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

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Health, flavour and convenience are all factors that drive the consumption of fresh fruit and vegetables in Europe. Consumer behaviour has become complex. Local products are attracting more attention, but there are plenty of opportunities for exporters from developing countries who meet the right standards and have the right partnerships. The fresh sector requires you to be an expert in your field and integrate into a well-organised supply chain.

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1. Inflation poses a threat to high-value fruit and vegetables

Inflation is the latest major concern in the fruit and vegetable industry. It is not certain how inflation will influence fruit and vegetable consumption in the long term. Industry sources expect high-value products to suffer more than less expensive types of fruit and vegetables.

Prices throughout the supply chain are increasing. Recent developments (like the COVID-19 pandemic, the war in Ukraine, high energy prices and a lack of labour) have contributed to this trend. At the same time, however, these developments have also strengthened some existing trends.

The outbreak of the COVID-19 pandemic in 2020 disrupted the trade in fresh fruit and vegetables. It has made people more aware of the fragility of the supply chain. It has also strengthened the consumer’s search for a healthier diet and the increasing preference for local and organic products.

Meanwhile, production and logistics costs have risen to record heights. This makes the future for high-value products less secure. High-volume and affordable fruit and vegetables will likely prevail over higher priced, imported products. Retailers will maintain pressure on prices and thus profit margins. Inflation may even slow the demand for premium and organic products.

In the years to come, you can expect more pressure on trade and margins. Supply chains need to become even more efficient by cutting costs and innovating. The future will place high demands on farmers in Europe, as well as throughout the world. As a producer, you will need to implement technological improvements. As an exporter, it has become even more important to find efficient logistics and ensure a sustainable and clean product. Sustainable products are based on the application of standards and certifications. The gap between successful and less successful suppliers will grow.

Table 1: Effects of inflation and/or the COVID-19 pandemic on the fresh sector

	Short term	Long term
Business	• Increasing cost of production and logistics; • Higher food prices; • Pressure on costs and margins; • Search for efficiency.	• Increasing dominance of supermarkets; • Growing gap between supplier success rates; • Stronger compliance with sustainability; • Efficiency and cost-reduction through technological development.
Consumer	• More focus on healthy fruit and vegetables (COVID-19 effect); • More money spent on organic fruit and vegetables (COVID-19 effect).	• Increasing market share for affordable fruit and vegetables, as opposed to premium and high-value products; • Local is becoming the new normal.

Tips:

Adapt and learn from other companies and the steps they have taken during COVID-19. You can find numerous examples in a special report about the long-term effects of the COVID-19 pandemic on the international fresh produce business published by Fruit Logistica.

Find information on freight rates and the latest logistical developments on Freightos or Searates.com.

Find additional information and expert views on the trends in Europe in the Fruit Logistica trend report 2022.

2. Geopolitics and nationalism are affecting trade flows

Recent developments—including the departure of the United Kingdom from the European Union (Brexit), the war in Ukraine, and nationalism during the COVID-19 pandemic—have affected the trade of fresh fruit and vegetables. European consumers have turned their focus towards local products. At the same time, new trades and opportunities have emerged for non-European suppliers.

Eastern suppliers are focusing more on Europe

The conflict in Ukraine has complicated trade with Ukraine and Russia. Suppliers in Turkey, Moldova and Serbia had already directed more of their fruit and vegetables towards Europe through 2021. The decrease in exports to Russia and Ukraine will push them further in this direction.

In 2021, Turkey was still exporting more than a quarter of its fruit and vegetables to Russia. From 2022, the country will probably be increasingly competing with inexpensive produce from Central and Eastern Europe.

Brexit may offer more direct trade opportunities

Brexit (Britain leaving the European Union on 31 January 2020) has had a strong impact on the trade of fresh produce between the UK and the remaining EU member states. Promotion of local UK produce and slow consumption due to high prices can equally be a threat for non-EU exporters. But there are also opportunities to fill in gaps.

The fresh trade between the EU and the UK has become complex and expensive with more bureaucracy and logistical inefficiencies. The lack of foreign labour forces in the UK and the COVID-19 pandemic pushed prices up further.

British consumers are tempted to become more nationalistic and choose local products (see figure 6). However, most of the UK market remains dependent on an external supply of affordable fruit and vegetables. Non-European exporters have also started to play a more prominent role. While supplies from (or through) Spain and the Netherlands decreased in 2021, other countries (like Morocco and South Africa) have exported higher volumes of fresh produce.

After the Netherlands, the United Kingdom is Europe's largest direct importer from developing countries. The UK trade agreements with non-EU countries will open a new door for exporters in various countries to start establishing partnerships.

