

How to respond to COVID-19 in the fresh fruit and vegetables sector

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Coronavirus (COVID-19) continues to impact activities around the world. The fresh fruit and vegetables industry is no exception. This study provides you with a step-by-step plan to help you deal with the COVID-19 situation in both the short and longer-term. It focusses on organisation, marketing, communication, logistics and planning.

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The effect on the fresh fruit and vegetables sector

The crisis has had a huge impact on economies worldwide, and the demand for fresh fruit and vegetables has changed. In Europe, the market for healthy and less perishable fresh fruit and vegetables is still doing well. At the same time, anything out of the ordinary, such as exotic fruit, is seeing a decline in demand as restaurants have been hugely affected by the crisis. Supply chains also face various challenges. There are not enough workers to harvest crops, and international logistics have become inefficient and expensive.

As a result, the crisis has led to a much-needed reality check. It has shown us problems in our business as usual approach and emphasised linkages, risks, strengths and weaknesses. It is becoming clear that the way we produce, trade and organise our supply chains must change if we want to minimise the short-term consequences and prepare our business for the time after the crisis.

1. Focus on cash flow

In the short-term, it is all about the survival of your business. In this situation, all business activities should focus on financial liquidity. Your business may not survive if you run out of cash.

As operations and profits are slowing down, your suppliers will be pressing you more and more to pay them on time. They will also be focusing on their cash flow and looking for every possible way to ensure their own liquidity. Open and sincere communication with your suppliers will be key to solving this situation together.

However, you may have difficulties in operation and sales yourself. In the current situation, it can be a challenge to secure enough financing and cash flows for production, pre-harvest and post-harvest activities. If you are having difficulty buying inputs such as seeds, fertilisers and pesticides, this can also affect production. Shipping to your customers might not always be possible. If you do not ship, you cannot invoice, and you will not get paid. In other words, the pressure on your cash flow position will increase if the crisis continues.

Tips:

Check your expenses. Avoid any expenses that are not strictly necessary. Try to negotiate payment terms with your suppliers and delay non-essential investments if cash flow is critical.

Check your debtors - people/businesses that owe you money. It is not an easy message, but for some debtors, it may be time to pay.

Check whether your local authorities offer local businesses the possibility to postpone tax payments. Some governments offer lending facilities with low or zero percent interest rates.

If you are expecting reduced sales, consider moving to lower-risk crop options. Longer season crops that can be harvested later will give you some extra time to figure out what is going to happen to the markets. Planting products that can be stored easily and longer without intensive input may also give you more flexibility.

2. Communicate with all your stakeholders

This crisis is having an impact on everybody in our industry, from seed suppliers to consumers and everyone in between, at home and abroad. In times of uncertainty, it is important to stay connected. Do not wait for others to contact you, contact them first. In these times, you need each other more than ever.

Communicating well with your customers is one of the most important things you can do right now. You can, of course, use social media, newsletters and other marketing tools to let your customers know that you have things under control. This can be as easy as posting a few photos online of your people picking fruit to show work is continuing.

It is even better to contact your customers directly. Call, send an email or instant message, or make an appointment for a video call. Video chat apps such as WhatsApp Video, Zoom, Facetime and Skype have made video communication a normal part of the conversation process, especially for long-distance communication.

Your customers will want to share their experiences and needs. Communicating your plans helps them feel connected to your business and calm in these uncertain times.

Tips:

Regularly share updates with your current and potential customers. It will help reassure them about the safety of your product supply and also build a business relationship.

Be factual in your communication. Staying calm and avoiding misinformation is critical. Eating fresh fruit and vegetables is important for your health. But do not make unsupported or exaggerated health claims, such as "eating our fruit protects you from Coronavirus."

Approach potential customers that are not yet buying from you. At the moment, many supply chains are shifting, and importers are looking for alternative suppliers.

Communicate with your fellow producers and exporters as well. This allows you to share experiences and learn about new ways to potentially tackle the challenges you are facing in this crisis together. Most importantly, talking with other growers is a reminder that you are not alone in this.

3. Stay informed

European markets are unstable and unpredictable. We see the impact of this pandemic on wholesale and direct markets. Countries such as Italy, Spain, the United Kingdom and France have been particularly affected by COVID-19. The shortage of labour and reduced mobility have greatly affected the fresh supply in many countries. Each country has responded differently, and nobody knows what this means for the fresh sector in the end.

