

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

The increased popularity of healthy, natural as well as organic products is a trend that offers opportunities for fresh fruit and vegetables in Europe. Consumers looking for good taste and convenient purchases have also become more aware of social and environmental issues. More integrated social responsibility and certification programmes are being introduced, providing increased information sharing along the total supply chain. Meanwhile, the increasing concentration in buyer power will result in more demanding product requirements and delivery terms. These developments require you to specialise and integrate with other actors.

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1. Buyers more focused on reducing risks

Increasing global supply volumes and more concentrated buyer power put great pressure on the margins in the fruit and vegetables trade. Large retailers are able to maintain prices at a very competitive level but at the same time grow more demanding when it comes to product and supply standards. This is why traders become protective, imposing strict delivery terms and passing economic risks on to their suppliers.

Oversupplied markets make traders more cautious

Continuous production growth in Morocco, South Africa and Peru, among other countries, resulted in excessive exports volume in 2018. The European market could not cope with such extra volumes, leading prices to drop significantly.

Oversupply is a reality that happens more and more often. Small margins and the continuous pressure on efficiency by large retail chains cause the European market to react strongly to changes in production and product availability. This scenario makes traders and importers very cautious, avoiding risks by hiding behind protocols and certifications. As an exporter, you may get punished immediately when products are not up to standard or when market results are poor. In these circumstances, buyers may not pay the minimum agreed price.

Existing suppliers have to understand these added risks, while new suppliers face higher thresholds to enter the European market.

Certification: as important as the product itself

Food safety and certifications have become leading aspects in the fresh produce trade. [GLOBALG.A.P.](#) has become the certification standard while required maximum residue levels (MRLs) are often stricter than the legal limits. It seems that buyers nowadays are as concerned with certification as with the product itself. Experienced buyers resent the fact that more and more fresh fruit professionals entering the business tend to focus too much on paperwork but lack actual product knowledge. All in all, the prominence of certifications,

standards and paperwork in general is a reality that every player in the trade must face and which only tends to intensify with the dominance of large retail chains.

The paper trail and the strict requirements are a challenge for every producer, exporter and importer. At the same time, if applied well, they can significantly improve your competitive position.

New European Directive offers protection to suppliers

Supermarkets and large grocery chains in Europe are increasing their market share in fresh fruit and vegetables. This means that as a supplier, you will have fewer end-clients to supply, but their dominant position often also results in unequal trade practices.

To try to mitigate the increasing concentration of buyer power, the European Commission proposed a [new directive](#) to protect small and medium-sized suppliers in the food supply chain from unfair trade practices of economically stronger buyers. The directive, which also covers fresh fruit and vegetables, aims at protecting farmers, processors, distributors, producer organisations, as well as suppliers from outside the European Union.

Under the new directive, a number of practices will be prohibited or only allowed when unambiguously agreed upon. The practices to be prohibited include, among others:

- Payment later than 30 days;
- Last-minute order cancellations;
- Refusal to enter into a written contract;
- Unilateral contract changes;
- Transferring the costs of examining customer complaints to the supplier.

The [proposed directive was agreed in December 2018](#) and will be implemented over the next years. Once fully adopted, countries in the European Union will have two years to transpose the directive into their national laws.

Tips:

Make sure to have written agreements with clear and acceptable delivery terms. Use a legal expert or the model contracts for small firms in the [Legal guidance for doing international business](#) of the International Trade Centre.

Compare your delivery terms with contracts commonly used by European companies, for example the [supply contract](#) used by Dutch supplier Direct Fruit Services.

Make sure that your buyer specifically accepts the product and its quality as soon as it arrives.

Study the [buyer requirements for fresh fruit and vegetables](#) on the CBI market information platform to understand the paperwork that is involved in the export of fresh fruit and vegetables.

Read the [brochure](#) to learn more about the proposed directive on unfair trading practices in the agricultural and food supply chain.