Figure 1: British blueberries with clear indication of origin

Source: Photo by kiliweb per Open Food Facts under the Creative Commons Attribution-Share Alike 3.0 Unported license.

Differences and local preferences within Europe

The COVID-19 pandemic has renewed interest in domestic produce. If products can be sourced locally, they will be sourced locally and, if not, they will be sourced regionally (see also the trend of local sourcing and seasonal eating). The pandemic has also re-emphasised the differences existing between European countries.

In principle, the European Union is a single market. There are still differences between countries, however, as well as between buyers from individual countries. Products that are acceptable for one country can be rejected in another market. For example, in Belgium the stems of imported limes need to have three millimetres or less, while the Netherlands accepts stems of up to five millimetres. Large retailers in Germany and the Netherlands tend to maintain stricter limits for pesticide residues than the European legislation. Discount supermarket Lidl is one of the strictest retailers, allowing for only a third of the legal limit.

The European regulation for importing fresh fruit and vegetables applies to all countries in the EU. You should nevertheless not underestimate the different business practices within Europe, nor expect them to become the same everywhere anytime soon. When doing business in Europe, find partners who are familiar with these differences. By making use of their knowledge, you can find the best route and market for your product.

Tips:

Discuss in detail the product specifications with your buyer before shipment. Besides the common marketing standards for fresh fruit and vegetables, also make use of the experience of your buyer.

Stay up to date with the trade relations between the European Union and the United Kingdom via the GOV.UK website and the European Union Newsroom.

Read the CBI news article on how the war in Ukraine is effecting international trade.

3. Sustainable sourcing has become mainstream

Sustainability has become a non-negotiable requirement. People at all levels in the value chain are gaining interest in sustainable fruit and vegetables and supply-chain transparency. This trend relates to many aspects along the supply chain, including working conditions, water use and waste management. Your product is most likely to be accepted by European buyers if it complies with sustainability initiatives.

Sustainability and CSR Policies

Sustainability and Corporate Social Responsibility (CSR) have become common aspects for European companies to integrate into their company policies. As a supplier, you are expected to be aware of these policies and to align your own actions accordingly.

Different clients may have different points of focus. For example, the French supermarket Carrefour commits to sustainable relationships with its partners, reducing greenhouse gas emissions to preserve the climate, and aiming to improve biodiversity. Greenyard, one of the leading companies in fresh produce, follows the Sustainability Initiative Fruit and Vegetables (SIFAV). More than 30 retailers, brands, traders and other organisations have joined this initiative.

Smaller fresh companies will follow the actions of the leading buyers of fruit and vegetables. The number of companies with CSR policies will thus continue to increase. As a supplier, you will have to think proactively about your own company policy and the main sustainability issues in your country. In this process, you should also consider the subjects that are most important to your specific clients.

Tip:

Read about the current range of social certifications to learn about trends and developments in social standards and to read several case studies.

Sustainability Initiative Fruits and Vegetables (SIFAV)

Several leading retailers and traders throughout Europe are joining forces in the Sustainability Initiative Fruits and Vegetables (SIFAV), coordinated by the Sustainable Trade Initiative (IDH). SIFAV addresses cross-cutting supply chain challenges such as smallholder farmer inclusion, health and safety, food safety and the sustainable use of water resources.

Counting over 30 members, SIFAV is pioneering a development that you will see more often throughout the European supply chain. Under SIFAV, all private sector partners commit to the common sustainability targets for 2025. For example, they agreed to:

- measure and reduce the environmental footprint of priority products by 2025, including a reduction of 25% of the carbon footprint and food loss;
- reduce water use to best-practice levels and implement water standards with third-party verification;
- implement a social third-party verification for 90% of the volume from high and medium-risk countries;
- and take a first step in improving Living Income.

The European ‘Green Deal’ aims to make the EU climate neutral

In the coming years the European ‘Green Deal’ will influence how resources are used and greenhouse gas emissions are reduced. The new EU policies on sustainability will prepare Europe in becoming the first climate-neutral continent by 2050. One of the most relevant parts for the fresh fruit and vegetable industry is the ‘Farm to Fork’ strategy.

The Farm to Fork Strategy aims to make food systems fair, healthy and environmentally-friendly. It will ensure sustainable food production and sustainable use of pesticides, packaging and food waste. With an organic farming action plan, the European Commission has set a target of ‘at least 25% of the EU’s agricultural land under organic farming and a significant increase in organic aquaculture by 2030’. Policies can promote organic production in Europe, but increasing consumption will also offer opportunities for non-European suppliers.

The Green Deal will undoubtedly have an impact on the international food trade. Several EU trade agreements already include rules on trade and sustainable development. These include, for example, the agreements with most countries in Latin America, Moldova, Ukraine and Vietnam. For suppliers of fresh fruit and vegetables, it is important to look ahead of the increasing standards and try to be in the frontline of the developments.

