



**COLEACP**

PROFILE OF THE  
EUROPEAN EXOTIC  
AND TROPICAL FRUIT  
AND VEGETABLE  
MARKET

EVOLUTION OF  
DEMAND AND  
POSITIONING  
OF ACP ORIGIN

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The findings of this report are the sole responsibility of its author

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## GLOSSARY

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**ACP F&V** : fruit and vegetables from ACP countries

**BRC** : British Retail Consortium

**BSCI** : Business Social Compliance Initiative

**CSR** : corporate social responsibility

**ETI** : Ethical Trading Initiative

**Europe** : European Union of 27 Member States

**F&V** : fruit and vegetables

**GPP** : Green Public Procurement

**IFS** : International Food Standard

**MRL** : maximum residue level

**OHC** : out-of-home consumption

**S&H** : supermarkets and hypermarkets

## SYNTHESIS

Some of the broad themes of this synthesis confirm known trends already identified. The following points in particular are explored in this analysis.

- **Global G.A.P.** is (and continues to be) the standard for S&H, coupled with European regulations on **MRLs**. However, some groups seek to exceed these standards and require their suppliers to comply with residue levels below those set by regulations (e.g. in Germany and the United Kingdom).
- Is it time for a “**Social G.A.P.**”? Ethical, social and environmental criteria are of increasing concern to S&H, which are implementing their own specifications or enforcing current standards. Although initiatives and certification logos are springing up everywhere, for the time being, due to the relative youth of these strategies, it appears that only one standard stands out from the crowd.
- **Locavorism** appears to send only a weak signal, for various reasons. Its long-term impact on sales of exotic and tropical or out-of-season substitute products is questioned.
- **Organic** is a niche market that is suffering from the crisis in S&H – but less so, or not at all, in specialist retail. But a note of caution: when locavorism is added to the mix (and it is), the same impact and the same criticisms can be expected as in the conventional sector.
- **Processing** opportunities have been identified, such as in fresh-cut prepared fruit and dried fruit, especially in the countries of Northern Europe. These countries are responding to the growth in OHC and demand for convenience products.
- **Perfectly ripe, ready-to-eat, refined, ready-peeled**: a revolution is under way for avocado, mango and, to a lesser extent, papaya. This new demand has an impact on the organisation of labour and upstream investments (importers, wholesalers), and should be monitored closely.
- **Concentration of the downstream industry**: the import and wholesale trade sectors are becoming more concentrated. This trend aims to achieve economies of scale in response to the hegemony of the S&H groups. It clearly has an impact on supplier relationships, with more constraints regarding stability in quality and volume. Meanwhile, some specialist operators in

niche markets are prospering, as their positioning meets a demand for differentiation. The two industry extremes have become more pronounced: on one hand, mass-produced products are increasingly standardised, homogeneous and constrained by stringent marketing conditions; on the other, niches are leveraging the current growing reaction of consumers against mass production and uniformity in consumption.

In this context and globally<sup>1</sup>, three strategies are emerging for ACP country producers.

- **The commodities market**: the mass-produced market is imposing greater constraints in terms of guarantee of volume, consistency, organoleptic quality and food safety, and adaptation to the increasingly stringent demands of S&H. It is also a market where margins are reduced, which offers less flexibility for discrepancies in the match between supply and demand. Latin American competition is tough because the sectors and their related services are generally well organised, and some countries are still in the ramp-up phase or are consolidating their production (e.g. Peru and Colombia). It requires responsiveness and the ability to build long-term relationships of trust with importers by offering them standardised products in a stable and consistent manner. If these conditions cannot be met, prospects are bleak.
- **The niche market**: there are several types of niche market – organic, fair trade, products transported by plane for more quality-driven segments and for specialist retailers, products for consumption during seasonal peaks (e.g. Christmas and New Year) or by individual consumer groups (e.g. ethnic markets). This differentiation strategy also may focus on varieties offered when they are at their peak in quality and where demand has been identified (e.g. Amelie mango, Solo papaya). This requires consolidating production, as well as efforts to boost or establish the industry both upstream and downstream.
- **Development**: creating value through processing in the country of origin offers a way to diversify income sources. For fresh produce (fresh-cut prepared fruit bound for European markets), this requires not only resources but also special skill sets and organisation, as well as absolute meticulousness, due to the fragility of the product.

<sup>1</sup> For opportunities per product, see product focus.

The Blue Skies example remains emblematic. This approach should be explored on a case-by-case basis.

- Finally, opportunities can also be found in companies' ability to spot weak signals and to anticipate evolution in demand. Changing social and ethical standards should be monitored closely. In addition, more specifically, should the market for perfectly ripe mango and avocado be developed, special upstream adaptation at the production stage would be required to homogenise batches, or with regard to varietal preference.

## ANALYSE

### FOOD SAFETY: S&H REQUIREMENTS

Based on the almost unanimous opinion of the importers interviewed, GlobalG.A.P., coupled with European regulations on MRLs, is the standard currently required by volume retailers. Although there is still some flexibility in the countries of Southern Europe (France, Spain and Italy), conditions are more stringent in Anglo-Saxon and Scandinavian countries, where GlobalG.A.P. is a prerequisite to getting products listed. It is also true that S&H carry more weight in the North than in the South in the volume retail of F&V, which explains the more limited room for manoeuvre in some instances: 80–85% of F&V in Germany are sold in S&H, compared with 60% in Spain, and scarcely much more in Italy. There is also a tendency towards concentration and therefore greater bargaining power. In other words, a producer without GlobalG.A.P. certification will have more opportunities to sell their products in Southern Europe than in the North, through a network of wholesalers and traditional retailers such as specialist or independent outlets, rather than S&H.

Although all respondents agreed on the high certification requirements of S&H, some importers nevertheless qualified this view slightly, as follows.

- **British** groups are very demanding regarding product quality and social criteria. However, they seem less "obsessed" (sic) by MRLs. That said, Tesco, for example, with its Nature's Choice scheme, imposes more stringent food safety and quality conditions than those of European standards. It has an environmental dimension to its scheme but does not appear to be too focused on social criteria. Sainsbury's, meanwhile, sells only Fairtrade bananas. Each group has its own policies, positioning and labelling.

