CBI
Ministry of Foreign Affairs

CBI Product Factsheet:

Frozen Fruit and Vegetables in Europe

Introduction

The European Union is the largest world market for frozen fruit and vegetables reaching 4 million tonnes in 2014. Market trends such as fast-paced lifestyles and health consciousness provide a good market opportunity for frozen fruits and vegetables with their year-round availability. This product factsheet provides information on product specifications, statistics, trends, market channels and segments, and competitiveness in relation to frozen fruit and vegetables in the European (EU and EFTA) market.

Product description

Product definition

Freezing is a method of long-term preservation for fruits and vegetables. The main advantage of preservation by freezing is the extended availability of frozen fruits and vegetables during the off-season. Additionally, frozen fruits and vegetables can be transported to remote markets that could not be accessed with fresh products. This product factsheet covers general information regarding the market for frozen fruits and vegetables in Europe which is of interest for producers in developing countries (DCs). Examples of products that fall within this product category are provided in the table below:

Frozen fruits	Frozen vegetables
Frozen strawberries Frozen berries (e.g., raspberries, blackberries, mulberries, loganberries, black, white or red currants and gooseberries) Frozen cherries Other frozen edible fruits and nuts Mixtures of fruits	Frozen peas Frozen beans Frozen leguminous vegetables Frozen spinach Frozen sweetcorn Frozen olives and sweet peppers Frozen mushrooms Frozen tomatoes Frozen asparagus Frozen artichokes Other frozen vegetables and mixtures of vegetables

Please see Annex for the full table with the products (and their product codes) in the product group of edible nuts and dried fruits.

Product specification

Quality

Frozen agricultural products can retain their quality over long storage periods. Freezing of fruits and vegetables is generally regarded as superior to canning and dehydration, with respect to the retention of sensory attributes and nutritive properties. In this respect, it is good to make a distinction between the quality of frozen fruits and the quality of frozen vegetables. The quality demanded in frozen fruit products is based mostly on the intended use of the product. If the fruit is to be eaten without any further processing after thawing, texture characteristics are more important compared with their use as a raw material in other industries. Fruits have delicate flavours that are easily damaged or changed by heat, indicating that they are best eaten when raw and decrease in quality with processing. In the same way, an attractive colour is important for frozen fruits[1]. Information on quality requirements for specific frozen fruits and vegetables can be found in the Codex Alimentarius (international organisation of WHO and FAO setting food standards or 'codes').

Labelling

Food must be labelled in accordance with regulations regarding the provision of food information to consumers. EU Regulation (EU) No. 1169/2011 lays down general rules on the labelling of pre-packaged food sold in the EU market. Note that this regulation replaced old one and it is in force of 13 December 2014. In addition to these regulations, the Codex Alimentarius provides a voluntary standard and a reference for countries when they are developing food law. Several basic requirements are recommended for labelling frozen products:

- The name of the food as declared on the label shall include the name of the ingredient.
- The form (or style) of vegetables or fruits, such as whole, slices, or halves. If the form is visible through the package, it need not be stated on the packaging.

- The liquid in which a fruit or vegetable is packaged must be listed near the name of the product. For example: "with (name of sweetener or syrup)".
- Either the words "quick frozen" or "frozen" should be mentioned on the label (use of this terminology differs between countries and depends on which term is customarily used for describing the product).
- For some vegetables and fruits, such as berries, the variety or colour should be mentioned.
- The total contents (net weight) must be stated in grams for containers holding 1 kilogram or less.

For products that are sold in bulk the above mentioned information should either be placed on the container or be provided in the accompanying documents. The name of the food accompanied by the words "quick frozen" and the name and address of the manufacturer or packer must appear on the container. Retail packs should provide information about ingredients (such as spices, flavouring, colouring, or special sweetener), nutritional information and expiration date. This information is required on the label, although not on the front panel. In addition, directions for storage and instructions for preparing the product should be given.

Size and packaging:

Proper packaging of frozen food is important to preserve the quality of the food and to protect the product from contamination and damage during transportation. There are typically three types of packaging used for frozen foods.

- Primary packaging, which is in direct contact with the food and which is used to store the food until the moment of use. Good quality packaging should be used to maintain the quality of frozen fruits and vegetables. Many moisture and vapour-resistant wraps, such as heavyweight aluminium foil, plastic coated freezer paper, and other plastic films are effective at excluding gasses like oxygen. The primary pack may be covered in a carton wrap or in a box. (See also the entry on food contact materials below, in the Legislative Requirements section).
- Secondary packaging is a form of multiple packaging used to process and display primary packs together for sale. Cardboard freezer boxes are frequently used as an outer covering for plastic bags to protect them against tearing, and for easy stacking in the freezer.
- Tertiary packaging is used for bulk transportation of products which are not displayed on the shelf (e.g., carton boxes, pallets, sea containers).