Nowadays, most fresh products are sold by supermarkets. In many countries, restaurants are still closed, and the traditional wholesale sector has been greatly affected. There is also less demand for typical food service products, including all the exotics. Having access to a supermarket supply chain is thus more important than ever.

In these difficult times, consumers turn to affordable fresh fruit and vegetables with a good shelf life. Products still high in demand are healthy and everyday products, such as citrus fruit, apples, bananas and kiwis. Expensive and exotic fruits and vegetables are facing a very difficult market situation.

It is important to prepare yourself for market changes. You need to stay informed. You should follow the news and the measures taken in different markets, as well as those taken by trade organisations in your own country.

The [Food and Agricultural Organisation of the United Nations \(FAO\)](#) has assessed the risks and impact of COVID-19 on the global supply chain. They are very concerned about countries already affected by high levels of food insecurity.

Tips:

For more information about the COVID-19 situation in many European countries, read our article '[All hands on deck for the fresh sector \(COVID-19\)](#)'.

To stay informed on the latest developments in fresh fruit and vegetables, [subscribe to our newsletter](#).

To stay updated on the impact of the coronavirus in various European countries, use online news sites. Look at the [Fresh Produce Journal](#), [FruiTrop Online](#), [Freshplaza](#), [FreshFruitPortal](#), [Eurofruit](#) and the [Freshfel newsroom](#). '[How long will the current rapid demand for fruit and vegetables last?](#)' is an interesting news item.

[Food Navigator](#) is one of the leading news sources for the food industry and market in Europe. Read regular updates about the impact COVID-19 has on food business, trends and consumer behaviours, as well as company responses to the crisis.

4. Tackle logistics

Getting your products to your buyers has become extremely challenging. Exports of fresh fruit and vegetables have been facing serious difficulties due to flight restrictions in many countries. Depending on the country, air traffic has been moderately to significantly limited.

Traditionally, a lot of exotic fruit and vegetables are transported in the hold of passenger aircrafts. Globally, the capacity challenges in the airfreight market continue. There is limited cargo aircraft capacity, as most passenger flights are grounded. As a result, everybody is trying to get their products on the available cargo freighters, and airfreight costs have increased significantly. Not all routes are available.

Products that can be shipped by sea are also feeling the impact of the crisis. Security measures to stop the spread of COVID-19 have resulted in schedule changes and capacity issues. The export vessel capacity is still a lot lower than normal. Due to limited capacity, extra ocean freight surcharges apply on various ocean export trade lanes. There are peak season, equipment imbalance or congestion surcharges.

Even on the local and regional markets, travel restrictions make it difficult for growers to get their products to market.

In Europe, those selling everyday fruit and vegetables are working hard to maintain the supply under varying logistic circumstances. Fresh logistics within Europe are mostly still functioning. However, several supplying countries and destination countries have closed their borders, and service providers are understaffed. This can delay the shipments. Governments are looking at ways to help with shortages. They are looking at including so-called green lanes, to allow fresh produce to move quickly across European borders.

Tips:

Consult your logistics service provider/forwarder about possible alternative routes and modes of transport.

If you are using new or alternative logistical routes, pay extra attention to monitoring your cold chain performance to ensure the quality of your products.

Work with a good logistics agent and freight forwarder to help you provide the best logistics solutions. And make sure you have the correct documents, drawn up by experts.

Check Agility's [Global Airfreight Capacities Map](#). It provides an overview of the current airfreight capacity on passenger and freighter planes per country. For an overview of each seaport or country, and the restrictions on vessels and crew, see Wilhelmsen's [COVID-19 Global Port Restrictions Map](#).

Stay informed about the effect of COVID-19 on cargo handling at Europe's largest port via [the Port of Rotterdam's regular updates](#). MAERSK, a leading shipping company, has published a report giving [advice on how to maintain the supply chain and minimise the impact on your business](#).

5. Keep everybody safe

If you are involved in growing fresh fruit and vegetables, going into full quarantine is usually not an option. Keeping workers and yourself healthy can be a challenge if the virus is active in your area.

Take appropriate measures to minimise the risk of COVID-19 and protect your workforce and yourself. Social distancing is important. This may mean a culture change within your company. Also, do not assume that you will

not be affected. You need to have a plan in place for when or if it happens.

There are many websites with useful and practical tips about what actions to take to keep everybody safe on your farm and in your packhouse. Read Fruit Growers News' article on '[considerations for fruit, vegetable growers related to coronavirus](#)'.

Tips:

Review your food safety plan, especially the health and personal hygiene plan. Strictly following good procedures can keep you and your employees healthy. Do whatever you can to provide personal protective equipment (PPE).

