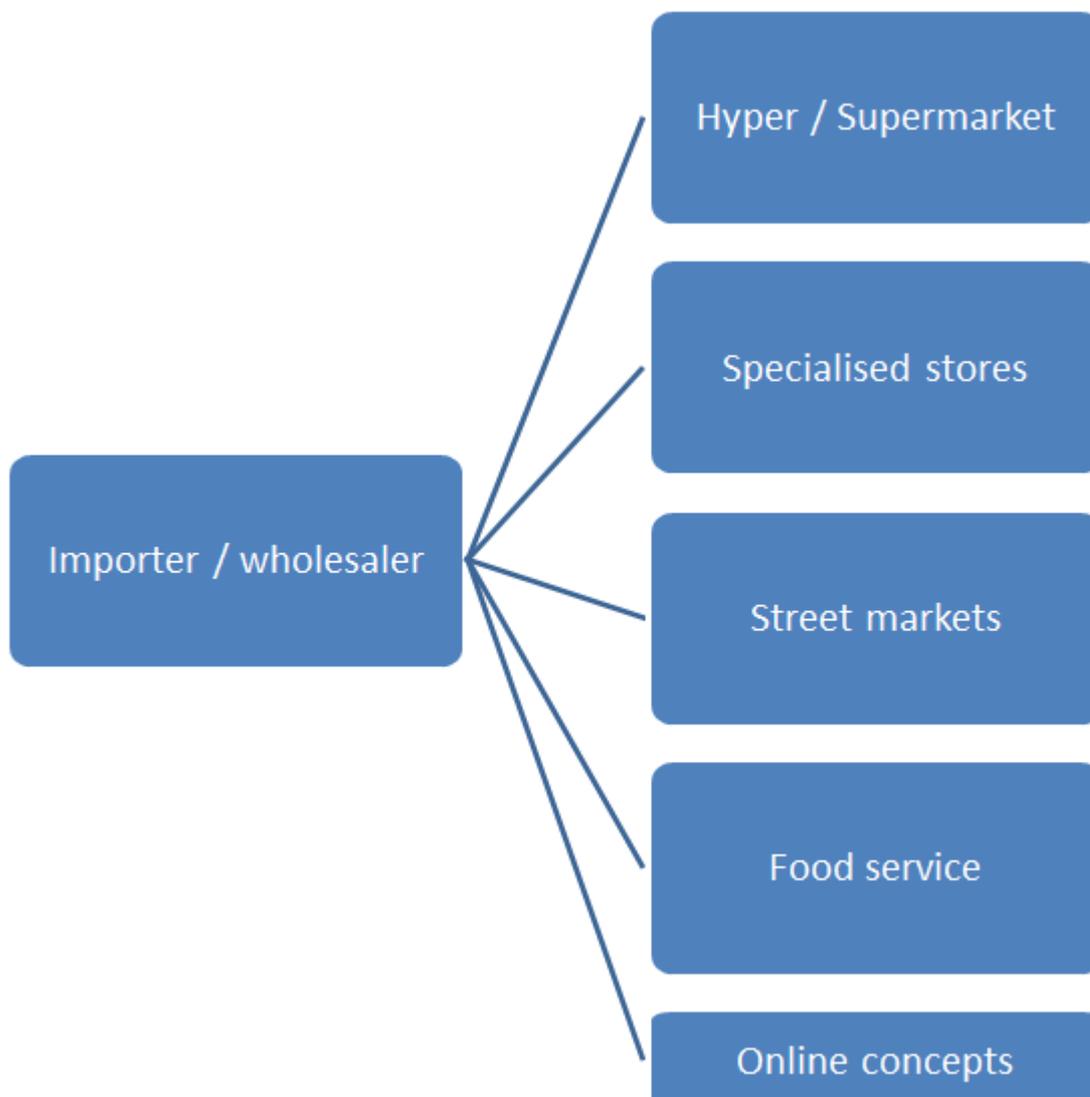
Sea or airfreight depends on the type of product and distance

Common fruits such as bananas and citrus and other more durable products are usually shipped by sea, while air freight is much more common for exotic and premium fruits and vegetables. As sea transport is less expensive and more environmentally friendly, technological developments in sea transport (storage, conditioned containers and ripening) are being explored continuously to reduce the dependence on airfreight.

3 . Supermarkets dominate sales of fruits and vegetables

The European market is divided into different sales channels, with supermarkets being the most important sales channel for consumers and online concepts as a new development in fresh produce. The annex explains more about the different actors in the trade structure and segmentation.

Figure 4: Importer/wholesaler segmentation of the fresh fruit and vegetable sector



Dominance of supermarkets

The supermarkets have market shares of between 60 and 90 per cent in the retail sales of vegetables and fruits, depending on the country. The market share of supermarkets tends to be higher in north-west Europe than in southern Europe.

Traditional fresh fruit and vegetable stores and street markets have seen their market shares decrease to about 10% in some countries.

The dominance and centralised buying of the major supermarkets have increased their commercial power on the market as well as in product requirements throughout Europe. This makes trade more difficult for smaller exporters from developing countries, as product requirements increase.