- In **Scandinavia**, retail groups appear to be very focused on ethical audits and do not hesitate to demand ETI or BSCI certification, but are more flexible regarding the organoleptic quality of the products.
- In **Southern Europe** there is more flexibility on this, and social and ethical criteria are still not very developed in S&H.
- In **Germany** the product must above all be "clean", perhaps more so than anywhere else. In 2005 German volume retail was deeply affected by the pesticide residue scandal uncovered by Greenpeace, in which Lidl was ranked worst by the NGO. Following the Greenpeace campaign, retail groups have become extra-zealous, demanding lower MRLs than are required by European regulations. Lidl requires a maximum of 33% of the MRLs authorised at European level from its suppliers, while EDEKA, REWE and others require 70%. In addition, S&H have the option of limiting the number of active ingredients and substances. These policies produced rapid results: Lidl has risen to pole position for pesticide residues in the rankings published by Greenpeace just two years after the scandal. From a practical perspective, working with German volume retail ties the producer to Lidl's default specifications (which are among the most restrictive) or to reserving production in less-treated plots for the discounter. This complicates things considerably.

80% of F&V are sold by volume retail, compared with 20% via traditional channels. Discount retailers such as Lidl, Aldi, Netto and Penny alone account for 60% of F&V retail, compared with 20% for supermarket and hypermarket chains.

For an updated report produced by Greenpeace Germany, see [http://www.greenpeace.de/themen/chemie/nachrichten/artikel/pestizide\\_in\\_obst\\_und\\_gemuese\\_auf\\_die\\_herkunft\\_kommt\\_es\\_an/](http://www.greenpeace.de/themen/chemie/nachrichten/artikel/pestizide_in_obst_und_gemuese_auf_die_herkunft_kommt_es_an/)

### TOWARDS A "SOCIAL G.A.P."?

As noted above, ethical and social certifications are part of the requirements of volume retail, spearheaded by Scandinavian and Dutch groups. Two scenarios can be identified: the adoption of existing standards and the establishment of private standards tied to a group.

By way of illustration: **Ahold** (Netherlands) and its subsidiary **ICA** (Sweden) require their suppliers to comply with CSR principles, but are open to current

standards. Conversely, **Walmart** imposes its own specifications, which are not without their problems, particularly for small-scale producers, due to the multiple certifications required.

These strategies are generally accompanied by consumer-targeted marketing and may take the form of a unique corporate mark. In 2009, **REWE** (Germany) launched its **PRO PLANET** label, covering 300 products, and is seeking to extend it to F&V. The specifications require, for example, reduced pesticide use through the introduction of natural enemy insects, together with social criteria regarding agricultural labour. REWE has established its own list of authorised pesticides, banning the use of any other pesticides that are not listed, even if they are permitted locally. For the authorised pesticides, residue levels must not exceed 50% of the MRLs. PRO PLANET is overseen by an independent committee of NGOs. In 2009, this retail group also set up a contractual framework, the Best Alliance Strategy, with mass F&V producers (strawberries, peppers, tomatoes, raisins, citrus fruits, stone fruits and herbs). This strategy combines food safety and sustainable development by also imposing restrictions on the use of pesticides.

Global G.A.P., meanwhile, could not fail to take advantage of the gap in ethical and social auditing. It recently proposed a complementary module to assess social practices. This “ready-to-use”, voluntary module enables specific aspects of health, safety and worker welfare to be addressed. Named **Global G.A.P. Risk Assessment on Social Practice (GRASP)**, it acts as an add-on to the social standards of Global G.A.P. certification and can be assessed at the same time as the latter audit. Valid for one year, the results are accessible to producers’ supply-chain partners and manufacturers.

Other standards and strategies were mentioned during the interviews, as follows.

- **Sedex (Supplier Ethical Data Exchange)**: claims to be the largest collaborative platform for sharing ethical supply-chain data. This information is divided into four areas: labour standards, health and safety, the environment, and business ethics. Founded in 2004, the organisation boasts over 27 000 members from 23 industry sectors, in over 150 countries. There are three membership categories: A (mainly retail groups – the last link in the chain before



the consumer), AB (importers, agents, large manufacturers and other intermediaries between producers and S&H), and B (producers, farmers and growers, small manufacturing units that share information with their customers). At the time of writing, Sedex does not have any members in category B.

*NB: Sedex is not a standard-setting, code of conduct or certification body.*

For more information, visit [www.sedexglobal.com](http://www.sedexglobal.com)

- **LEAF (Linking Environment and Farming)**: an association that promotes and certifies sustainable food and farming. It has 2500 members, including ASDA, Sodexo, Sainsbury's, Florette, Unilever and Waitrose. LEAF has its own label and works with 46 countries. Eighteen bodies and associations are now eligible to provide certification.



## ORGANIC: IMPACT OF THE CRISIS

With regard to organic, importers overall agreed on one thing: it appears that the crisis has had a negative impact on sales of organic F&V in S&H, while sales have held steady (even increased) in specialist channels. This can be easily explained. Supermarkets and hypermarkets offer the choice of both conventional and organic produce to people who are not necessarily 100% committed to organic, and who easily flip from one to the other depending on price and promotions, while in specialist channels customers generally tend to be more committed to this consumption choice.

Again, there are differences between Southern Europe and Northern Europe, with more sensitivity towards organic in Germany than in Spain, for example.

However, the rise in **locavorism** poses a challenge to organic produce, just as it does to conventional produce (see below). The popularity of “**sensible**” organic consumption (eating seasonal, and if possible regional, fruit) is on the rise.

What of the impact of GPP<sup>2</sup> on sales of organic produce? Foodstuffs in catering services are one of the so-called priority products identified in this voluntary instrument (which can be implemented by each Member State as

<sup>2</sup> See [http://ec.europa.eu/environment/gpp/index\\_en.htm](http://ec.europa.eu/environment/gpp/index_en.htm)



it sees fit). The focus is on organic produce, but also on sustainable agriculture, although the latter does not currently benefit from a precise definition at European level.

The targets are ambitious (to achieve 50% “green” input). Some Member States did not wait for GPP to encourage authorities to “buy green”. In France, for example, the Grenelle 1 Act sought to increase the share of 20% organic products in catering establishments (public and private establishments, hospitals, school canteens) in 2012. We are far from achieving this – the share of organic products is currently believed to be around 1.8% – but the target is ambitious. According to French organic farming and development agency Agence BIO, in early 2011 46% of catering establishments reported offering organic products to their users – nearly one in two establishments compared with just 4% in 2006.