Make a plan for the running of your company if you, your family or your employees get sick. Consider the scenarios of 10, 50 or 75% of your workforce being sick for 2 weeks. Try to be realistic. What operations or activities could you put on hold? What operations are critical and must go on, whatever happens? Who is responsible, and what happens if they are not available? Involve the whole team, so everybody is committed and understands the plan.

Consider appointing a COVID-19 action manager. This person would be responsible for developing all possible next steps within your company. This includes providing PPE and ensuring protective practices.

6. Show initiative and develop new ideas

In many sectors, businesses have been forced to act in response to the new situation. As their companies are under lockdown, entrepreneurs are looking for new ways to stay financially healthy. Many entrepreneurs are coming up with ideas based on brand new approaches or the use of emerging technologies and platforms, such as live-streaming. In the Netherlands, for example, a potato grower used his surplus potatoes to produce alcohol for hand sanitisers.

By reshaping their business models and engaging with consumers in a creative way, these entrepreneurs are making the best of a difficult situation. Time will tell whether all innovative business ideas will have staying power once there is a return to a relatively normal situation. But it is definitely a good moment to show initiative.

Tips:

Think in terms of opportunities. Due to the various supply chain issues, retailers in Europe are looking for new fresh produce suppliers and products to fill the gaps.

If your company has not yet developed an online presence, you should do so now - see step 8.

Consider your local market. Even for an export-oriented company, the local market might offer great opportunities. Not only for surplus or second-grade produce but also as the main target segment for added value products - see step 10.

See if you can change cultivation or post-harvest activities to extend the storage life of your products. Maybe there are options to have your products processed. That way, your products will not perish as quickly, and you have a bit more room to deal with these uncertain times.

7. Address overdue work

You may currently be in lockdown at home or on your farm due to the restrictions from your local authorities. Your company may be operating at lower capacity because your workers cannot reach your farm, or because you cannot ship your products to customers. In some cases, this situation could finally offer you and your team the time to do those activities that you should have done a long time ago.

This could be something as simple as your company's administration, or a useful course that you or one of your employees would like to take. And how long has it been since you took the time to think about your company's strategy? Make a strategic plan for your company or carry out a competitive analysis in your target market. Research what your foreign markets really are. Are you currently targeting the right markets and customers?

Tips:

Sit down with your team and make a to-do list. Describing the overdue work you want to do. Set clear priorities and give specific tasks to the person who will do it.

There are many applications, software programmes and online tools to simplify your task management. Some are just for organising your to-do items and crossing them off when they are done. But, many of these apps can be very useful, particularly if you work in teams. Select a tool from one of these overviews: [to-do list apps](#) and [task manager apps for teams](#).

8. Go online and digitalise

If this crisis has taught us anything about the future, it is the power and necessity of online business. There are many solutions that allow us to keep working remotely. These have helped to keep the economy somewhat running.

In Europe, people have been socially distancing for a while now. As a result, online shopping and home delivery have increased significantly. Many restaurants and coffee shops have turned to delivery platforms and online sales to reach customers and carry on during the crisis. Some fruit and vegetable growers have done the same. In Northern Europe, for example, more growers offer their produce directly to customers. To do so, they have small kiosks in front of their farms. Other growers use online marketplaces or sell directly through their own website.

But digitalisation is not just a tool to boost sales. As well as creating new revenue streams, digital technologies offer more efficient platforms to get work done. Examples are mobile banking, project planning and digital data management. Digitalisation may even involve high-tech machinery, agricultural apps, robotics or drones. An estimated 40% percent of German farmers work with agricultural apps for smartphones or tablets. Many also manage their activities with digital systems.

Digitalisation has the power to transform how customers and growers engage and interact. This is especially important as consumers and buyers increasingly seek a more direct relationship with producers. Knowing and being able to reach your target group directly is crucial and is becoming more important than ever. Your investment in online business is worth it. Being visible and connected online is a useful investment, even if it is not directly due to gains in efficiency, convenience and sales.

Your task now and after the crisis is to see which steps you can take. Are you available online for new market demand? Which processes can you quickly standardise and digitalise?

Tips:

Keep in mind that that online business will become even more important in the future. From now on, include this in all your business decisions.

If you cannot see the consequences straight away or you do not have the right knowledge, talk to people close to you who are ahead in their online strategy. Learn from their experience.

For examples of online marketplaces, see [Hofweb](#) and [Riverford](#).

See [Digitalisation in Agriculture](#) for more information from the German Ministry of Food and Agriculture.