Supermarkets can generally choose from many suppliers, especially for undifferentiated products.

The largest European food retailers are:

- Schwarz Group (including [Lidl](#));
- [Tesco](#);
- [Carrefour](#);
- [Metro Group](#);
- [Auchan](#);
- [Rewe Group](#);
- [Edeka](#);
- [Leclerc](#);
- ITM ([Intermarché](#));
- [Sainsbury's](#).

These concerns listed above usually manage several different supermarket brands.

The traditional fruit and vegetable stores are losing market share. At the same time, there are successful shops that are servicing a specific market for niche products: exotic or ethnic products and specialised organic shops are still expanding. This expansion can be an opportunity for exporters that supply differentiated products in smaller volumes.

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Retail moving away from the grey middle

The mainstream or middle segment is losing market share. Both discount supermarkets and luxury chain stores have been on the rise. If price is not the driver, consumer experience is crucial. Local top-end supermarkets such as [Marqt](#) (Dutch) and [Grand Frais](#) (French) are just as successful as the international discounters [Lidl](#) and [Aldi](#) of German origin. This new environment has also created room for new food shopping and leisure retail concepts such as food courts (for example, the [Rotterdam Market Hall](#)).

You can create opportunities by finding and establishing relations with the right buyers: experienced buyers in exotics, buyers that invest in packing and processing, buyers that get involved in production, buyers that supply specific channels, and so on. However, in a market where the grey middle is lacking, it will become even more important to hook up with buyers that are the right match for your type of product. Differentiation is as important for you as for your European counterpart.

Home delivery and e-commerce

Another new form of food shopping takes place online, which addresses the need for convenience. Large investments in concepts such as [HelloFresh](#), [Gousto](#) and other home delivery programmes are boosting online purchases of fresh food.

Many supermarket chains are also promoting their home delivery services and some go even further. In the Netherlands, the recently introduced online supermarket [Picnic](#) only allows you to shop through a mobile app, after which your groceries are delivered free of charge with electrical vehicles.

Moreover, the potential power of online giants such as Amazon could change market channels indefinitely, with significant consequences for traditional shops.

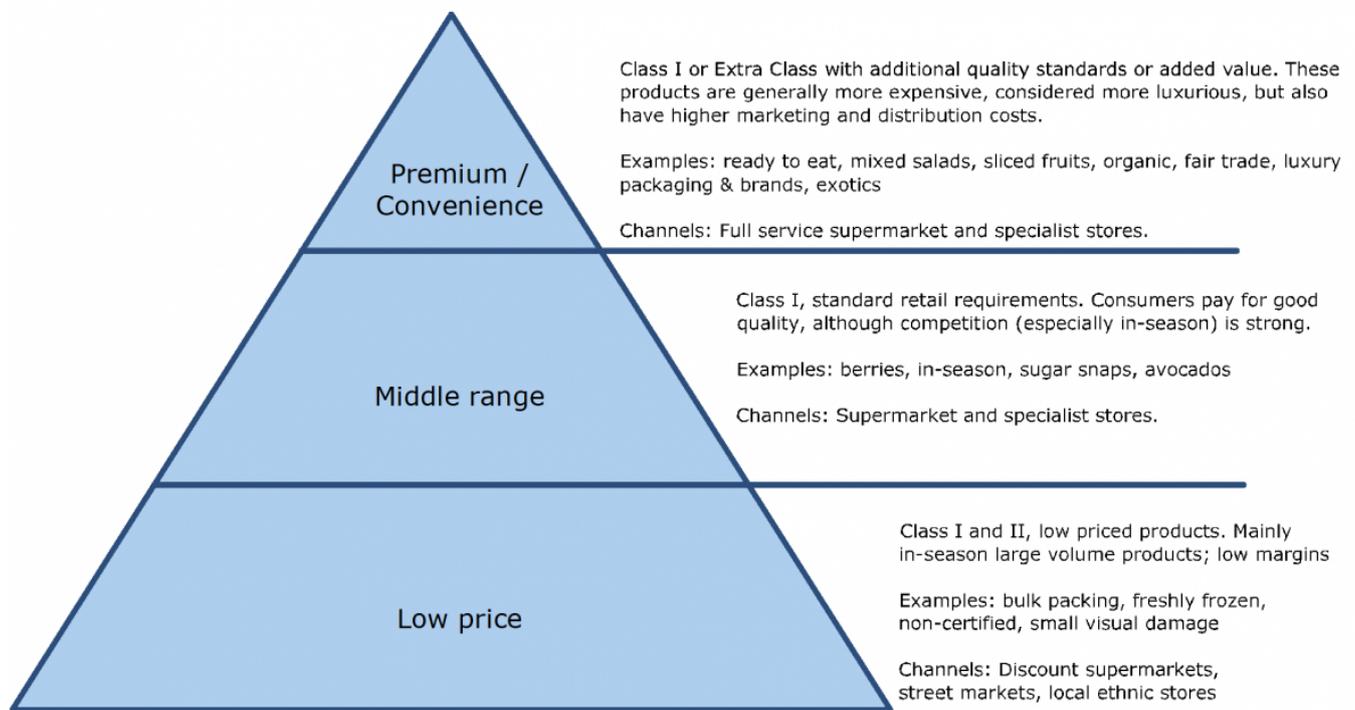
Tips:

- In order to deal with the purchasing power of large retailers, prove yourself to be a reliable and good supplier.
- Set your product apart from competitive products by differentiating and be responsive to your customer's sales strategy.
- Supermarkets may prove to be demanding customers: take advantage of the knowledge of importers/wholesalers.
- Consult the overview of retailers on the website of [FreshPlaza](#).