We must look beyond the statistics to see the effects of these initiatives on raising awareness among politicians and the population (particularly young people via school canteens) about healthier, more sustainable diets, and the longer-term impact on consumption patterns.

### Focus : EOSTA

In 2004 Eosta, a distributor in the organic sector, introduced a traceability system focusing on sustainable development and fair trade. This system, called “Nature & More”, allows consumers to personalise their purchases to some extent, by “meeting the grower” via a logo affixed to the F&V. Using the Eosta website, by entering a special code, consumers can read about the grower and the farm. The website also offers a comments facility.



This approach to sustainable development, which aims to tell the story behind each product, making it less anonymous, is not new, but is a recent phenomenon. Danone

Produits Frais France did this with its sustainable milk scheme: the group has labelled the origin of the milk in specific products since January 2011.

The aim is to humanise the supply chain by bringing the consumer closer to the producer. However, in the case of Danone, the scheme clearly advocates eating locally (see section on “locavorism”).

### LOCAVORISM: A WEAK SIGNAL?

An ecological, political and food safety movement that emerged in the United States in the mid-2000s, the principle behind locavorism is to eat only food that is locally produced. In Europe, where “love of the land” is more marked, similar and related movements have emerged such as the Slow Food movement; France’s AMAPs (associations for the maintenance of small-scale farming), which connect producers and consumers through weekly F&V baskets and are growing steadily in number; picking schemes; and small-scale farmers’ markets.

The movement, which is currently still peripheral (although difficult to measure), is growing quietly in Europe, yet its philosophy resonates more loudly in these times of ecological crisis and concerns about what is on our plates (cf. the recent horsemeat scandal). Will this movement reduce consumption of out-of-season F&V (such as green beans) or other tropical and exotic F&V?

Promoting local resources and questioning the provenance of products, locavorism should not be underestimated as it encompasses several current issues: ecology; concerns about food safety and health; the global crisis which encourages insularity; the crisis in the agricultural world; the economy; global standardisation and the formatting of food. The justifications for locavorism are manifold, just as degrees of commitment to it vary: desire to reduce carbon footprint, regional or national patriotism, refocusing of consumption patterns, reassurance about food provenance, etc. The notion of proximity has therefore become essential in the food chain in Europe, although the concept of “regionality” remains vague. In any case, it goes beyond the simple issue of carbon footprint and “food miles”.

Supermarkets are keen to highlight provenance and to insist on the notion of proximity. The Leclerc chain (France), to mention just one, identifies products from the département on its F&V shelves. And technology is now spreading the locavorism message: in Spain and Germany there are now vending machines for vegetables, milk and meat produced locally. Some OHC groups, including catering establishments (school canteens, etc.) require their wholesale F&V importers to supply them with regional products. Locavorism is clearly an undeniable boon for agri-food manufacturers, growers and retailers. This movement is set to continue to grow and have an indirect impact on the consumption of exotic and tropical substitute products.

## PROCESSING: OPPORTUNITIES

This section discusses two segments in the fruit market that are booming and growing: **fresh-cut prepared fruit** and **dried fruit**.

One global trend in the food industry is the demand for practical products to respond to the rise in out-of-home consumption. It is important to distinguish serving convenience in a catering environment, where the aim is saving time and labour costs (and therefore financial gain), from consumption convenience in the context of on-the-go consumption.

The demand for prepared fruit is also on the rise, either as finished products (consumer units) or bulk packaging (cartons or pails weighing several kilograms). By way of illustration, in Switzerland one in ten people consume fresh-cut prepared fruit, compared with one in three people in the United Kingdom.

Some importers have bought up processing units, such as the **OLYMPIC FRUIT** group (Netherlands), with its preparation and packaging subsidiary **FRUITY PACK**, offering cut fruit at the wholesale stage. This strategy is so successful because it allows the company to offer the S&H a more comprehensive product range as trust is established, and it simplifies listing arrangements. Food safety and logistics still require special attention, together with adaptation and innovation in packaging (for consumer units).

Pineapple and mango are commonly part of the assortments offered. Professionals agreed on the fact that the Cayenne Lisse pineapple variety lends itself well to the fresh-cut prepared fruit range, due to its ease of cutting and firmness. However, since consumers overwhelmingly prefer the MD2 pineapple, processors prefer to shift their demand to this variety.

The Swiss company **HPW AG** specialises in processing F&V: fresh-cut prepared fruit in a consumer unit (e.g. fruit portions in a carton) and dried fruit with no added sugar (pineapple, coconut, etc.). For prepared fruit it works with the company **BLUE SKIES** in Ghana, and operates in the organic and fair trade markets. According to its director, dried fruits with no added sugar found in snack mixtures offer great growth potential, particularly in Northern Europe. This growth reflects the global trend in consumption of products that are low-fat or fortified (in this case, snack foods with no added sugar). This trend has not yet really reached the countries of Southern Europe (France, Spain and Italy), but we can assume they it will not pass them by.

The advantage of this development in the country of production lies in the stability of the products and simplified logistics, since dried fruit is sent in bulk to be repackaged for retail sale to the consumer by co-packers in Europe, generally under a private label, and therefore according to the requirements of the S&H.

## "JUST RIPE", "READY-TO-EAT" AND RIPENED: A REVOLUTION IN THE MAKING?

The development of "just ripe", "ready-to-eat" and ripened products ties in with the efforts of producers and distributors to give a more positive image to fruit, consumption of which has declined significantly.

According to FruiTrop, while the definition of fruit quality has for years been based on commercial criteria such as size, colour and firmness, consumer surveys have shown the importance of quality in terms of taste, always associated with the concept of pleasure. Logistics constraints and the distribution industry's supply policy have reduced the appeal of certain types of fruit because consumers find excessively firm fruit disappointing.