Tip:

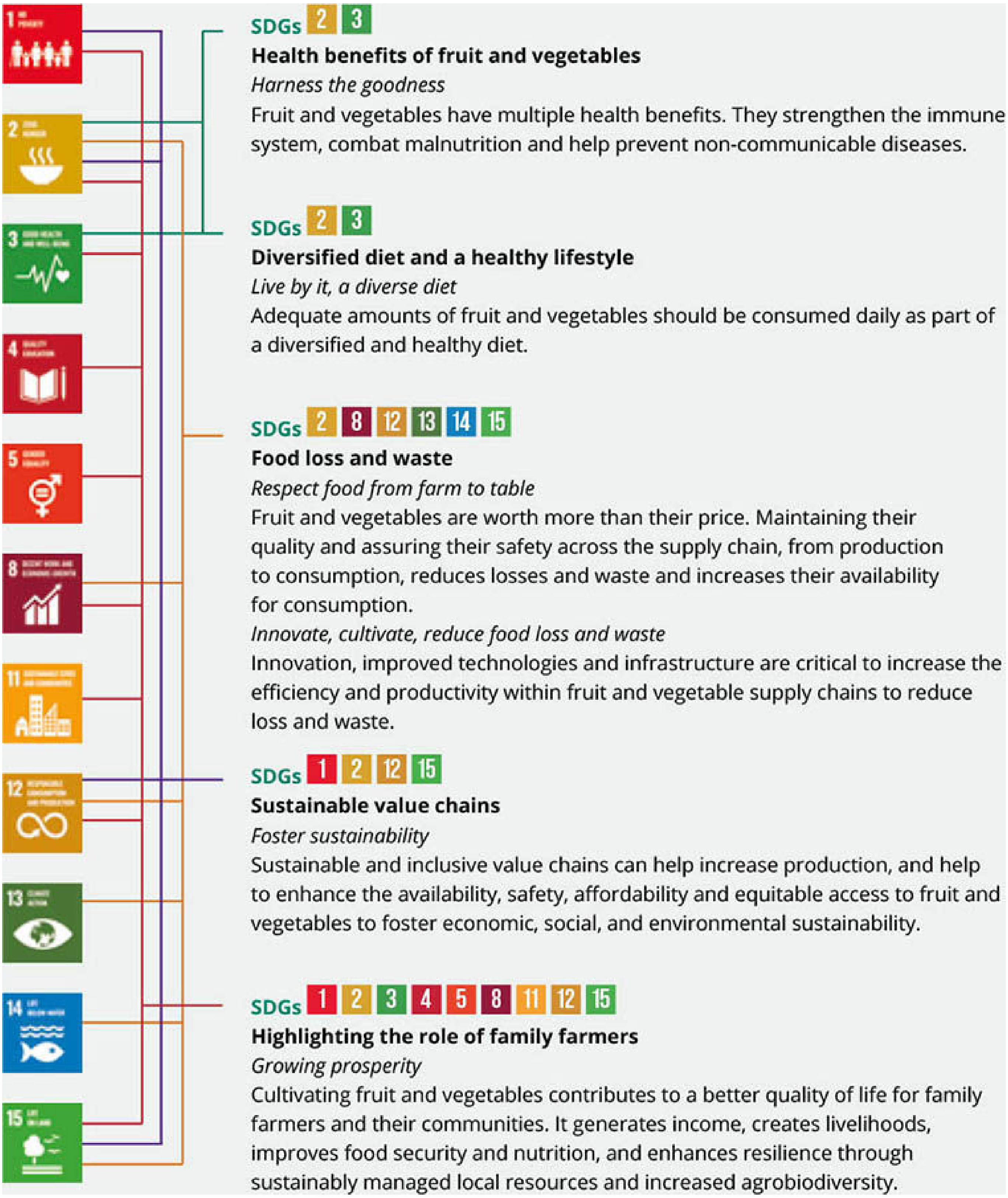
> Find what you need to know about the Green Deal and how it will impact your business in the Green Deal study by CBI.

The ‘Year of Fruits and Vegetables’ promotes sustainable practices

The year 2021 has been designated by the United Nations (UN) General Assembly as the International Year of Fruits and Vegetables (IYFV). It is an incentive to raise awareness of the important role of fruits and vegetables in human nutrition, food security and health as well as in achieving the United Nations Sustainable Development Goals.

The UN Sustainable Development Goals aim to address global challenges to eradicate poverty, find sustainable and inclusive development solutions, ensure everyone’s human rights, and generally make sure that no one is left behind by 2030.

