



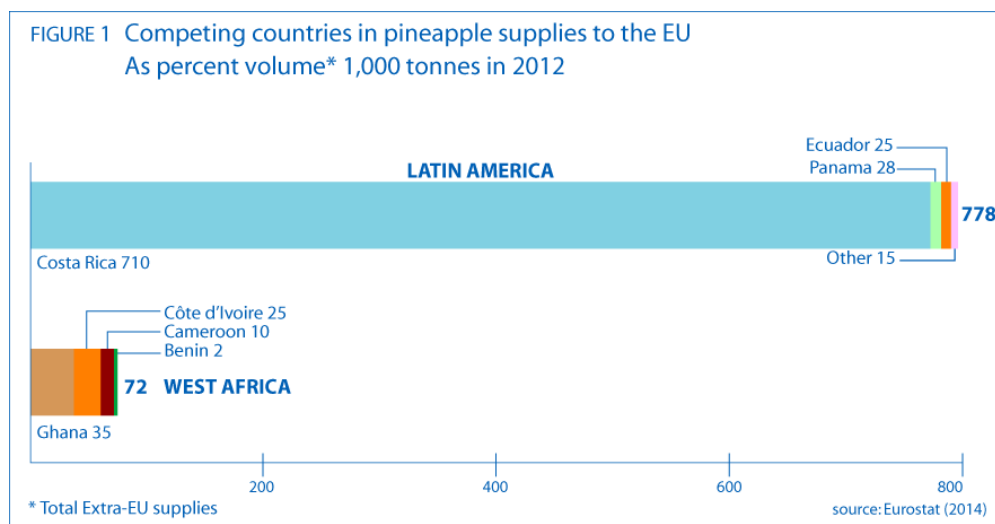
Product competitiveness for fresh pineapples

As the market growth has slowed for the largest (MD-2) variety sold in the EU, competition has intensified. Costa Rica still supplies 84% of the EU fresh pineapple imports and the market is led by the five agro-multinationals. Following the success of MD-2 new companies from Costa Rica and other Developing countries entered the market. West African exporters also take their benefit. The competitive advantage is bigger in niches (fair trade or organic) for MD-2 and in other varieties provided if they can overcome the hurdle of inconsistent quality and comply with the buyer requirements.

This module gives an overview of:

1. Key competitors for West Africa
2. Comparative analysis of key competitors
3. EU buyers' perspective

1. Key competitors for West Africa



Latin American countries

Largely dominated by Costa Rica, Latin American countries were taking up almost 90% of the total EU fresh pineapple imports from Extra-EU countries in 2012 (see figure 1).

Latin American countries are the main competitors for West African countries. The EU fresh pineapple market is largely dominated by Costa Rica taking up the lion's share (84% of Extra EU supplies) with the MD-2 variety. The MD-2 was first introduced in the EU in the early 1990s. The rise in imports has matched the rise in consumption, moving from a maximum of 200 thousand tonnes per

year in 1990s to more than 725 thousand tonnes in 2012.

The availability of land and financial resources. MD-2 production requires considerable financial means and much land. The fact that MD-2 production was first launched by Del Monte, a big international corporation, set a certain 'standard' in terms of farm size. The availability of large financial resources has helped set up big pineapple farms in Costa Rica (15,000 ha).

Large farms are a model for other countries. The example of [Del Monte](#) was copied and developed by other big companies such as [Dole](#), [Chiquita](#) and [Fyffes](#). According to ITC (Market Insider), there were 1,300 producers in Costa Rica in 2012 of which 10% were large to medium sized. The majority were independent producers who do not control exports themselves.

Pineapple farms in Costa Rica then became models for farms in the neighbouring countries Panama and Honduras, as well as in Ecuador. This has resulted in extremely large-scale Latin American pineapple farms. Large-scale farming also means that production is done with big machines reducing production costs and saving time.