Ripening can be applied with the following products: apricots, avocados, bananas, kiwis, mangoes, peaches, nectarines, pears and papayas. This process can be mastered only by operators with a high level of expertise and the right equipment, such as chambers used only for ripening. Its complexity is such that ripening carried out by a non-specialist distributor will often result in sizeable losses. Supermarkets are adopting these products. Ripened avocados and mangoes are available in bulk, while different types of just-ripe fruit are supplied in foodtainer trays packed by two or four. This technique has helped revive avocado consumption in the United States and the United Kingdom. It is also interesting for mangoes which, due to a sharp increase in consumption, have also experienced a setback from the influx of fruit too green to ripen.

Importers and wholesalers are investing (cf. 'avocado' fact sheet). But these changes related to the development of a new range of products entail more than a mere financial investment. In this case it is a question of overhauling the planning of their activity in order to provide customers with both quantity and quality. The greater perishability of products leaves operators with less room for manoeuvre. They have to revise their strategic orientation if they wish to operate on this segment (cf. Nature's Pride focus,



see above). Upstream, obtaining homogeneous fruit is crucial (and not always simple in the case of small production units). Downstream, specifications for finished products are not yet necessarily well developed (What criteria should be chosen? Colour? Impossible for avocados... What about variability between sources?). The buying programmes of group purchasing organisations still generally lack consistency, which increases the risk of ending up with unsold goods for products with a shorter shelf life.

Here too, however, it is important to qualify the situation depending on the country. Northern Europe is more advanced in this segment than Southern Europe. British, Dutch and German supermarkets have programmes in place for buying ripened mangoes, and easily absorb the excess cost (an average of €1.50/parcel), which is not necessarily the case for supermarkets in France. In Spain and Italy, ripened mangoes are not yet found on retailers' F&V shelves.

The fact remains that this demand prefigures a change in the F&V department, in particular for avocados and mangoes.

Among operators in the supply chain that have moved into this segment are the following.

- **SPECIAL FRUIT** (Belgium) has ripening chambers and supplies avocados, mangoes and papayas to its customers.
- **AZ FRANCE** (France, part of Italy's GF Distribuzione Group) is a specialist in ripening and just-ripe fruit, and supplies avocados and pears from the southern hemisphere. The company also operates on behalf of supermarkets (service provision).
- **NATURE'S PRIDE** (Netherlands) has decided to make this technique a factor that sets it apart from the competition. It ripens all its imported avocados and mangoes, and is a specialist in this segment (see focus below)
- **BUD HOLLAND** is a specialist in exotic F&V, in particular shipped by air, in this segment.
- The French group **POMONA**, through its subsidiary **TERREAZUR**, entered this segment in 2006 and supplies a number of products: avocados, kiwis, peaches, nectarines, pears and mangoes. The group has around 20 sites with capacity to carry out the ripening process. Its subsidiary

specialised in exotic and tropical fruit, **Fruidor KISSAO**, supplies ripened mangoes.

- The exotic fruit importer **EXOFARM** (Compagnie Fruitière, Dole Group) supplies ripened mangoes.
- **TOTAL EXOTICS** (a subsidiary of Total Produce UK, created from the acquisition of Utopia in 2010) supplies a range of some 60 exotic and tropical products from 40 countries. It provides a ripening service for its customers.

## BUSINESS CONTEXT AND DYNAMICS OF THE DOWNSTREAM SECTOR

The growing segmentation of the F&V market is one of the major developments of the past ten years. On the basis of qualitative characteristics (health, taste, environmental or use), it is one of the key drivers of recent developments for both the final market and the organisation of supply chains. In the absence of quality labels organised by producers, and in a context of limited product differentiation, distributors have taken the lead in reorganising the market. Differentiation strategies have been associated to a large extent with the creation of own-brand products. In some cases, distribution groups propose standard and premium F&V.

A factor often cited to explain the evolution of retail prices in the F&V sector is the market power of the retail and distribution industry. This industry is highly concentrated and distributes a large percentage of F&V volumes at the retail stage: 60 to 85% depending on the country (supermarkets have more weight in Northern than in Southern Europe).

For the past few years, in particular with the last two crises, concentration has occurred in the F&V wholesale and import business. Operators in this area are grouping, on a voluntary basis or under economic pressure, into transnational structures in order to meet demand from supermarkets. They are also providing a complete service: production, import, ripening and packaging according to specifications imposed by group purchasing organisations (containers, weight/price, etc.), logistics, delivery to supermarkets' platforms, and even processing (pre-cut products). A few examples from among the exhibitors at the Fruit Logistica trade show are as follows:

- **VAN RIJN** (Netherlands): more than 50 members and partners in 70 countries

- **UNIVEG** (Belgium): 4500 persons, more than 40 subsidiaries in 25 countries (production, import, wholesale, processing)
- **TOTAL PRODUCE**: 90 installations and subsidiaries in 19 countries, turnover of more than €3 billion
- **GF DISTRIBUZIONE** (Italy): a group based in the Mediterranean region with around 20 Italian, Spanish, Portuguese, French and Greek companies
- **STAAY FOOD GROUP** (Netherlands): active in both production and marketing of F&V (around ten firms)
- **THE GREENERY**: a group created in 1996 from the association of nine F&V auctions with the central bureau for horticulture auctions – it has experienced strong external growth with the acquisition of Hage International, Van Dijk Delft, Hoosteder, Minaar, Jover, etc.

The dominant purchasing criterion for supermarkets is price, even more so in times of economic crisis. Consumers are more careful about how they spend. Quality (organoleptic and food safety) and freshness take second place to price considerations.

In terms of image, F&V are expected to benefit from a favourable climate as the result of different food crises and their nutritional virtues. Various obesity-prevention and anti-junk-food campaigns should help stimulate their consumption. However, according to figures released by Freshfel at Fruit Logistica, European consumption of fruit declined by 2.1% over the years 2006–11, and vegetable consumption by 0.5% over the same period. In 2011, consumption was 90 and 83 kg, respectively, per inhabitant per year.

Certain players are seeing a change in what ends up in the household shopping basket, as consumers aim to minimise costs. In producer countries (Southern Europe) in particular, this approach is harmful to exotic products as consumers tend to choose local products. The same holds true for niche markets (organic and fair trade in supermarkets): the extra cost, perceived or real, is no longer acceptable for fickle consumers.

A survey of Freshfel members on the current and future business climate reveals the following.