2. Sustainable sourcing is becoming mainstream

People at all levels in the value chain have been gaining interest in fruits and vegetables produced and traded under more sustainable and responsible practices. This trend relates to many aspects along the supply chain, including working conditions, water use, waste management, among other things. Your product is most likely to be accepted by European buyers if it complies with sustainability initiatives.

Sustainability Initiative Fruits and Vegetables

Consumer awareness is growing thanks to more transparency. 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 around 50 members, SIFAV are pioneering a development that you will see more often throughout the European supply chain. They aim to make all imports from Africa, Asia and South America 100% sustainable in 2020. To be considered as a sustainable source, you need to comply with at least one of the social and one of the environmental standards included in the [SIFAV Basket of Standards](#).

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. This subject has particular importance for water intensive crops such as [avocados](#). For example, several [restaurants in the United Kingdom recently banned avocado from their menus](#) due to the excessive use of water resources. The effects of European market reactions to consumer awareness over water use have the most impact on production regions where water is scarce, such as Morocco, Egypt, [Peru](#) and Namibia.

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.

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.

Europe defined a [strategy for plastics](#) in 2017, recommitting to work towards the goal of ensuring that all plastic packaging be recyclable by 2030. National initiatives such as the Plastic Pact in [the United Kingdom](#) and [the Netherlands](#) strive to make all plastic recyclable by 2025. A new European proposal to [reduce single-use plastic](#) will diminish the use of food and beverage containers made of expanded polystyrene, among other things.

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

- Dutch organic retail chain [Ekoplaza](#) introduced the first plastic-free supermarket (using, for example, biodegradable packaging), and [others](#) are expected to follow. [Criticism from specialists](#) alerting that much more needs to be done to tackle plastic use will only increase attention to alternative solutions.
- [Several supermarkets](#) in the United Kingdom have pledged to take measures to reduce plastic bags and packaging. [Tesco](#), for example, is launching a trial to remove a selection of plastic-wrapped fruit and vegetables.
- Germany's market leader [REWE Group](#) has achieved a saving of 7,000 tonnes of plastic per year by banning plastic bags.

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](#). Organic fruit is increasingly more often not packaged in plastic and [laser labelling](#) is becoming more common.

Another anticipated packaging innovation to curb the use of plastics is [NanoPack](#), an EU-funded project that will develop antimicrobial packaging solutions for perishable foods based on natural nanomaterials. This project combines sustainable packaging with the prevention of food-borne illnesses and the reduction of food waste.

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.

Local sourcing and seasonal eating

Sustainability is an important aspect for consumers choosing to buy locally grown fruit and vegetables. Freshness and quality are also arguments often cited to justify local and seasonal purchases.

As more information is made available, consumers also learn more about local seasons and re-evaluate local products. 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.

For distributors, 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 must be aware of seasonality playing an increasingly important role in the daily consumption of fresh fruit and vegetables. You also have to take into account the production strengths of different European regions. For example, the Netherlands has a very well developed 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.

Apply water saving technologies when possible, such as drip irrigation or [mulching](#).

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. For example, a British packaging producer developed [a sugar-cane based packaging option](#) and the [Indian company Uflex has started to use special biodegradable liners of Perfortec](#) to extend the shelf life of fresh products.

Stay ahead on innovations and trends. Subscribe to newsletters and look for publications such as the [Fruit Logistica Trend Report 2019](#).

3. 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 snacks and more specifically fruits and vegetables, but also to the need for cleaner, more natural products. Retail brands often highlight specific health benefits in their product presentation, requiring suppliers to provide chemical-free and organic products.

Northwest Europe leads the way

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 embraced these products has confirmed this development as a continuing trend. Despite their growing popularity, many 'super fruits' remain confined to a relatively wealthy consumer group and specialised import companies.

More accessible alternatives include snack vegetables such as mini-tomatoes, cucumber, peppers and radish, which are widely available in small containers at most supermarkets.

Growing interest in veganism will also help to increase the vegetable consumption, especially those high in protein. A [FoodNavigator](#) news article describes Germany, United Kingdom and the Netherlands as attractive markets for plant-based snacks, while Italy is one of the fast emerging markets. However, it will be difficult to profit as an exporter of fresh vegetable, since most vegetables are locally produced.