Figure 2: Sustainable Development Goals related to fruit and vegetables



Source: FAO. 2020. Fruit and vegetables – your dietary essentials. The International Year of Fruits and Vegetables, 2021, background paper. Rome. https://doi.org/10.4060/cb2395en

Attention to the use of water resources

Industry sources mention water conservation as one of the principal concerns in the production of fresh fruit and vegetables. The impact of intensive farming in arid areas (like Morocco, Egypt, Peru and Namibia) is being questioned. This subject has particular importance for water intensive crops such as avocados, asparagus and stone fruit. For example, in the past few years, several restaurants in the United Kingdom have banned avocados from their menus, due to their excessive use of water resources.

The growing attention to water resources will force producers in arid regions to switch to other crops or find sustainability solutions and technology. For pioneering companies such as Eosta, a Dutch importer of organic and fair fruit and vegetables, water use is one of the main aspects factored in the true cost accounting of their products. They addressed the issue in March 2021 with a stunt near the Dutch parliament promoting water-saving avocado's.

For growers, responsible water use will become part of common standards, such as the SPRING add-on for GLOBALG.A.P. certification, a Sustainable Program for Irrigation and Groundwater Use originally developed by the Swiss retailer COOP.

Reducing plastic packaging

Part of the sustainability movement targets the reduction of plastics in the supply chain, which retailers and policy makers take very seriously.

The European Union adopted a Plastics Strategy in 2018, recommitting to work towards the goal of ensuring that all plastic packaging be recyclable by 2030. March 2020 was the launch of the European Plastics Pact, a public-private coalition with clear targets up to 2025 to rule out single-use plastic products and packaging.

European countries are also taking action on their own. For example, France has already banned the use of plastic packaging for 30 different types of fruit and vegetables since January 2022. Other fresh produce will follow by June 2026.

Supermarkets in various countries have also started to act towards reducing plastic. The examples are numerous:

- The United Kingdom: Despite the challenges arising during the COVID-19 pandemic, several supermarkets in the United Kingdom have maintained a focus on the reduction of plastic packaging. For example, Tesco claims to have reduced the amount of packaging for pre-packaged fruit and vegetables by more than 400 tonnes.
- Germany: Germany's market leader REWE Group says it has achieved a saving of 8,900 tonnes of plastic per year by optimising various aspects of their packaging.

At the same time there is lots of criticism on the commitment and results of supermarkets to ban plastics by the Plastic Soup Foundation, Greenpeace and individual consumers. According to a report by the Changing Markets Foundation, supermarkets throughout Europe are failing in terms of packaging commitments and transparency. In practice, it is difficult, if not impossible to recycle two thirds of all supermarket packaging. However, both negative and positive attention will only increase consumer awareness and provide incentives for alternative solutions.

Reduction in the use of plastics will continue to affect the packaging of fresh fruit and vegetables. Products such as grapes and soft fruit, for example, which are sold in clamshells, are already being replaced by punnets with top seal and other innovative variations using cardboard.

A British packaging producer developed a sugar-cane based packaging option and the Indian company Uflex has started to use special biodegradable liners of Perfotec to extend the shelf life of fresh products. Although this helps maintain product freshness during transport and distribution, extending shelf life is also amongst the main goals of supermarkets.

For organic fruit, laser labelling is becoming more common, and it can sometimes replace plastic packaging. Supermarkets such as ICA in Sweden and Rewe in Germany already use laser labelling for products such as organic avocados, sweet potatoes, squash and melons. France has recently banned stickers on fruit and vegetables, unless they are made from paper or compostable material. This is forcing companies to develop new methods of labelling for all their fruit and vegetables.

Less and recyclable plastic is the new standard. In the long term, you can expect plastic being reduced to a minimum or even completely replaced by alternative, biodegradable materials.

Figure 3: Example of top-seal packaging for mango at Waitrose (UK)

Source: Photo by kiliweb per Open Food Facts licensed under the Creative Commons Attribution-Share Alike 3.0 Unported license.

Figure 4: Example of laser-labelled produce by ICA (Sweden)

Source: ICA Gruppen

Local sourcing and seasonal eating

Sustainability is an important aspect for consumers to buy locally grown fruit and vegetables. Freshness and quality are also arguments often cited for local and seasonal purchases. There is a clear trend towards food that is grown closer to the market.

The demand for year-round availability will remain, but part of the market will develop further towards extending domestic and regional supplies. This is regarded as more sustainable. For distributors, however, there are fewer risks in buying products locally or close to the local market. They will only resort to external suppliers when there is a clear advantage or when local produce is not available.