- Growth in certain new categories of products such as avocados and mangoes.
- 45% of those surveyed consider the situation of the F&V sector in 2012 as average, 31% as worrying (and 22% as positive). The main reasons given: lower consumer demand, higher production and logistics costs.
- The main concerns in 2012 were price competition, low consumption of fresh produce in Europe, competition from other products, and the impact of the financial crisis.
- In the same vein, the main challenges for 2013 are lower margins due to higher costs (energy, transport, etc.), consumption trends, volatile prices, and lack of dynamism on the European market compared with other markets.
- Good growth prospects in 2013 for short supply chains and local distribution, whereas other segments are considered stable to good (retail trade, food services, pre-cut and processing).
- Main challenges of import into Europe – the market at the consumption stage and price pressure, complexity of regulations and standards (MRLs, certification, etc.).
- For 2013, according to those surveyed, consumption of exotic fruit and of freshly harvested F&V is expected to remain stable. On the other hand, consumption of just-ripe fruit is expected to grow.

## Focus: Nature's Pride

Four factors explain the success and strong growth of this young Dutch company, founded in 2006 and specialising in the distribution of tropical and exotic F&V.

- Specialisation in "just-ripe" and "ready-to-eat": Nature's Pride has 28 ripening chambers, too few for its growing activity. It plans to invest in order to increase the number to 40 in the near future. Product ripening is adapted to distribution channels and delivery times. The ready-to-eat programme (labelled "Eat me, Ripe") covers all imported mangoes and avocados (nearly 100 000 tonnes per year of these two products) as well as papayas, pears and nectarines. Mangoes and papayas are also generally harvested two weeks after the usual harvest date so as to increase their sugar content. Three specialists are employed around the clock to manage the ripening chambers.
- Service to supermarkets in particular in terms of logistics and packaging: Nature's Pride can provide its customers with all types of packaging and presentation to meet their needs, and with optimal logistics, particularly for ready-to-eat products that require special care in this respect.



Its approach is to provide tailor-made solutions for every customer, rather than a one-size-fits-all mass-market activity. Concerning packaging, while the company is looking into sustainable packaging offers, it generally selects the highest quality packaging, as the most frequent criticism of sustainable packaging (made from recycled materials) is that it is generally not sufficiently resistant.

- Product quality. Nature's Pride is BRC and IFS certified, and its suppliers are generally Global G.A.P. certified. Some use integrated pest management techniques. Nature's Pride attaches particular importance to the traceability of its products. The company does not plan to move into the organic sector.
- CSR: after analysing different benchmarks (including ETI, FLO and BSCI), Nature's Pride opted for the certification system of the Swiss Institute for Marketecology (IMO, [www.fairforlife.net](http://www.fairforlife.net)). Among the key factors guiding this choice are the low cost of this certification and its light administrative requirements. On the other hand, its certification is limited to IMO alone. In 2012, 27% of imports were "For Life" or "Fair for Life" certified. The goal for 2013 is 50%.

## FOCUS: PRODUCTS AND MARKET OPPORTUNITIES

Information source for this chapter : FruiTrop and Pierre Gerbaud, horticulture consultant

EUROPEAN MARKET <sup>3</sup>		
Product	Volume (t/year)	Evolution
Pineapple	880–920 000	→
Mango	200–250 000	↗
Avocado	225 000	↗
Plantain	101 000	↗
Roots	80–100 000	↗
Papaya	31 000	→
Lychee	22 000	→
Passion fruit	7000	↗
'Small exotic' <sup>4</sup>	A few thousand	↗

<sup>3</sup> Volumes of recent marketing years (→2010) – source: FruiTrop or survey estimate.

<sup>4</sup> Pitaya, carambole, physalis, tamarillo, small bananas, rambutan, mangosteen and guava.



## MANGO

### Profile of the European market

**Market size:** 200 000 to 250 000 tonnes per year - by sea: 90 to 95% of consignments

**Main varieties:** Kent (THE most known and the largest volumes in Europe) and Tommy Atkins (large majority of exports from Brazil; demand mainly in northern Europe). To a lesser extent: Keitt, Valencia Pride (West Africa), Amelie (West African mango for a public of Asian and Afro-Caribbean connoisseurs), Haden (shipped mainly by air due to its fragility) and Palmer. Israel exports Maya and Aya by air and other varieties by sea. Spain is now part of the European landscape with its Osteen mangoes, transported by road.

**Main origins<sup>5</sup> :**

- Brazil: 90 000 tonnes/year shipped to Europe compared with 25 000–30 000 tonnes to the US and Canada
- Peru: more variable volumes; 40 000–60 000 tonnes/year to Europe, but Peru has surpassed Brazil on the US market
- Côte d'Ivoire: 11 000 to 14 000 t/year, the leader among three African countries (Mali, Burkina Faso: both 3000–5000 tonnes/year)
- Spain: 19 500 tonnes in 2010 (12 000–15 000 tonnes in previous years)
- Israel: 11 000–14 000 tonnes/year
- Pakistan: 11 000–13 000 tonnes/year, shipped mainly to the United Kingdom
- Mexico is the world's leading mango exporter with an annual volume of 300 000 tonnes (primarily the Kent variety) but Europe is not its market of choice (1500–5000 t/year)
- Other countries of origin: United States (5000–7500 tonnes/year), Dominican Republic (4000 tonnes/year), Senegal (2000–6000 tonnes/year) and Spain.
- In the future: Morocco is moving into the Spanish niche

**Market demand:** preference for coloured mangoes (red skin) and with as little fibre as possible (in addition to other common criteria: taste and sweetness).

### Sector dynamics – Strengths of the competition

The Latin American countries (Brazil and more recently Peru) have become increasingly important in this sector, relegating Africa to the second largest export zone behind the American subcontinent in 1984.

The strengths of the Brazilian and Peruvian competition are as follows.

- Fewer problems with fungi and parasites (fruit fly) because Brazil and Peru operate on several production zones. According to some, regional programmes to tackle fruit fly in Africa would not work.
- Calendar: longer supply periods because there are several production zones (and an offer of several varieties).
- More organised production structures and larger average surface areas per farm: large or very large orchards.

<sup>5</sup> Average volumes in recent marketing years.