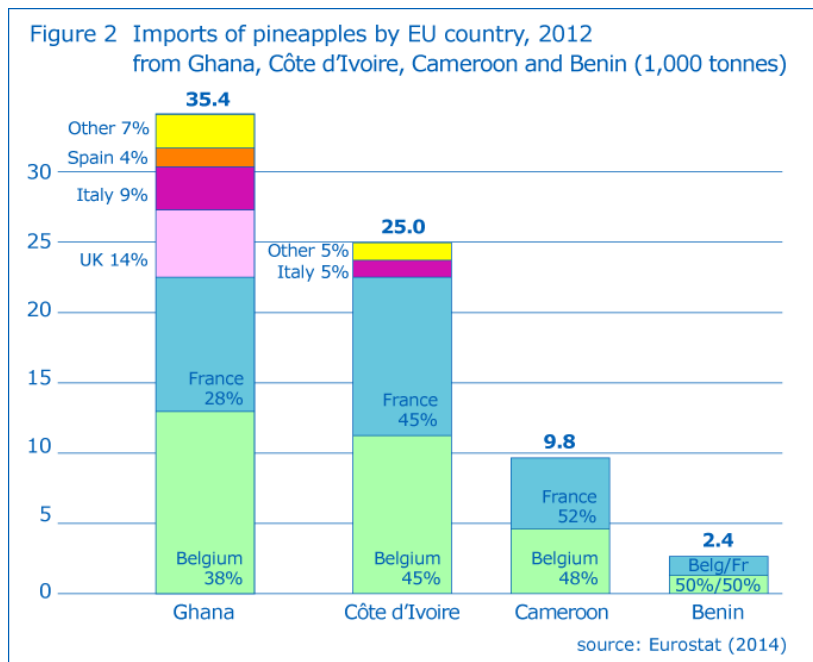
Latin American exporters can benefit from economies of scale producing MD-2 for a market dominated by one variety. They can do large investments in technology, packing, logistics, (market) research, organise intensive promotion campaigns and can comply with the increasing buying power of EU supermarkets with they have fixed contracts. More economies of scale is achieved by supplying North American markets (US and Canada) being close for Latin American pineapple growers.

Total control by the agro-multinationals. In addition to their large-scale plantations, the agro-multinationals have their own trucking companies, distribution and ripening centres. This integrated supply chain allows them to have a total control over the supply of fresh pineapples to overseas markets. Supply is geared to minimize lead times from smallholder to consumer.



Efficiency in packing (Costa Rica)

West African countries



Four West African countries supplied 72.6 thousand tonnes of pineapples to the EU in 2012 and represented 8.3% of Extra-EU supplies. The breakdown of pineapple supplies by the four main West African countries to each EU country is shown in figure 1 and the tables in Annex 1. Ghana is the largest exporter to the EU, while the other countries mainly export pineapples direct to France and indirect to other EU countries via Belgium.

Exports from Cote d'Ivoire decreased in the past few years due to the country's growing political instability, drought and the introduction of new commercial varieties in other countries.

Of all pineapples produced in West African countries, the MD-2 variety account for roughly 90%. Since the major Cameroonian MD-2 producing company has stopped its production, the West African MD-2 production is now shared between Côte d'Ivoire (55%) and Ghana (45%).

The relation between West Africa and the EU is characterised by history and proximity.

- *The historic relation of the pineapple trade.* It was Cote d'Ivoire that was behind the development of the fresh EU pineapple market the past. In the beginning, fresh pineapples were almost exclusively exported to France because of the plantations owned by Compagnie Fruitière using the same refrigerated vessels used for bananas.
- *The proximity of the West African countries to the EU* with frequent air and sea links. Even if exporters consider airline connections insufficient, pineapples can still be delivered within 24 hours, thanks to direct connections of passenger or cargo flights.
 - *Air freight connections* between the EU and Latin America are more complex and often require stops or re-loadings, which extend delivery times. Besides, distances are longer and the CO2 emissions are higher.
 - *For sea freight*, the transportation time between Africa and the EU are 10 – 15 days, which is shorter than 16 – 20 days from e.g. Costa Rica.

2. Comparative analysis of key competitors

An analysis shows the strengths and weaknesses of each competitor taking into account the opportunities in Module 'Trade channels and segments'.

