

# Tips for doing business with European buyers of fresh fruit and vegetables

The European fresh fruit and vegetables sector is a dynamic world full of opportunities and pitfalls. It is a sector which feels informal, but which is highly professional at the same time. Excellent product quality, reliability and efficient communication are a must when doing business. You should also expect tough purchase conditions. These tips for exporters from developing countries will help you prepare yourself for doing business in Europe.

## Contents of this page

1. Put quality above all the rest
2. Provide mutual reliability and continuity
3. Be swift and proactive in your communication
4. Create and show your unique proposition
5. Prepare yourself for tough purchase conditions
6. Try to build long-lasting relationships
7. Keep your certifications up to date

## 1. Put quality above all the rest

Quality is your top priority in the fresh fruit and vegetable sector. Anything less than the best quality is simply not good enough. As an exporter, you must be aware that it is the only way to do business with European buyers.

To monitor quality, there are European quality and marketing standards with which your products have to comply. It is also vital that you comply with the European Union (EU) food safety laws and standards as described by the [EU Trade Helpdesk](#). In addition, each buyer has their own specific quality requirements and expectations. A minimum requirement for doing business with European buyers is [GLOBALG.A.P.](#) certification for the agricultural production process.

Quality requirements are not open for discussion! However, they are regularly a reason for buyers to file a claim, which can hurt your profit. In this case, ask your buyer for conclusive visual proof. Quality claims are easier to make when it is a difficult market and prices can be renegotiated. If you doubt the findings of your buyer, hire an independent party to inspect the product's quality (for example, [SGS](#), [Bureau Veritas](#) or [Intertek](#)). A shipping company can also be responsible for the poor handling of your product. Remember that claiming is easier for your client with you as a supplier than with the logistical provider.

### Tips:

Collect proof of quality before shipping your product. Make pictures of the load and the product, keep evidence samples in your cold store, register temperatures and climate conditions, and (if needed) have an independent pre-shipment inspection done. The more data you have, the better you can defend your responsibility and obligations as a supplier.

Read the CBI study of [buyer requirements for fresh fruit and vegetables](#) for an overview of quality standards and essential buyer requirements.

Make quality throughout the supply chain a team effort. Work closely with your buyer, and understand the game of giving and taking. Remember that your buyer is often just a link in a larger chain and that many of your clients also face penalties from their clients (especially large retailers).

## 2. Provide mutual reliability and continuity

The competition in fresh fruit and vegetables may be fierce, but buyers are not eager to hop around from supplier to supplier. Obviously, they want the best quality for the best price, but they also understand the value of having a reliable partner. For this reason, most European buyers prefer to have partnerships with trustworthy suppliers that provide continuity for their businesses. It is therefore important as an exporter to supply reliable volumes and respect agreements. However, you must also know your buyer and make sure that reliability is mutual.

### Know your client

Understand every aspect of your client and their preferred way of working. What is their demand? What are their minimum requirements? How large is their network? Do they specialise in your product? What type of end-clients do they supply? Do they work in supply programmes? How important are you to your buyer and the other way around?

Knowing your buyer is essential for doing business, matching supply and demand, and estimating your trade risks. Ideally, you should select your buyer according to the type of product and the volume that you can supply. This process includes verifying whether the buyer will be suitable to resell your product, especially when selling in consignment or with a minimum price guarantee (see our tip on purchase conditions below).

### Supply regular shipments

In the fresh sector, steady buyer relations require reliable volumes of products, often with weekly deliveries. For bulk products, this volume is at least 1 container per week of exportable quality during the production season. For less common fruit or smaller exotic products, which also may be air-freighted, you need to be able to supply a minimum workable volume per week. If you cannot comply with the volumes or requirements of a major buyer or guarantee a required volume to a retail service provider (for supply programmes), it makes no sense to approach these types of buyers.

### Respect agreements

To show that you are a reliable supply partner, you must always respect the agreements which you make with buyers in Europe. Only so-called “force majeure” (floods, hailstorms, drought, and so on) are acceptable reasons for a breach of or change to an agreement. Poor planning or other management errors are unacceptable, however.