As an exporter to Europe, you should be aware that seasonality is playing an increasingly important role in the daily consumption of fresh fruit and vegetables. Media and supermarkets help consumers by sharing recipes using seasonal and local products. Platforms such as Lokaal & lekker ('Local & tasteful') provide information on local producers and how to use their produce in food preparation. Leading French supermarkets such as Carrefour and E.Leclerc emphasise local products on their label or through online presentation. British guides also provide seasonal information on British-grown fruit and vegetables.

You also have to take into account the production strengths of different European regions. For example, Spain is a leading grower of citrus fruit, the Netherlands has a very well developed greenhouse vegetables and strawberry production and France is a strong producer of plums. During their local production season, imports of these products will be reduced to a bare minimum. The FAOSTAT database can provide further insights into the European production.

Tips:

- See the buyer requirements for fresh fruit and vegetables on the CBI market information platform for sustainable initiatives and certifications that may be required by your buyer.
- Apply water saving technologies when possible, such as drip irrigation or mulching. Learn about regenerative agriculture and what you can do to improve agricultural practices.
- Investigate various local options for packaging and packaging materials. As an exporter, you must try to reduce the use of plastic as much as possible, but you can also use innovative and smart packaging as a way of differentiating your company.
- Stay ahead on innovations and trends. Subscribe to newsletters such as Freshplaza.com and look for publications, including the 10 trends to follow in 2022 in the Fruit Logistica Trend Report 2022.
- Read the news article where the European Commissioner for Agriculture and Rural Development, Janusz Wojciechowski, recognised organic farming as part of the solution to the climate and biodiversity crises.
- Increase your knowledge on the consumption of organic products in Europe by reading about the demand for fresh fruit and vegetables on the European market.

4. Health consciousness triggers clean consumption

Health has always been a strong selling point for fresh fruit and vegetables. In recent years, consumers have become increasingly conscious of adopting a healthy diet. This has led to a higher demand for fresh, plant-based and organic food. It has also increased the need for cleaner, more natural products. European companies require their suppliers to provide chemical-free or fully organic products.

Northwest Europe leads the way in healthy fruit and vegetables

Products with specific healthy characteristics such as blueberries, avocados and pomegranates have become more popular, especially in northwest Europe. The fact that leading retailers have massively embraced these products confirms the consumer's interest in using fruit as a means for a healthy diet.

Growing interest in veganism and plant-based food will help to increase the vegetable consumption. Peas and potatoes are two of the preferred ingredients in plant-based food. Imports are also growing for durians and aubergines, which have a particularly meat-like texture. The EU-funded 'smart protein' project has reported 49% growth in Europeans' consumption of plant-based foods in 2 years (2018–2020). In 2021, it estimated that 37% of Europeans are 'flexitarians', vegetarian or vegan. Flexitarians aim to reduce their meat consumption and are the main driver of the plant-based-food sector. The number of Europeans deliberately consuming meat less frequently is growing rapidly at 22.9%, as revealed by a nutrition study by Veganz in 2020.

Smaller fruit is ideal as a healthy snack. As a result the demand for blueberries and raspberries has increased significantly over the past years. But despite their growing popularity, many 'super fruits' remain most popular with a relatively wealthy consumer group and specialised import companies. More accessible alternatives include snack vegetables such as mini-tomatoes, mini-cucumbers, small peppers and radishes, which are widely available in small containers at most supermarkets. However, it will be difficult to profit as an exporter of fresh vegetables, since most vegetables are locally produced.

Figure 5: Example of presentation of a premium, healthy product

Source: Image by ICI Business

Popularity of pure and organic continues

A significant group of European consumers are increasingly seeking pure and natural products such as organic fruit and vegetables. One of the main motivations for buying organic is because these products are associated with health and better taste.

According to data of The World of Organic Agriculture from the Research Institute of Organic Agriculture (FiBL), the organic market in the European Union grew by 14.9% in 2020 to a retail turnover of nearly €52 billion. The COVID-19 pandemic seems to have had a positive effect. Consumers in the European Union spent an average of €101.8 per person on organic food in 2020. Imports of organic tropical fruit (fresh or dried), nuts and spices represented the single biggest category, with nearly a third of the total organic import. The organic market is expected to grow further in the next few years. Only the strong inflation and high costs of production and transport are causing uncertainty concerning strong short-term growth.

Organic food consumption is developing exceptionally well in relatively wealthy countries. The market share for organic fruit and vegetables in Europe varies from around 1% to 6% in most eastern and southern European countries, up to 11% to 27% in Denmark, Switzerland, Sweden and Austria. In terms of total value, Germany and France offer you the largest market for organic food; with retail values of €15 billion and €12.7 billion respectively, they represent more than half of the total EU market.