- Well organised traceability system: the Latin American countries have numerous laboratories.
- Logistics: greater means, more efficient organisation (unlike landlocked Burkina Faso and Mali).
- Export support: national support programmes (APEX for Brazil, PromPeru for Peru) and regional support programmes (AI-Invest EU-Latin America).
- Fewer problems related to land ownership, as are experienced in certain African countries (which practise rotating land management in villages).
- More effective commercial organisation and structures; absence of intermediaries such as the system of grassroots-level buyers found in Africa.
- More stable quality and volume of exports (better control of volumes). Supermarkets are interested mainly in simplifying transactions and supply: they prefer having the smallest possible number of sources and suppliers allowing them to cover the entire year. Critical mass is therefore crucial. These retailers are able to cover the whole year with Brazil, Peru, Israel and possibly Côte d'Ivoire.
- An important point: diversification of outlets to balance the market. Brazil and Peru operate in different areas simultaneously: in Brazil, the domestic market is important (194 million inhabitants and the emergence of a new middle class: over 40 million inhabitants moved from socio-professional category D to category C during the years of Lula's presidency) and consumption of local varieties seems to be shifting to consumption of export varieties. This gives exporters more flexibility in marketing their products. The domestic market in Peru is not as well developed as in Brazil, but the country has established a processing industry and is developing added value with mango juice, pulp, etc.

### Opportunities

- Mango (by sea): just-ripe or ready-to-eat (more in the northern European countries) or ripened, targeting supermarkets
- Niche market: mango by air for quality restaurants and specialised distribution chains
- Amelie mango and other typical varieties for ethnic supply chains, possibly by air; relaunch of Amelie?

### Threats

- Political instability in African countries
- Fragmentation of production in Africa, which runs counter to the concentration occurring among supermarkets in Europe
- Increasing pressure for certification (cost, growing number of standards, etc.)



## PINEAPPLE

### Profile of the European market

**Market size:** 880 000 to 920 000 tonnes/year, stagnating for the past four years after very strong growth due to the introduction of MD2. 901 600 tonnes in 2010 and 918 900 tonnes in 2011.

**Main varieties :** MD2 (or Sweet: the "king of pineapples"), to a lesser extent on niche markets: Smooth Cayenne, Victoria, Sugar Loaf.

**Main origins (2011 marketing year):**

- Costa Rica: overwhelming world leader; 738 100 tonnes or 80% of the European market
- Ghana: 40 800 tonnes
- Panama: 39 100 tonnes
- Ecuador: 36 100 tonnes
- Côte d'Ivoire: 28 100 tonnes; 49% of the European market in 2000, less than 3% in 2011
- Cameroon: 12 600 tonnes
- Honduras: 10 000 tonnes
- Benin: with Sugar Loaf
- by air: Sugar Loaf and Smooth Cayenne; Benin, Cameroon, Ghana

### Sector dynamics – Strengths of the competition

After the euphoria of the late 1990s, production has not increased since 2006 and has even tended to decline since 2008.

"Knowing Costa Rica's offer is knowing the global offer of fresh pineapple." With production in excess of 1.7 million tonnes, Costa Rica holds 86% of the United States market and 80% of the European market for fresh pineapple. The reasons for this overwhelming success: an innovative new variety (MD2) and a transnational firm (Del Monte) that has perfectly organised its production, logistics and outlets (and the defence of its interests).

Costa Rica + Ecuador + Honduras = 90% of the European supply in the hands of Latin Americans.

#### Opportunities

- Development of pre-cut products, frozen chunks, etc.
- Niche: pineapple shipped by air (Victoria, Smooth Cayenne, Sugar Loaf). Victoria is nevertheless limited to certain periods (Christmas, Easter) because it is considered festive (and is more expensive than pineapple transported by sea)

#### Threats

- Trivialisation of consumption: pineapple has almost become a commodity
- European market has become lacklustre and is at a standstill after strong growth in the 2000s (saturation of growth potential?)
- Stagnation or even decline in consumption due to the crisis because pineapple is in a category of products that people can do without



## LYCHEE

### Profile of the European market

**Market size:** 22 000 tonnes/year

**Varieties:** Mauritius, Yellow Red, No Mai Chi (seedless), Wai Chi, Red MacLean

**Main origins:**

- Madagascar: by far the leading supplier to Europe, with a volume ranging from 14 000 to just over 20 000 tonnes/year, of which less than 5% is transported by air; 15 000 tonnes in 2011/12 and 15 000–15 500 tonnes in 2012/13.
- South Africa (2000–3000 tonnes/year, of which 10–20% by air), Reunion (200–400 tonnes/year), Mauritius (fewer than 200 tonnes/year).
- Thailand: declining, with a volume that dropped from 2000 tonnes in 2009 to 500–600 tonnes in 2011.
- Israel: also declining (from around 1 000 tonnes in the early 2000s to 600 tonnes in 2011).

**Market demand:** end-of-year seasonal product. Peak sales during holiday festivities; outside this period this fruit is having a hard time finding a place on the market.

### Sector dynamics – Strengths of the competition

Lychee exports from the Indian Ocean region largely dominate European supply for the end-of-year period, with Madagascar taking the lion's share, followed by South Africa. Sources outside this period are struggling to gain a foothold and many, including Thailand, are limiting their consignments. However, every year a few new sources (such as Morocco or Vietnam) emerge on a one-off basis, while remaining marginal.

There is consequently no threat to ACP sources, particularly because the sector has organised to accept only two importers on the Europe zone and to ensure better compliance with regulations on sulphur treatment following the electroshock in 2010/11 caused by Germany's suspension of imports. This market organisation seems to be working well since it has been renewed.

#### Opportunités

#### Threats

- Limited consumption period: difficult to extend the consumption period, other than during the year-end holiday season, due to competition from seasonal fruit.
- New entrants (in the future or already with a limited presence): Mozambique, China, Vietnam, Mexico, Morocco and others. Real threat? Highly doubtful, especially in spring or summer.