Pineapples		Latin America	West Africa
Production	strength → Farms able to produce large quantities – incl. organic weakness → Micro-climate limits the differentiation in varieties		Climate and irrigated production Small quantities due to fragmentation. Labour intensive, high production costs
Product	strength → Consistent quality through Control Programmes weakness → MD-2 still most popular but decreasing (taste)		All varieties have a good taste. Lack of consistency with different quality fruit/box
Ripening	strength → Good working cold chain suitable for ready-to-eat weakness → Incidental delivery delays causes prolonged storage		Naturally ripe pineapples by air (ready-to-eat) Picking too early with more risks for bruising
Export markets	strength → Mainly via the Netherlands, and more direct to UK, Spain, Italy weakness → Direct exports to EU still low Costa Rica to Germany ↘		Proximity to the EU and the history More direct to UK, France and Italy Still most exports indirect and low presence in Scandinavia, Eastern EU
Buyer requirements	strength → Compliance by most companies weakness → Some issues on bad labour conditions on a few farms		Potential to comply with organic & Fair Trade standards Exporters struggle with strict EU requirements. Packaging to improve

Price level	<p>strength → Reasonable fixed prices (economies of scale)</p> <p>weakness → Bad weather conditions can drive up prices</p>	<p>Competitive prices for air freight pineapples</p> <p>High prices due to intensive labour and careful handling</p>
Delivery	<p>strength → Most exporters can meet the delivery schedules</p> <p>weakness → Delivery in large volumes only Sea freight 16 – 20 days</p>	<p>Smaller volumes possible. Sea freight 10 – 15 days, Air freight direct flights.</p> <p>Delays in delivery. Cold chain problems</p>
Sales network	<p>strength → Collaboration with importers Able to sell to supermarket</p> <p>weakness → Except UK, Italy and Spain most exports via Netherlands</p>	<p>Ability to sell via smaller importers and wholesalers</p> <p>Exports via NL and Belgium. Limited diversification</p>
Organisation	<p>strength → Work with tight schedules Cooperation in value chain</p> <p>weakness → Less flexibility in doing business</p>	<p>More flexibility in doing business</p> <p>Complex with middlemen and not transparent</p>
Client services	<p>strength → Close communication with customers.</p> <p>weakness →</p>	<p>Be closer with French speaking countries</p> <p>Lack the staff for customer service</p>

- *Capitalize on strengths.* Costa Rica and particularly Panama, Ecuador and Honduras will be big competitors if they succeed to organise themselves, maintain their constant quality level, and export direct to the EU. In order to compete, West African countries (Ghana and Benin) – as a joint cooperative group- are recommended to make the best use of the mentioned strengths.
- *Efficient and fast delivery.* If you succeed to deliver pineapples fast and efficiently, there is an excellent opportunity to ship by sea freight to the EU even if Latin American exporters have their value chain well organized.
- *Recognise your main weaknesses* and face the challenges to make the best use of the opportunities and growing demand for pineapples (MD-2 or other varieties) with more taste, organic pineapples or pre-cut pineapples in the EU market.

Opportunities and challenges for West Africa by variety

MD-2. First grown in Costa Rica, the MD-2 has become the undisputed leader in the fresh pineapple market thanks to its firm skin, being good for transport, its sweet taste, juiciness and practical size. Now, the MD-2 production has now spread to other Latin American countries e.g. Panama, Ecuador, Honduras, Dominican Republic as well as to African countries.

Unfortunately, West African growers do not have the same resources as Latin American countries. In Ghana, the pineapple industry is well-developed with three-quarter of sea freight exports controlled by six exporters such as [Jei River](#), Farmapine (cooperative), [Milani](#), Prudent and [Georgfields](#).

The agro-multinational in Ghana exporting MD-2 from Africa is [Compagnie Fruitière](#) from France which is partly owned by Dole. They have plantations in Côte d’Ivoire and Ghana.

Successful local players in Ghana are the export marketing organisation Blue Skies (<http://www.blueskies.com>) exporting pineapples for Tesco and Waitrose in the UK, some of which are organic and/or Fair-trade. Other players include Bomarts being member of the SPEG (<http://www.spegpine.com>) with 25 exporting companies selling under Sankova brand.

Even if most big farms are large by African standards, they remain quite limited compared to farms or plantations in Latin American countries. In West Africa,

pineapple production is usually carried out with more labour, creating slightly higher production costs than those of competing continents.

Opportunity in the MD-2 standardised quality. MD-2 pineapples produced in South and Central America are generally more 'constant' in quality than the MD-2 produced in West Africa. However, the differences in standardised quality are marginal. This implies a good opportunity for African growers of MD-2.