Sales are especially driven by general retailers, which are gaining market share from specialised organic grocery stores. The top vendors in Europe include Tesco, Metro, Carrefour, Ahold and the REWE group. But there are also specialised organic retail chains, such as Denn’s Biomarkt and Alnatura in Germany and Austria, Biocoop in France and Ekoplaza in the Netherlands.

Although you must consider the organic market still as a niche, it is a niche with potential and closely related to consumer interest in healthy and pure eating. The local production area often cannot keep up with the demand, which creates potential for overseas supply. This makes it easier to find potential buyers and obtain better margins. On the downside, it can be very challenging and expensive for exporters in tropical climates to comply with the increasing organic standards in Europe.

Tips:

- Check with The Vegan Society and the Smart Protein Project for more data related to vegan and plant-based consumption.
- Be careful with making nutrition and health claims. These claims are subject to European regulations and the EU Register of nutrition and health claims made on foods. For example you are not allowed to claim anti-ageing properties of blueberries.
- Make sure to understand well the European guidelines for organic products. Browse to Organics at a glance on the European Commission’s website.
- Check the yearbook *The World of Organic Agriculture* for key data and developments on organic agriculture and read what organic means in different European markets in the CBI study on the demand for fresh fruit and vegetables on the European market.

5. Convenience gains importance

Lifestyles in Europe are becoming more fast-paced, with an interest in easy and convenient foods. Processing, ripening and packing companies in Europe will play a more important role. To benefit from this trend, you must find buyers that can add value to your product, and accurately monitor the quality that these buyers require.

Large retailers are experts in turning fruit and vegetables into a convenience product

Large retailers are key in the development of convenience products. They have a strong influence on how fruit and vegetables are presented. Their assortments are diversifying to include snack vegetables, ready-to-eat fruit and freshly cut products. Fresh convenience products also include varieties of seedless fruit, easy peelers, products with prolonged shelf life and individually sized fruit, such as mini papayas or mini watermelons.

There is growth potential for ready-to-eat and ripened fruit. It is convenient for the consumer and cheaper in transport than the airfreight of tree-ripened fruit. An underlying development is the improvement of ripening processes for fruits such as mango, avocado and papaya in the importing country. To supply ripening companies timing and a uniform maturity level will be your main concerns.

Another convenience solution is freshly cut fruit and vegetables. Pre-cut products not only save the consumer time, they also meet the demand for healthy snacks ‘on the go’. One of the leading fresh processors in Europe is the Dutch company Vezet, which is part of the Kramer Food Family. In the UK, PrepWorld (part of BerryWorld) is one of the main players. For some suppliers, it is possible to add value by cutting and packaging the fruit at origin. But this is mostly reserved for suppliers with a short transit time to Europe and for products that require manual processing such as pomegranate arils. The Indian company Sam Agri fulfils the European demand for pomegranate arils with different small and bulk packaging options. The company is also fully self-sufficient in terms of water and energy. Blue Skies has made sustainable processing at the origin into a business model. With factories across Ghana, Egypt, South Africa, Benin, Brazil and the UK and pack house facilities in Senegal and Ivory Coast, they make their finished products where their fruit is grown. In addition to freshly-cut fruit, they produce fresh fruit juices and non-dairy ice creams.

Convenience fruit and vegetables are exceptionally strong in countries such as the United Kingdom and the Netherlands. In these countries, supermarkets and convenience stores are strongly dominant, and the offer of ready-to-eat and pre-cut fruit and vegetables is extensive. The convenience segment is on the rise in other parts of Europe as well. The German market offers growth potential: freshly-cut produce accounts for less than

4% of total spending on fresh vegetables in Germany, compared to 36% in the Netherlands. To make freshly-cut products successful in Germany, marketeers should promote the advantages of fresh convenience and eliminate concerns about food safety, quality and freshness.

Tips:

Explore the range of convenience fruit available in supermarkets in Europe. It is sometimes easy to spot brands and trace them back to specialised companies that can be interesting to contact.

Inspect the maturity of your fruits before packing when supplying the ready-to-eat market. Ripening companies require a consistent and uniform level of quality. Every piece of fruit in the box must be at a similar stage of maturity.

Work out a business model when focusing on freshly processing fruit and vegetables. What is your added value? Does it make sense to process products before exporting them? Are you saving costs by doing this? Are buyers interested in your processed product?

Learn more about pre-cutting fresh produce through the FAO publication Processing of fresh-cut tropical fruits and vegetables: A technical guide.

6. E-commerce is expected to gain market share

The online grocery channel is developing fast in Europe. The COVID-19 pandemic has given online grocery shopping an extra push.

During the first lockdowns in 2020, online grocery shoppers worldwide triggered a growth of 45.9%. According to Retaildetail, online grocery sales increased by another 15.8% in 2021, in contrast to 2.1% for rapidly moving consumer goods in general. In Europe, the market share for ‘online groceries’ was 6.9% in 2021. Shopping at online food stores is especially common in the Netherlands, the United Kingdom, Denmark and Sweden.