## AVOCADO

### Profile of the European market

**Market size:** 225 200 tonnes (2011/12 marketing year); 194 100–239 700 tonnes/year for the last six marketing years.

**Main varieties:** Hass (75% or even 80% of consumption in Europe) and so-called "green" varieties: Ettinger, Fuerte, Ryan, Pinkerton and Reed

**Main origins** (2011/12 marketing year)

- Peru: 65 800 tonnes
- Israel: 40 400 tonnes
- Spain: 33 300 tonnes
- Chile: 32 600 tonnes
- Southern Africa (South Africa + Zimbabwe + Swaziland): 27 400 tonnes
- Kenya: 15 000 tonnes
- Brazil: 3000 tonnes
- Mexico: 2900 tonnes
- In the future: Colombia, Ecuador

### Sector dynamics – Strengths of the competition

Avocadoes have experienced sustained growth in recent years, increasing to more than 860 000 tonnes traded in 2011/12. Europe accounts for 225 000 tonnes of this total, compared with 467 000 tonnes for the United States. Bets are on that it will surpass 1 million tonnes in 2014/15.

Although in second place, Europe remains the most dynamic of the four largest consumer markets (above United States, Canada and Japan).

Latin America (including Mexico) accounts for the bulk of growth on the global avocado market. However, due to its proximity to the United States, it remains focused on its leading export zone. Production has developed rapidly in Peru (+1000 ha/year in production since 2006) and there is a good chance that this country will take over a larger share of the European market. It entered the market in the mid-2000s and its emergence has shifted the balance with respect to the incumbent players, South Africa and Kenya. The level of supply has more than doubled in ten years. Marketing of Peruvian avocadoes in Europe has been encouraged by promotion campaigns since 2010, conducted by the producers' association, Peru ProHass. Its 2012 budget was US\$1 million.

With the increasing importance of just-ripe products, the countries that supply Europe (Israel, Spain and South Africa) are reducing their share of green varieties in order to better anticipate growing demand. Ripening has resulted in the doubling of consumption in the United States over ten years. It is widespread in the United Kingdom and spreading to other countries, even to the hard-discounters (in Germany). With only a few exceptions, all French chains have started carrying Hass ripened avocadoes. It is even an absolute precondition for certain retail chains, which prefer if necessary to switch to a different size rather than give up ripening. Demand is spreading among supermarkets, but supply is struggling to keep up (lack of



ripening capacity), which still allows some flexibility. There will be less flexibility in the future, though, due to investments by importers–wholesalers in ripening chambers (unit cost: €60 000–100 000 for a capacity of 12–14 pallets). At least two chambers are needed to ensure uninterrupted service. In addition to this investment, a packaging line has to be put in place to provide just-ripe fruit packed by two or four in foodtainers. In Kenya the sector is growing and increasingly better structured, but maritime logistics (few direct routes to Europe) and the particularly high cost of freight from Mombasa is slowing the development of exports to Europe, which have not surpassed 14 000–15 000 tonnes/year for three years.

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Consumption growing in Europe, driven by the Hass variety</li> <li>• Hass just-ripe and ripened: growth projected on this segment</li> </ul>	<ul style="list-style-type: none"> <li>• Threats to other varieties not adapted to just-ripe and struggling to face up to competition from Hass. They are nevertheless expected to continue to find outlets on segments like best prices and promotions, as well as in middle-income countries.</li> <li>• Increasing production in Peru. To be watched: trade-offs on its main export zones</li> </ul>





## ROOTS/TUBERS

### Profil du marché européen

**Market size:** 80 000–100 000 tonnes/year, with sweet potatoes accounting for more than half (62 000 tonnes in 2010 and 69 000 tonnes in 2011). Manioc ranks second with volumes of 22 000–23 000 tonnes per year in recent marketing years.

**Main products:** sweet potatoes, manioc, taro (dasheen, yautia and eddoe, the most cosmopolitan of the three taros), yams

**Main origins:**

- Sweet potatoes: United States (rising sharply: 25 600 tonnes in 2008, 49 200 tonnes in 2011), Israel (decreasing volumes: a few thousand tonnes in 2010 and 2011 compared with around 20 000 tonnes/year in 2006, 2007 and 2008), Honduras, Egypt, China, South Africa, Brazil and a few African countries.
- Manioc: Costa Rica (80–90% depending on the year), alternate origins: Ghana (1200–2400 tonnes/year in recent years), India, Brazil and Vietnam.
- Yam: Brazil, Ghana and Côte d'Ivoire.
- Eddoe: Costa-Rica (dominant), Brazil.
- Dasheen: Caribbean zone (for the most part and dispatched mainly to France), Costa-Rica, Honduras, Egypt.
- Yautia: Costa-Rica (almost all volumes dispatched to Europe), Cameroon (macabo shipped by air).

**Logistics:** almost entirely by sea to Rotterdam (sweet potatoes and manioc: mass products). Some air freight for premium products (Caribbean dasheen and sweet potatoes from Cameroon).

**Prices:** relatively stable wholesale prices, variable depending on origin (more so than variety). Manioc: €1.0–1.1/kg, eddoe: €1.5–1.7/kg, yam: €1.2–2.0/kg, sweet potato: €1.0–1.5/kg.

**Marketing:** specialised ethnic market channels (shops or markets), mainly in urban areas where the population with an immigrant background is concentrated. Sweet potatoes are the most westernised of these products and are also sold by supermarkets but only partially included in the different product ranges. There are more outlets in areas with large immigrant populations: Afro-Caribbean, Asian, Indian-Pakistani, Latin American or even Mediterranean for sweet potatoes, which are now frequently found in cook books. Little (or no) acceptance in the out-of-home food service industry.

**Consumption:** There can be peaks depending on the product (Ramadan, for example, for eddoe; Christmas and Easter for yautia). Consumption of these roots is stable because on one hand the number of immigrants in European countries is not necessarily rising, and on the other because there is less interest in these products among the younger population (second and third generations from immigrant background), who tend to adopt more western consumption habits (rice, pasta). Sweet potatoes alone do well because they are finding new market shares among consumers not necessarily familiar with the product's culture. With its importance in the root and tuber family, it is driving growth: volumes imported into Europe grew fivefold between 2000 and 2011, rising from 13 000 to 69 000 tonnes.



### Dynamics of the sector – Strengths of the competition

Latin American competition benefits primarily from a competitive advantage on pre-shipment delivery cost, because its supply channels are better organised than in Africa. This is obviously the case with respect to the United States for sweet potatoes.

Costa Rica has developed a real policy for setting up a root export sector (manioc and eddoe in particular) and supplies high quality products adapted to western markets (United States, Europe).