Do not be afraid to use this time to implement more creative and radical ideas. Everyone is interested in an innovative approach. Experimentation is now more important than studying. For example, see [Ultrahack Farm to Fork](#).

9. Think about scenarios

It is almost certain that the COVID-19 pandemic will eventually end. But no one really knows when this will be and what our world will look like. How does this new situation affect your company, and how can you prepare for this new reality if you do not have certainty about the future?

The reality is that with every single decision in your organisation, there will be some uncertainty. In practice, what we end up doing is basing our choices on possible outcomes and best-case predictions about what the future is going to be like.

You should think and write down what you will do if pandemic restrictions last another 3 months. What your plans are if it takes another 9 months?. Sharing your thoughts with your team and like-minded people also gives you peace of mind. You can prepare for the future, but you also have to realise that the outcome may be different than what you think now. Still, this is no reason to wait to take action.

Tips:

As a horticulture company, organise yourself in such a way that you can overcome the unpredictable. You cannot depend on one customer segment, one product type or one market region. Although this affects your financial return, it increases your flexibility - see Step 11.

Draft a scenario plan for your company. What are the possible situations in the short- and long-term. What does this mean for your business?

For more information on [scenario planning](#) or strategic forecasting, the theory behind it and the steps involved, see '[Scenario Planning and Strategic Forecasting](#)', and '[a step-by-step guide to scenario planning](#)'.

10. Regional and local customers

The world is moving from global to local. And this has been going on for a while now. In recent years, the world

economy has grown by about 3%, while world trade has only grown by half of that. We have learned that more and more consumers prefer locally grown products and that trade barriers are increasing. During this crisis, we found out that an efficient supply chain with minimal local stocks can be very vulnerable.

From the perspective of a horticultural exporter, we know that logistical routes to our customers abroad can be difficult and challenged by disruptions. Many exporters to Europe still clearly remember the 2010 air travel disruptions. These were due to the eruption of the Icelandic Eyjafjallajökull volcano. Changing airfreight rates and exchange rates can also make shipping your products abroad a financial challenge.

In these times, Moving your product abroad is not always possible. Many companies have thus come to the conclusion that they cannot only depend on exports to distant markets. They need to become less dependent on international logistics, particularly airfreight. To do so, they are selling excess produce locally and exporting what they can.

For example, a vegetable grower in Jordan has started a home delivery service. He delivers directly to consumers in the nearby capital, despite the extra logistical work. The orders for his mixed vegetable boxes are mainly from consumers with a special interest in where their food is coming from.

It is clear that producers with options generate greater returns, develop more revenue streams and find more commercial channels.

Tips:

Check who is targeting the local market in your network. Who do you know? Who could you work with? Where can you use your business skills to develop a sustainable local presence?

If you want to develop a home delivery service, use a routing app to help you maximise your time and minimise the distance you have to travel. If you have just launched your delivery service or you do about 12 deliveries per day or less, you can use free tools. Examples are [Speedy Route](#), [OptimoRoute](#), [Google Maps](#) and [MapQuest](#).

Consider partnering with neighbouring growers to reduce the costs and effort of delivery. You can also decide to set up a specialised home delivery service together.

11. Diversify your crop

Producers who have integrated cropping systems, with food crops and cash crops, appreciate this now more than ever. Especially for smaller growers, being fully dependent on one single market channel is often risky. Combined with high crop vulnerability to pests and diseases, it can leave you with no alternative way to make money if things go wrong.

Crop diversification means that, apart from cash crops for export, different crops can be harvested throughout the year. In some cases, these products can be sold at local markets or even consumed by yourself. A more diversified cropping system can also make it easier to adapt to climate change and improve soil quality and productivity. This can be a lifesaver in times of crisis.

Diversification should not only be a defensive reaction to a potential threat. It can also be a way to grasp opportunities that you have spotted in the market, like changing consumer preferences or a way to add value to your current product.

Tips:

For an overview of opportunities in the fresh fruit and vegetables sector, see our study on [which trends offer opportunities](#).

Consider opening a non-agricultural business on your farm. Tourism is a challenge at the moment. Still, having tourist accommodation, like a bed and breakfast, or organising rural tourism activities could be an interesting option after the COVID-19 crisis.

Consider diversification by producing non-food crops. These could be ingredients for the pharmaceutical or cosmetic industry, energy crops, industrial fibre crops, ornamental flowers or plants and seedlings.

This study was carried out on behalf of CBI by [Milco Rikken from ProVerde](#).

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