Grocery retailers and supermarkets such as Sainsbury’s in the United Kingdom and Albert Heijn in the Netherlands are developing their online product range to meet the growing interest among consumers. Their effort is partly out of necessity, because many other online concepts have popped up, such as:

- Fully online grocery stores such as Picnic (Dutch), Ocado (British), Rohlik (Czech) and Crisp (Dutch).
- Delivery of meal boxes with ingredients and recipes, for example HelloFresh and Gousto.
- International online giants, such as Amazon Fresh, which recently launched in the UK, Germany, Spain and Italy, and closed partnerships with Wm Morrison Supermarkets (UK), Día (Spain), U2 Supermercato (Italy) and Monoprix (France).
- Food delivery platforms such as Just Eat Takeaway.com, Deliveroo and Uber Eats, providing food delivery as a service.

Eliminating physical shops makes the supply chain more efficient, but consumers can no longer handpick their fresh fruit and vegetables. Because quality and freshness are key elements for consumers, e-retailers will make sure their products meet their expectations. They will transfer the responsibility of delivering a uniform and reliable quality to you as a supplier. If you focus on quality and use protective packaging, you will have a better chance to sell via online channels Europe.

Tips:

Optimise your post-harvest, cooling and processing activities to preserve optimal shelf life. For example, check the temperature in every step of your harvest and post-harvest activities.

Search for the largest online retailers in Europe per country on Ecommerce News Europe.

Read CBI’s tips to go digital and learn about digitalisation in the fresh industry, including e-commerce.

7. Hybrid consumption opens doors for new products

Price has traditionally driven the market for fresh fruit and vegetables. Today's market, however, is more dynamic. Consumers are complementing their price-conscious shopping habits with an interest in exotic, healthy and special-quality fruit and vegetables. You will find new consumer groups for high-value and niche products, while high-volume fruit will still be pressured by price competition.

The COVID-19 pandemic has altered some consumer habits. More people have started to experiment with home cooking, made healthier choices, purchased meal kits (like HelloFresh or Gousto) or ordered more local produce online. These new ways of purchasing and consumption are opening the market to new fruits and vegetables. Healthy niche products, including turmeric root and forgotten vegetables (like Romanesco broccoli, salsify and parsnips) have caught the attention of consumers.

Consumers are looking for unique flavours

New products provide unique flavours and give satisfaction to the consumer, particularly within the high-end market. These products include exotic fruit and vegetables or tree-ripened tropical fruit.

As consumption grows, some niche products become part of the common assortment. This has been the case with popular products such as avocados, blueberries and sweet potatoes. These products are common imports from developing countries, and they have shown a strong growth over the last decade.

Large-volume products allow room for premiums

The most common and large-volume products in Europe have less fluctuations. These products are part of the standard purchase for which consumers are very price-conscious. Discount supermarkets are claiming an increasing market share, and they compete with low prices. Therefore, the opportunities for these products are linked to high efficiency and low-cost production. Countries that manage to benefit from this competitive trade include, for example, Morocco with tomatoes and Egypt with oranges.

The high-volume segment also offers opportunities for differentiating with premiums or club varieties. Premium aspects could include Fairtrade or Organic labels, ready-to-eat products or superior varieties. Breeding companies are constantly developing new varieties that offer better taste or quality. Growers who are able to work with licensed or club varieties often have a competitive advantage. Well-known examples of club varieties include Pink Lady and Kanzi apples and Zespri SunGold kiwi fruit.

Figure 6: Zespri SunGold kiwi fruit

Source: Photo by kiliweb for Open Food Facts, licensed under the Creative Commons Attribution-Share Alike 3.0 Unported license

Branding enhances consumer experience

Consumer experience is a key factor in today's market. 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. In the European market, many companies use branding, for example:

- The French company NETA uses taste as a unique selling point under their motto 'NETA A world of flavours';
- Nature & more, an Eosta brand, focuses on transparency and sustainable farming. The brand promotes their growers, like one of their papaya farmers in Ghana, who switched to organic and sustainable farming by applying manual weed control instead of using pesticides;
- EatMe is a quality label and guarantee of Nature's Pride for tasty and ripened products.
- The Belgian company Special Fruit introduced their brand 'Best Choice', which guarantees quality, ripeness and homogeneity.

Brands often exist for the sake of consumer experience. That is why you must be prepared to share your story with the brand that you introduce or the branding company you are working with. But be aware that the appearance of your product is still most important, especially in north-western Europe. Taste is especially valued in southern Europe. To work successfully together with a brand, you must be on top of quality control and supply a product that meets the promise of the brand.