Image 1: Example of presentation of a premium, healthy product



Image by [ICI Business](#)

Popularity of pure and organic continues

A significant group of European consumers are increasingly seeking pure and natural products. Their main motivation when buying organically produced fruit and vegetables is because these products are associated with health and better taste. Consumers in the European Union spent an average 67 euros on organic food per person in 2017. Per capita consumer spending on organic food has doubled in the last decade.

According to data from the Research Institute of Organic Agriculture ([FiBL](#)), the organic market in the European Union grew by more than 10% in 2017 to a retail turnover of 34.3 billion euros. In the fresh fruit and vegetables industry, the organic share of citrus and berries increased respectively by 12% and 10% from 2016 to 2017, while organic vegetables and sub-tropical fruit increased by 17%.

The market share for organic food in Europe varies from around 1% to 3% in most eastern and southern European countries to between 9% and 13% in Denmark, Switzerland, Sweden and Austria. In terms of volume,

Germany offers you the largest market for organic food, representing almost a third of the organic sales in Europe. Organic food consumption is developing exceptionally well in relatively wealthy countries.

Although still considered a niche, the organic market is expected to grow over the next years. Sales are especially driven by general retailers, which are gaining market share from specialised retailers. 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](#) 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 an important niche that is growing rapidly and is 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 your search for buyers and better margins easier, but it can be challenging and expensive for exporters in tropical climates to comply with the increasing organic standards in Europe.

Tips:

Check [The Vegan Society](#) for more data related to vegan consumption.

Be careful with making nutrition and health claims. These claims are subject to [European regulation](#) and have to be recognised by the European Commission. 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 [Organic-world.net](#) for key data and developments on organic agriculture.

4. Convenience gains importance

Lifestyles in Europe are becoming more fast-paced and interest in easy and convenient foods is growing. European companies offering additional processing services such as ripening and consumer packaging, including cut and mixing fresh fruit and vegetables, will become more important. 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 and are diversifying their assortment of snack vegetables, [ready-to-eat](#) fruit and freshly cut products. But within the fresh convenience products you can also find 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 airfreight of already 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 the right level of maturity 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' and add up in the consumption of fruit and

vegetables. 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.

Convenience fruit and vegetables are exceptionally strong in northern Europe because of the strong supermarket dominance, but it is on the rise in other parts of Europe as well. In Italy and Spain, the convenience trend is mostly focused on freshly cut fruit and vegetables. This is contrary to Germany, where the fresh-cut market share still lags behind. This is possibly due to the fixation on food safety, but [millennials show more interest](#) in pre-cut produce and will likely boost consumption.

E-commerce is expected to gain market share

The online grocery channel is developing fast in Europe. E-commerce facilitates fresh products on demand and will further strengthen the convenience trend.

The United Kingdom leads the trend with a 6% online share of the grocery market in 2018. France follows with 4.5%. These two countries expect an [annual growth rate in online groceries of approximately 8%](#). Currently, approximately 40% of the consumers that shop for groceries online have weekly deliveries.

Existing supermarket chains such as Tesco in the United Kingdom and Albert Heijn in the Netherlands are developing fast their online product range and delivery, but new channels are also arising, 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, which recently closed partnerships with [Wm Morrison Supermarkets](#) in the United Kingdom and [Monoprix](#) in France.

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.

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.

Have a look at the offer of convenience fruit in supermarkets in Europe. Sometimes it is easy to spot brands and trace them back to specialised companies which can be interesting to contact.

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

Search for the largest online retailers in Europe per country on [Ecommerce News](#).

5. Hybrid consumers combine price-consciousness with luxury spending

Price has traditionally driven the market for fresh fruit and vegetables, but today's market is more dynamic. Retail discounters are claiming increasingly greater market shares, while consumers are complementing their price-conscious shopping rituals with an interest in exotic and special-quality fruit and vegetables. This means you will find specific consumer groups for high-value and niche products, while high-volume fruit will still be

pressured by price competition.