#### Tips:

Never promise more than you can fulfil. European buyers want to build reliable partnerships with trustworthy suppliers. A promise is therefore worth as much as a contract.

Thoroughly plan your production, buying of inputs, packaging materials, processing, logistics and so on. Leave nothing to chance when doing business with European buyers of fresh fruit and vegetables.

Explore the option to integrate with your buyers further. It may reduce your flexibility in sales, but an established relationship with commitment provides a level of security and is often a very valuable asset.

## 3. Be swift and proactive in your communication

Doing business in the European market for fresh fruit and vegetables requires a proactive attitude and straightforward communication. Buyers have little time for unnecessary communication, so you need to be clear

and to the point, and not leave any room for interpretation or doubt.

Your buyer will expect good communication skills and a prompt response to emails (and any other types of messages), preferably the same day or at least within 24 hours. This period allows for time differences, but make sure that you are available at certain moments during the business hours of your buyer. To maintain this level of communication, you need to be well connected to the internet and have discipline.

Communicate in good times and in bad times. Do not avoid delivering bad news. If something goes wrong, communicate this fact with the buyer directly, then look for possible solutions together and discuss the consequences openly.

Throughout Europe, you will find different business cultures, but the basic business etiquette in this sector remains the same. For example, the business culture in Germany can be more formal and hierarchical, and requires you to focus on the facts and use rational arguments. Rationality is also present in Scandinavia, although their style of doing business is much more informal and done with consensus. In the Netherlands, a direct communication style is appreciated; contrary to the United Kingdom, where indirect communication is considered to be more polite. In the Mediterranean countries, business partners value their relationships and spend more time on maintaining them.

### **Tips:**

Keep your communication short and informative. Inform your client of important aspects of production planning and shipment. Also provide your buyers with freight rates, transit times and arrival schedules, so they can calculate the costs and plan further trade.

Make it a habit to reply quickly and consistently to emails, phone calls or any other means of communication. If you are unable to respond yourself, make sure that you have colleagues who can respond for you. Not getting back within 1 business day shows a lack of interest.

Be reachable for your business relations. Use several communication tools such as a direct mobile phone, personal email address, WhatsApp and Skype.

Gain an understanding of how to do business in Europe by reading about the different [European business cultures in Passport to Trade 2.0](#) or their etiquettes in the [Kwintessential Etiquette Guides](#).

## **4. Create and show your unique proposition**

When approaching potential buyers, you need to be well prepared. Know your strengths and weaknesses, and create added value or ways to differentiate as a supplier. Buyers get regular offers from suppliers all over the world. If you want to get into business, you must have something to stand out.

If you can present yourself in person and convince a potential buyer that your business is reliable and compliant, you already have an advantage over many other suppliers. To differentiate from the best suppliers, you can try adding unique value to your company by specialising or using your specific strengths.

Analyse thoroughly what makes your company different from other suppliers. What are your unique selling points? Highlight these unique selling points and try to link your proposition to the needs of your potential buyer. For example:

- Use storytelling when your company has specific environmental or social activities, or when you want to promote to the origin of the product.

- Approach specialised buyers when you have unique and superior varieties of fruit and vegetables – someone who knows the product well.
- Show your work with small farmers when targeting companies with Fairtrade products.
- Mention your production volume and farmer integration to show your supply reliability to large buyers.
- Adopt organic farming for specialised buyers of organic fruit and vegetables.
- Add value with basic processing such as freshly cut fruit or special packaging to reach retail channels.

For example, a company that differentiated their supply is [Frutireyes](#) in Colombia. They specialised in the production and export of exotic fruit (pitahaya, physalis), but they also diversified their offer from fresh, dried and frozen products. Other companies such as [Green Marketing International](#) in South Africa obtained a licence to export the [Sunworld range of stonefruit varieties](#) and Sunworld grape varieties, offering a differentiated brand to the world.

### Tips:

Show your social engagement. If you have your own programmes implemented at your farms which benefit your farmers, families and communities, such as educational programmes or health services, talk about them with your buyers and promote them on your website or social media.