Segment quality and quantity requirements

Supermarkets – specifically in north-western and southern Europe – demand almost exclusively Class I produce. The quality requirements for street markets and for eastern European retailers are sometimes lower, which provide market access for fresh products that do not meet the highest standards. Also in Eastern Europe, however, quality requirements are increasing.

Figure 5: Retail segmentation of the fresh fruit and vegetable sector



Supermarkets demand much larger quantities than specialised stores and street vendors. The latter are, however, generally supplied by domestic wholesale. When supplying supermarkets, exporters must be able to deliver large quantities of uniform product quality. Discount supermarkets are in the lower price range, but in quality they are often comparable with regular supermarkets.

To become a regular supplier to the large retail chains, timely delivery and cooperation with special promotions as well as flexibility with regard to seasonal or growing demand are vital. Supplying through an importing wholesaler is generally the only way to achieve this status. The importer/wholesaler can plan and redistribute supplies from several exporters to meet customer demands. Nevertheless, it is not uncommon for supermarket representatives to visit overseas growers.

Tips:

- Choose the appropriate segment that coincides with your product quality and your supply volumes.
- Apply good practices and obtain certification for food safety and logistics. For specific buyer requirements, see the [CBI buyer requirements](#).
- Build trust with customers; for example, by focusing on product uniformity and timely delivery, which are highly valued.
- For information on wholesale prices, consult sources such as the [FranceAgriMer website](#). [FreshPlaza Pricewatch](#) or [FreshFruitPortal](#) provide price information up to 2016.

Annex 1: Information boxes for the trade structure (Figure 1)

Importers/wholesalers:

The importing wholesale companies buy produce from abroad and resell it to domestic retailers or re-export it to other countries. They take care of the necessary administrative formalities and often

provide services such as packaging and re-packaging, ripening, transport and logistics. These importing wholesalers offer you the best access to the European markets, as they have an extended network of customers varying from retail buying centres and domestic wholesalers to catering companies. Importers usually have long-standing relationships with customers and excellent knowledge of quality requirements, logistics and the formal administrative processes. Some wholesalers use agents to facilitate transactions.

Sorting/washing/packing:

Post-harvest treatments include sorting, grading, cleaning or washing, cutting or slicing, ripening, packaging and labelling. The treatments depend heavily on the type of produce and the supply chain requirements. Usually, but not always, sorting and cleaning of fruit and vegetables is done in the country of origin, as well as packing in wholesale containers (boxes or crates). For some produce, such as avocados, mango and papayas, ripening is done in the destination country.

Re-packing:

After importing to the EU or EFTA market, some produce needs to be re-packed in retail-size packaging. Wholesalers and specialised companies perform this task if required by the wholesalers.

Hyper-/supermarkets:

European supermarkets are divided into large supermarket chains, such as Carrefour, Rewe and Ahold, and smaller independent stores. The larger supermarkets have by far the largest market shares and operate their own (sometimes combined) buying centres and distribution centres. Although supermarkets may be involved in sourcing their fresh produce, they usually rely on the services of importing wholesalers and service providers. Supermarket service providers are wholesalers and logistics service providers who take care of much of the sourcing and distribution process on behalf of the supermarket. They cooperate with importers and are responsible for importing, contracting and combining products from different countries. Directly dealing with supermarkets requires a high degree of business professionalism and access to logistics service providers as well as your own importing experience and facilities. Usually, exporters from developing markets access the supermarket channels through European importers.

Specialised shops:

Specialised fruit and vegetable shops exist throughout the European market, although their market share has decreased to about 10%. Most of them are family-owned, small independent shops that sell fresh fruit and vegetables as well as some related food items. They buy primarily from local wholesalers.

Street markets:

Most European cities have regular (sometimes daily) fruit and vegetable markets. Traders rent stalls and sell fresh produce that they usually source from local wholesalers or producers. The street markets have a decreasing market share of only a few per cent in most countries.

Catering:

The catering channel includes restaurants, hotels, business catering and hospitals. These organisations usually procure fresh fruit and vegetables from local wholesalers. The catering channel has an estimated market share of about 10-15% for fruit and about 20% for vegetables.

E-commerce/online concepts:

E-commerce is growing in Europe, especially on northern European markets, where online shopping has become an integral part of society. Supermarkets are experimenting with home delivery of fresh products and new, independent concepts are emerging (for example, food boxes with recipes). Examples include [HelloFresh](#) and Gousto.

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