Diversification and price shopping provide different opportunities

Niche products and new varieties will continue to be introduced. These new products provide unique tastes and give satisfaction to the consumer, particularly within the high-end market. These products include high-value products such as exotic fruit and vegetables, extra tasty varieties, ripened fruit, organic products and others.

As consumption grows, they become part of the common assortment. This has been the case with popular products such as avocados, blueberries, mangoes and sweet potatoes, which have shown a strong annual import growth of 10% to 20%. Most of these products have a high import share from developing countries.

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. 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.

Branding enhances consumer experience

In addition to consumers' preference for exotic and special-quality fruit and vegetables, taste and experience are also playing an increasingly important role. 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.

Examples of importers' branding strategies include:

- **Hillfresh**, which uses taste as its unique selling point and the motto 'The Expert in Taste';
- **Nature & more**, an Eosta brand focusing on transparency and sustainable farming. One of their [papaya farmers in Ghana](#) switched to organic and sustainable farming by applying manual weed control instead of using pesticides;
- **EatMe**, a quality guarantee of Nature's Pride for tasty and ripened products.

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.

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.

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

6. 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 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 more on efficiency and just-in-time delivery, to 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 their advantage for your company.

Direct supply

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.

Some companies have invested in the cultivation of fresh fruit and vegetables, taking ownership in production, while others have exclusive contracts with farms.

Multinational fresh companies such as [Greenyard](#) and [TotalProduce](#) have their own sourcing offices and contracted farming abroad. The British [Blue Skies](#) was founded after starting cultivation in Ghana. [Elbe Fruit](#) in Germany has an exclusive cultivation contract in Guatemala and works with partner farmers [GreenPath Food](#) in Ethiopia.

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.

7. Diversity within the European Union affects trade flows

The European Union is a political and economic union among 28 countries. In addition to common European policies and regulations, each country has its own policies and rules and the enforcement of these policies and rules is not necessarily the same in all countries. Trade regulations to and within Europe are subject to change, which means that the route for your product to the end market can change.

Differences within Europe

The European regulation for importing fresh fruit and vegetables applies to all countries in the EU, but differences in enforcement and control among countries remain.

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.

Individual buyers also have differences among them. For example, large retailers in Germany and the Netherlands tend to maintain stricter limits for residues than the European legislation. Discount supermarket [Lidl](#) is one of the strictest retailers, allowing for only a third of the legal limit.

Although one of the objectives of the European Union and many supply chain actors is to standardise rules in trade, you cannot underestimate the different business perspectives within Europe nor expect compliance and standards to become the same everywhere anytime soon. This is why it is important to find a partner that is familiar with these differences. By making use of their knowledge, you can find the best route and market for your product.

Brexit

Back in 2014, the Russian import ban had a major impact on trade flows, but Brexit now dominates economic discussion. The decision of the United Kingdom to exit the European Union after a referendum vote resulted in serious concerns with many business owners. The fresh fruit and vegetable sector is especially vulnerable because of its international nature and the perishable aspect of the products involved. After the Netherlands, the United Kingdom is the largest direct importer from developing countries and direct supply may well become even more important.

The UK is yet to agree on an exit agreement with the European Commission. The long-term effects and the potential consequences of Brexit are now unknown. Until now, the most notable changes have been:

- Local product handling and certain products have become more expensive due to many foreign workers leaving the UK and driving up the cost of labour that is available in the United Kingdom;
- The British pound has lost value, decreasing consumption power.

The United Kingdom is an important market for exporters from developing countries. However, with the current pressure on prices, in the short term, you can best look for additional or alternative markets.

One of the possible post-Brexit outcomes, is the UK losing trade benefits with the European Union. This could affect trade flow in your favour, as a foreign supplier. You can become more competitive to UK buyers, compared with mainland European suppliers. For example, grapes that are now supplied by Greek producers or Dutch traders could be replaced by direct imports from Egypt.

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 negotiation between the European Union and the United Kingdom via the [GOV.UK website](#) and the [European Union Newsroom](#).


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