Research the market for your specific product and analyse how you can use the trends to your advantage. Read the [CBI studies of promising export products in fresh fruit and vegetables](#).

Make sure to have an attractive and up-to-date website. Use your website to communicate about your assortment, certifications, good agricultural practices and international service.

Specialise in specific products or market channels. Specific focus and experience can improve your reputation as a supplier, and distinguish your company from generic suppliers

## 5. Prepare yourself for tough purchase conditions

The fresh fruit and vegetable industry can be relatively informal and commercial results are difficult to predict. Doing business requires trust, but you must also protect and prepare your business, as purchase conditions in this industry are rarely without risks.

Ideally, you should join forces with buyers which offer optimal purchase conditions for you as a seller. Pre-season advances, fixed-price contracts and supply programmes provide the most security. However, as a new or minor supplier, you cannot be picky and likely have to accept different terms such as a minimum price guarantee or even free consignment. Quotations and agreements are often confirmed by email – make sure to have written contracts.

Prepare yourself for these conditions and always make sure that the supply terms are clearly defined. Use the variables to negotiate, such as minimum price, profit split and final payment.

### Quotation

When sending your quotation, be clear and to the point, and mention the product characteristics (volume, size, packaging and price), Incoterms and date of expiry of your quote. Make sure to have a written acceptance by the buyer and read any additional purchase conditions of your buyer before confirming or signing anything on your part. The duration for a contract can be per shipment but also per season.

### Contract of sale (fixed price)

A contract of sale is clear to both parties and the fixed price offers the most security to you as a supplier. It is

also difficult to get in Europe and often has a low price.

## Minimum guaranteed price (price after sale)

A minimum guaranteed price (MGP) is very common in the fresh fruit and vegetable trade. It guarantees a minimum return for the seller. The rest will depend on the market and the skills of your buyer. Try to negotiate an acceptable minimum price for your product which at least covers your costs. You can use historic price development as a guidance. Also ask your buyer if they can work transparently with you and share the account of sales (showing sales and costs). Remember that the minimum price can be discounted when your product does not meet the quality requirements. A buyer will also try to renegotiate a minimum price when the market provides very poor results.

## Free consignment

Unlike a “contract of sale” or “minimum guaranteed price”, a consignment is not a sale. Your client acts as a sales agent, and you as a seller continue to own and be responsible for the product until it is sold. The advantage is that you are always entitled to a detailed account of sales, and your partner cannot deduct more than the expenses and commission related to the sale. However, consignment gives you no security at all and is only advisable when you have a trusted relationship with your trade partner.

## Account of sales and final payment

When selling with an MGP or consignment, there will be a final payment after your client has sold the product. An account of sales will be proof of the expenses made by your trade partner. The average commission for fresh fruit traders is usually around 8% excluding handling costs, but you can also choose to split the profit (or loss!). Another point of attention is the number of days for the final payment.

## Spot market vs supply programmes

Your buyer can purchase your product for the spot market or include your project in a supply programme (often for a large retail chain). For you as an exporter, both markets have advantages and disadvantages of which you must be aware (see Table 1).

Table 1: Advantages and disadvantages of spot sales and supply programmes

	Advantage	Disadvantage
Spot market	High return in a good market Flexibility (day trading)	Higher commercial risk: Slow market results in low price or sales stop More fluctuations in price
Supply programme	Reduced commercial risks Stability/supply security Better returns on average	Tough obligations and high standards Penalties for contract breach Requires flawless planning

### Tips:

Use the market knowledge of your buyer in terms of current pricing and developments in demand and supply, but watch out for empty promises. The market determines the final price, not your buyer.

Find a sample calculation of an account of sale in the [CBI presentation Doing Business in Fresh Fruit](#)

and Vegetables on SlideShare.

Also see the payment terms in the [CBI study of organising your export](#) of fresh fruit and vegetables.

## Support agencies: Find collaborations with support agencies

Being part of an export support programme means that you will have access to trade assistance, trade fair promotion, export training and sometimes financing of certifications. These activities increase your chances with potential buyers.