#### Opportunities

- Ethnic markets
- Sweet potato: strong prospects due to demand by supermarkets

#### Threats

- Stagnating immigration in Europe
- Westernisation of consumption of second and third generations from a migrant background

### OTHER PRODUCTS

The European market for **papaya** (variety Solo, Golden, Sunrise, Formosa used for catering and imported by air from Brazil) is around **30 000 tonnes**, with Brazil as the main supplier (by far, with 22 600 tonnes in 2011). Other origins: Ecuador (5800 tonnes, notably for Sunrise), Ghana (around 1000 tonnes) and Thailand. The papaya supply chain would be worth relaunching in Africa, particularly in Côte d'Ivoire with the Solo variety, popularity of which has declined, but which could reclaim its place with an effort in production and structuring of the upstream chain.

**Passion fruit** represents a (fresh) market in Europe of around **7000 tonnes/year**, with three main varieties: purple maracuja (the most marketed), yellow maracuja and purple hybrids (another variety found: Najanjilla or Granadillas from Colombia). Colombia has taken some of Kenya's share on the European market and now surpasses it. Its strength comes from its responsiveness organising a supply chain: it supplies the main varieties of passion fruit, it delivers by sea and by air (purple variety by sea because it is more

resistant than the yellow variety, which is transported by air) and will soon take on the production of hybrid varieties to compete with Asian fruit. Other supplier countries: Zimbabwe, South Africa, Reunion (hybrids) and Israel (hybrids). Due to the presence of seeds, passion fruit is usually eaten processed (juice, pastry or sherbet) and its popularity is on the rise.

Other **small exotic fruits** have found their way to retailers' shelves: even if they represent only limited volumes, the range is guaranteed. These products can become high-end niche products provided investments are made in production. The principal countries of origin are: Brazil, Colombia and Asian countries (Malaysia, Thailand and Vietnam). The following are concerned: pitaya (or dragon fruit – Vietnam), starfruit (Thailand), physalis, tamarillo, small bananas (Colombia and Dominican Republic), rambutan (Madagascar, Thailand and Vietnam) and mangosteen. Together these make up a volume of a few thousand tonnes on the European market. Some have found a micro-niche in food decoration, particularly in northern Europe.

A growing niche market, according to certain operators interviewed: **fresh organic ginger** and **organic limes** (macarated in mojitos and other drinks).

## APPENDIX

### BACKGROUND AND METHODOLOGY

#### BACKGROUND AND MISSION OBJECTIVES

The mission aims to support COLEACP's PIP programme in conducting a study on trends in European demand (buyers) and the positioning of ACP F&V in the international market, with an EU focus.

This report is based on an analysis of information obtained from interviews with operators in the fresh F&V sector, the vast majority at the Fruit Logistica trade show held in Berlin on 6–8 February 2013. The interviewees are primarily importers of exotic and tropical F&V. Their responses are supplemented by research in online and 'specialist press, mainly FruiTrop' and by follow-up contacts including meetings and telephone interviews.

#### METHODOLOGY

The methodology adopted consisted of several stages lasting a total of 12 days:

##### Preparation – 4 days

- Establishing a methodology and a questionnaire designed to include information pertinent to the study.
- Information gathering from ACP producer/exporter beneficiaries of the PIP programme (by COLEACP-PIP technical staff prior to the trade show), to determine the products, countries and markets of specific interest to this study. This information was provided to the consultant at the start of the mission.
- Appointments with European buyers from a selection of companies identified in advance in collaboration with COLEACP-PIP. The appointments were booked by the consultant together with COLEACP-PIP technical staff.

##### Fruit Logistica trade show – 3.5 days

- Meetings at the Fruit Logistica trade show with European importers and other industry operators.
- Consolidating the information gathered by the

consultant and COLEACP-PIP technical staff.

##### Biofach trade fair – 1 day

- Organisation of telephone interviews and appointments with importers and distributors from the organic sector by the consultant.

##### Report – 3.5 days

- Supplementing information gathered at the show through telephone interviews and bibliographic data (internet, specialist press).
- Analysis and synthesis of trends in demand and opportunities for producers/exporters of F&V from ACP countries. Drafting this report.

#### POST-MISSION REVIEW

The various types of importer interviewed were not a homogeneous group. To varying extents they were:

- specialised by origin
- specialised by product type, variety and/or production method (organic, fair trade etc.)
- of varied origin and location, albeit all European; primarily from the Netherlands, Germany, France and Italy
- of varied size: in some cases they were subsidiaries of transnational groups (e.g. the Danish company Lembke, which is part of the Total Produce group)
- involved, or not, in producing part of the range brought to market.

The sample of operators initially targeted was supplemented by data gathered from industry experts including journalists and consultants. The result was a veritable wealth of information which, although somewhat disparate, confirmed certain major trends. Given the short duration of the mission, this report cannot claim to be exhaustive and does not cover all products targeted by the programme.

Various challenges were encountered during this mission, as follows.

- The time allowed to book appointments was short considering the list of contacts for this particular

mission was not validated. The people selected in the top 40 list were not necessarily the best interviewees. This mission focused primarily on downstream stages of the industry, and so ideally those interviewed should have been involved in market opportunities. Depending on the structure and size of the company, we might have been able to meet product managers responsible for buying and selling (for example, Total Produce has a 'Mr Avocado', just as there might be a 'Mr Pineapple'). Instead of this structure, some groups organise buyers by product type or origin, while sales are the responsibility of a different team, which might be segmented by customer type (key accounts, OHC versus S&H) or by market (sales to Germany versus export to Europe, for example). This made it difficult to identify the most appropriate point of contact depending on the stated objectives, which were rather broad-spectrum. Note that, parallel to their sales department, some companies have a marketing manager (e.g. CMR), who would be the ideal candidate for this survey.

- A problem inherent to all types of large trade show, and to this type of survey, is the availability of contacts, despite a schedule of appointments booked in advance. Aside from some scheduling slip-ups, some contacts found it hard to answer enquiries while at the same time fielding questions linked directly to their area of business (meeting with suppliers and/or customers, potential or otherwise).
- Finally, the ideal would have been to meet buyers from S&H. This would not be possible in this type of event unless it was planned well in advance, having already developed a strong network for this purpose.