Considerations for action for MD-2

- **Promotional operations.** You can benefit from promotional operations of MD-2 varieties of different origins that are often sold at the same time and place in supermarkets. Keep this in mind during the peak seasons.
- **Niche markets.** For West African exporters it may be wise to focus on products and niche markets, such as the certified organic market of MD-2 having more taste. Here, the large agro-multinationals are not very active yet. Another niche is selling pre-packed slices/chunks (vending machines).
- **Keep a position in the MD-2 market.** In this respect, the West African pineapple sector as a whole could reposition into the higher-end segment and maintain consistency in quality. In this way, West African pineapple exporting sector can still be associated with MD-2 instead of only with Smooth Cayenne, which has become a small market.

Smooth Cayenne. The main volumes in the EU markets originate from West and Central African countries. This variety is more vulnerable during transport because its skin is thinner. Unfortunately, the presence of acidity makes it difficult to harvest good fruits if sound growing techniques have not been utilised. Over the years, Smooth Cayenne growers have struggled and failed to harmonise their growing procedures, which has resulted in the irregular quality of fruits being sold in the EU

As the other varieties (Victoria and Sugarloaf), Smooth Cayenne is transported by air. Although some small volumes of Smooth Cayenne are shipped by sea. A major issue relating to these varieties is that they are fragile and require delicate handling. Smooth Cayenne exports account for 70% of the total pineapple airfreight trade.

Benin, Ghana and Togo are the main supplying countries in West Africa, while Cameroun is the only supplier from Central Africa. There is an intensive competition for a long time especially between Benin and Cameroon. Both countries' production has climate-related quality issues. During the various rainy seasons, pineapples of each of these countries are more fragile with a short expected shelf life. Therefore, an importer who works with a grower in one of these countries will probably outsource from the other country in order to maintain a certain level of quality and volume during the rainy season.

Ghana was not renowned for its air freighted pineapples but has changed in recent years. Some operators (e.g. [Delighana](#)) have clearly chosen for a brand strategy with well-designed and attractive boxes containing regular fruit. This seems to have paid off in the sense that the other 'small brands' exported from Ghana continue to be seen as a lower quality fruits, whereas Delighana fruits now appear as premium quality for a premium price.

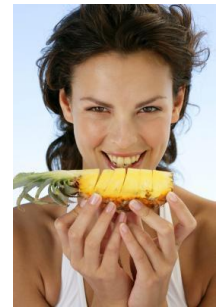
In addition to climate-issues, the quality and availability of pineapples from Benin is also affected by issues in the value chain with differences in points of view because the exporters are not always involved in the growing process. Whereas in Ghana and in Cameroon exporters are more likely to be growers.

Transport costs are similar throughout West Africa (Benin, Togo and Ghana) but they are higher than Costa Rica, mainly due to high air freighted pineapples. For a long time, transport costs were cheaper for fruits coming from Ghana (owing to currency exchange rates) but they now are similar to the other West African countries.

Benin and Togo have lower quality packaging than Ghana or Cameroon where exporters have easier access to better quality boxes. Although the bad quality of packaging from Ghana remains a problem.

Considerations for action for Smooth Cayenne

- **Benefit from competitiveness.** By being closer to the EU market, you could supply small quantities regularly to EU supermarkets and to small grocery retailers. This is an advantage to Latin American suppliers.
- **Niche markets.** For West African exporters it may be wise to focus on products and niche markets, such as the certified organic market of Smooth Cayenne having more taste. Another niche is selling pre-packed slices/chunks (vending machines).
- **Improve packaging** as Smooth Cayenne is more vulnerable to be damaged during transport. You could even negotiate with buyers to send you the boxes beforehand.



Smooth Cayenne having more taste

Victoria (Queen Victoria) or baby pineapple. The majority of Victoria pineapples in the EU market come from the Indian Ocean (South Africa, Mauritius and Reunion). A small volume comes from West Africa (Ghana). The fruit is air freighted to EU markets. Exports of Victoria to the EU market roughly account for 20% of the total air freighted pineapple market.

Depending on the markets, EU importers will choose pineapples from La Reunion, Mauritius and South Africa - in that order, mainly because of the taste of the fruits.

Ghana does not impress importers as a country with reliable quality. Several attempts were made, but they have been unsuccessful because of the uneven quality of fruits. If this would be more consistent, Ghana would definitely have competitive edge being closer to the EU market – which means cheaper flights than the countries in the Indian Ocean.

Sugarloaf. Consumers were slow to become accustomed to its shape, as well as the whitish-coloured flesh. The main exporters of Sugarloaf pineapples are of West African origin (Benin, Ghana, Togo and Guinea). The fruit is only available via airfreight and its share in the airfreight market is rather limited at 10%.