Tips:

Look for specialised importers when supplying niche fruit and vegetables. You will find many of these companies at Fruit Logistica, the largest annual trade fair for this sector in Europe. Another interesting fair to visit is the Fruit Attraction in Madrid.

Make sure your luxury product arrives in perfect conditions. Do not make the mistake of shipping your product when they are insufficiently matured. In this segment, a bad experience can easily put off a consumer, and your buyer as well.

Work together with partners in Europe when branding a product. The work involved with positioning your brand can be a considerate investment.

8. Technology is becoming inevitable in today's fresh trade

The reality of today's fresh trade demands a lot from all actors in the business. Everything must become faster, better and cheaper. While the market expects a high level of service, the supply chain has become complex, and logistics have recently become unreliable. It has become nearly impossible to export without the application of technology and automation.

Precision farming is becoming necessary to maintain efficiency and control. This data-driven approach to farm management helps reduce inputs (like water, fertiliser and pesticides). The industry is developing new tools, even for small farmers. In addition to improving productivity, these tools can help producers meet European standards.

Exporters should monitor the cold chain, starting from the field. Larger fresh companies use advanced technologies (like sensors and machine learning) to monitor, grade and pack their produce. The whole process is becoming faster and more responsive to the needs of clients.

The proper technology can help you to deliver products according to exact specifications. If you cannot keep up, it will be difficult for you to compete in the main programmed channels.

Tips:

Read the CBI tips to go digital in the fresh fruit and vegetable sector to learn which technologies are accessible and useful for your company.

Read about the possibilities of applying precision farming as a smallholder by reading 'Precision Agriculture for Smallholder Farmers' by the United Nations Development Programme.

Calculate the financial impact on your company and the return of investment (ROI) before implementing any new digital (or other) technologies. Seek help from experts if you are not able to make these calculations.

9. Integration requires more partnerships

In the fresh fruit and vegetables business, the supply lines are becoming shorter and more efficient. Closer contact among farmers, traders and retailers results in better control and transparency throughout the value chain. This control is used to build expertise in specific products and to comply with the strict delivery terms of large retailers. To acquire a stable position in the European market, it is important that you join forces and opt for strategic partnerships.

Changing role of importers

As a result of increasing competition and concentration of buyers, the role of importers and wholesalers is changing. Importers nowadays only survive by specialising themselves and focusing on a unique market position. Larger companies integrate their main activities and become service providers to retailers, offering services such as repackaging, mixing and ripening fruit and vegetables. Importers tend to focus increasingly on efficiency and just-in-time delivery. They try to shorten their supply chain to retailers and save on warehousing costs.

Importers that supply large retail chains work with supply contracts and prefer to do business with large producers. Small overseas suppliers can best focus on specialised buyers. Many of them will not have direct retail access, but they can help to distribute your product to the right buyer or market channel.

Partnerships and good connections are key. You must know your buyer and understand which advantage they can offer to your company.

European buyers connect with producers

To increase control over the supply chain, buyers become more involved in the activities of farmers. This way they are better capable of ensuring reliable volumes and compliance with retail requirements, transparency and good agricultural practices. Partnerships are also needed for organising year-round supply for retailers.

Some companies have invested in the cultivation of fresh fruit and vegetables, taking ownership in production, while others have exclusive contracts with farms. Examples are numerous: multinational fresh companies such as Greenyard and TotalProduce have their own sourcing offices and contracted farming abroad. The Compagnie Fruitiere has its own production sites in Senegal, Ghana, Ivory Coast and Cameroon, as well as its own shipping company (Africa Express Line). The smaller company, Elbe Fruit in Germany, has an exclusive cultivation contract in Guatemala and works with partner farmers of GreenPath Food in Ethiopia.

Retailers are also becoming actively involved with sourcing. For example, Safina in Senegal works closely with the Dutch supermarket Albert Heijn, to which they supply around half of their crops. The logistics are outsourced to Albert Heijn’s service provider. These types of supply chains require integrated systems and software that exchange data seamlessly.

For independent exporters, it is becoming almost impossible to develop long-term partnerships without having a direct link with farming.

Tips:

- Pick your client well — look for specialisation — and be prepared to establish long-term relationships. However, there is much work to do in building these relations. Do not expect that companies are looking for new suppliers, but most will be happy to meet you if your product is interesting to them.
- Make sure to have your own production or direct access to reliable production volumes. Team up with other producers when your company size or product volume is not large enough. Make yourself an attractive and competitive supplier.
- Read the CBI tips for doing business with European buyers of fresh fruit and vegetables to see what you can do to become a valued partner for European buyers.

This study was carried out on behalf of CBI by ICI Business.