[Centre for the Promotion of Imports from developing countries \(CBI\)](#) provides small and medium-sized enterprises with market intelligence and trade support in export coaching programmes. Their tailored programmes also include training in doing business in Europe. On the website, you can [find relevant projects](#) in Jordan, Moldova and Central America which include the fresh fruit and vegetable sector.

[Import Promotion Desk \(IPD\)](#) establishes contacts in the European Union for exporters from partner countries, and provides them with market information and capacity-building. [Fresh fruit and vegetables](#) is only one of the sectors in which they operate, and includes fresh herbs, tropical and subtropical fruit.

[International Trade Centre \(ITC\)](#) is a development agency for sustainable trade with publications and an [SME Trade Academy](#) that provides online courses (some are free of charge). Courses such as “Export Sales and Negotiation” and “Helping SMEs Generate Export Business” can be relevant when you want to develop as an exporter of fresh fruit and vegetables.

### Tips:

Check the [current and upcoming projects of CBI](#). Review whether any of them can be interesting for your company.

[Contact IPD](#) if you think that their services match your needs in increasing your knowledge of doing business in Europe.

Subscribe for free or paid online courses with the [ITC SME Trade Academy](#).

Find Business Support Offices (BSOs) in your country and see what they can do for you. Many government agencies also offer space at country pavilions at major trade fairs such as Fruit Logistica in Berlin and Fruit Attraction in Madrid.

## 6. Try to build long-lasting relationships

Making an effort to build strong and long-lasting relationships is critical in order to remain in the market. In order to realise this aim, you must use your networking skills and face-to-face contact.

Do not expect to get orders on the first meeting; this process can take a couple of months or even longer. Instead, build trust over a period of time, be patient, keep your promises and be honest. When you show reliability and consistency over time, your buyer will be more convinced of you as a supplier. Be aware that buyers can sometimes be opportunistic, in the sense that they will only buy your product when it is convenient for them.

Once you have established your first buyer relations, make sure that you maintain a healthy relationship and effective communication. Cooperate and think together about how to solve problems or benefit together from market opportunities.

At a later stage, you can choose to give preferential treatment (for example, better payment terms such as open account selling, in which goods are shipped and delivered before payment is due), or explore cooperation in new projects or joint ventures to integrate the supply chain.

### **Tips:**

Plan on-site visits to your farm and facilities, and invite your potential buyers. It is a good way to get to know each other better, and to give your buyer a better impression of your company and its capacity to export the required quality and volume.

Implement a good aftersales service and be proactive in your communication. The way that you communicate with your buyer is key to maintain a good business relationship: Inform your client proactively about any possible delays or other issues. Take any quality issue or claim from your buyer seriously and help investigate the source of the problem. Solve the problem together, even it is not a mistake on your part.

## **7. Keep your certifications up to date**

Compliance with European quality and safety standards is a must when doing business. Make sure to keep your certifications up to date and regularly discuss new developments with your buyers. In normal business relations, you are expected to continue your good practices and look ahead for new requirements rather than downgrading your current level.

For the quality and food safety of fresh fruit and vegetables, GLOBALG.A.P., BRC and IFS are the most important certifications to keep up to date. For environmental and social issues, standards such as amfori-BSCI, Sedex SMETA, Ethical Trade Initiative (ETI) and Rainforest Alliance may be used as well. Certifications such as Organic or Fairtrade open the door to specific niche markets.

### **Tips:**

Keep your production and certification records up to date, and send the annual renewal certificates to your clients before they are due.

Show that you care about the environment by implementing good farming practices. For example, promote the programmes that you implement at your farms related to crop rotation, integrated pest management (IPM), water and waste management, and reduction of your carbon footprint.


Find out which types of certifications are the most relevant for you and your target markets. Check [the CBI study of buyer requirements for fresh fruit and vegetables](#) and the [ITC Standards Map](#).

Read our [Tips for Finding Buyers](#) and [Tips for Organising your Export](#), which can help you further understand how to do business with European buyers of fresh fruit and vegetables, and what it takes to become a successful exporter to Europe.


This study has been carried out on behalf of CBI by [ICI Business](#).

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