For the time being, most of the fruits are sold in a niche market. Benin is the leading origin on the market because its fruits are slightly more coloured than those of the other producing countries. Airfreight costs between these origins are similar although slightly higher for fruit coming from Guinea. Although at the forefront of Sugarloaf exports, Guinea is now less prevalent with some occasional exports, mainly because of inconsistent quality.

Considerations for action for Victoria and Sugarloaf

- **More research on quality of Victoria.** Try to find out by technical research and crop management (e.g. cases from other supplying countries) how you could supply Victoria of a good taste and constant quality. By being closer to the EU market you have a competitive advantage if a good quality can be guaranteed.
- **Sugarloaf being still unknown in export markets,** could be promoted more to smaller specialised grocery retailers (e.g. exotic fruit shops) if the quality can be guaranteed.

3. EU buyers' perspective

The negative image

The African continent is often associated with poverty, corruption, political instability etc. This image is being reinforced by cases that are exaggerated by western media. However, the negative image is slowly changing as in some African countries the young population is growing fast and more agricultural/economic activity is developing.

Suspicion and cautiousness towards West Africa

Being a smaller exporting company, you will have to compete by showing your professionalism. One of the first rules to avoid, is to start the business relationship by asking for money in advance to cover production or transportation costs. EU importers complained in the past that they sent money or seeds for growing operations. However, by harvest time, they had still not received the promised products, nor heard anything.

Although several reasons can explain the various shortcomings, EU importers now have a general 'suspicion' vis-à-vis exporters from African countries, especially from West Africa. Importers (buyers) have therefore become cautious and tend not to engage in a business relationship that starts by requesting money for production. Moreover, their cautiousness has reached a point that even when they are expected to pay for transportation costs, they will be reluctant to do so for first trials.

Creating a dialogue with buyers

The first thing is to recognise that are happening. Then, try to create a dialogue with buyers saying you are aware of such practices - by inexperienced exporters or via shady middlemen. You can demonstrate more professionalism and providing proofs (e.g. testimonials) that this is certainly not the case for your company.

Explain that you are open to discuss terms of payment and delivery based on common practice (Incoterms), on a clear insight in your own value chain and the potential risks in your country. Once you agreed with the importer, confirm this by e-mail and try to stay in close contact with him.

This survey was compiled for CBI by **Searce**
in collaboration with Thierry Paqui

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ANNEX 1 - EU IMPORTS FROM WEST AFRICAN COUNTRIES**Table 1 Imports of pineapples by EU countries from Extra-EU and from West African countries in 2012 (1,000 tonnes)**

	Extra EU	Ghana	Benin	Cote d'Ivoire	Togo	Cameroon
Total EU-28	866.5	35.4	2.4	25.0	0.8	9.8
Netherlands	259.0	1.0	-	0.8	-	-
Belgium	178.7	13.6	1.2	11.3	0.3	4.7
UK	133.1	5.1	-	-	0.0	-
Italy	104.8	3.3	-	1.2	-	-
Spain	93.0	1.3	0.0	0.5	-	0.0
France	33.0	10.0	1.2	11.2	0.5	5.1
Germany	27.4	0.3	-	-	0.0	0.0
Luxembourg	0.8	0.8	-	-	-	-
Sweden	0.3	0.0	-	-	-	-
Other ctrs (19)	36.4	-	-	-	-	-

Source: Eurostat (January 2014)

Table 2 Imports of pineapples by EU countries from outside the EU and from West African countries in 2012 (€ million)

	Extra EU	Ghana	Benin	Cote d'Ivoire	Togo	Cameroon
Total EU-28	529.9	33.8	1.6	14.3	1.1	6.1
Netherlands	150.2	1.1	-	0.4	-	-
Belgium	104.2	8.1	0.7	6.5	0.4	3.0
UK	92.7	15.1	-	-	0.0	-
Italy	63.4	2.1	-	0.6	-	-
Spain	53.9	0.7	0.1	0.2	-	0.0
France	21.8	5.8	0.8	6.6	0.6	3.1
Germany	20.5	0.3	-	-	0.1	0.0
Luxembourg	0.5	0.5	-	-	-	-
Sweden	0.3	0.1	-	-	-	-
Other ctrs (19)	22.4	-	-	-	-	-

Source: Eurostat (January 2014)