Notice that with respect to frozen fruits there are several types of (primary) packs suitable for freezing: syrup pack (sugar with water), sugar (or sugar replacement) pack or dry pack (unsweetened pack). In addition to a dry pack, unsweetened fruit can be packaged in water, in un-sweetened juice or in pectin syrup. The type of pack is usually selected according to the intended use for the fruit. Syrup-packed fruits are generally used for uncooked desserts, while fruits packed in dry sugar or left unsweetened contain less liquid and are good for cooking purposes and for serving raw in salads and garnishes.

The Codex Alimentarius provides information on packaging details for individual fruits and vegetables, such as the different styles, sizes and hygienic requirements under which the product can be packed. Marketing requirements for packaging differ widely among customers and market segments. Therefore, it is crucial that you discuss preferred packaging requirements with your customers. For example, for the sale of retail packs it is important to consider the two main types of freezers used in retail: upright freezers and chest freezers. It is often a challenge to ensure visibility of the brand design in freezers.

Processing

Freezing is one of the oldest and most widely used methods of food preservation, which allows preservation of taste, texture, and nutritional value in foods better than any other method. The freezing process combines the beneficial effects of low temperatures at which microorganisms cannot grow, chemical reactions are reduced, and cellular metabolic reactions are delayed[2]. There are several methods of freezing food, but the main principle behind all freezing processes is the same. In the first stage, the food is subjected to temperatures below their freezing temperature until the appearance of the first ice crystal. Then the temperature is raised to freezing temperature, after which it again decreases until all fruits or vegetables are frozen. Finally, the frozen product is kept at a solid storage temperature.[3]

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[2] *Source: Barbosa-Cánovas, G.V. et al. (2005). Freezing of fruits and vegetables. An agribusiness alternative for rural and semi-rural areas. FAO Agricultural Services Bulletin 158; Delgado, A.E. and Sun, D.W. 2000. Heat and mass transfer for predicting freezing processes, a review. Journal of Food Engineering. 47, pp. 157-174.*

[3] *See for more technical information: Barbosa-Cánovas, G.V. et al. (2005). Freezing of fruits and vegetables. An agribusiness alternative for rural and semi-rural areas. FAO Agricultural Services Bulletin 158*

For frozen fruits, the following procedure is generally applied to processing:
- Full-flavoured, ripe fruits of similar size preferably with tender skins are selected.
- Fruits are sorted, washed, and drained.
- Fruits are packed, sealed and frozen.

The common procedure for frozen vegetables is as follows:
- Vegetables are selected and sorted, washed and peeled.
- They are cut into uniform size and blanched in hot water for 5 minutes, and immediately cooled after blanching.
- The vegetables are packed, sealed and frozen.

Buyer requirements

Buyer requirements can be divided into (1) *must* requirements, i.e. those you must meet in order to enter the market, such as legal requirements, (2) *common* requirements, those that most of your competitors have already implemented, i.e. you need to comply with these in order to keep up with the market, and (3) *niche market* requirements for specific segments.

A general overview of the EU buyer requirements for processed fruits and vegetables can be found on CBI's Market Intelligence Platform.

Requirements you must meet

Food safety: Traceability, hygiene and control

Food safety is a key issue in EU food legislation. The General Food Law is the legislative framework regulation for food safety in the EU. To guarantee food safety and allow appropriate action in cases of unsafe food, food products must be traceable throughout the entire supply chain and risks of contamination must be limited. An important aspect to control food safety hazards is defining critical control points (HACCP) by implementing food management principles. Another important aspect is subjecting food products to official controls. Products that are not considered safe will be denied access to the EU.
Directive 89/108/EEC lays down the specific requirements for quick-frozen foods intended for human consumption marketed in the EU.

Tips:

- Search in the EU's Rapid Alert System for Food and Feed (RASFF) database to see examples of withdrawals from the market and the reasons behind them.
- EU buyers will often ask buyers to implement a food (safety) management system based on HACCP-principles (see under *Common requirements*).
- Read more about HACCP and health control in the EU Export Helpdesk

Control of food imported to the EU

In the event of repeated non-compliance, specific products originating from particular countries can only be imported under stricter conditions, e.g. accompanied by a health certificate and analytical test report. Products from countries that have shown repeated non-compliance are put on a list included in the Annex of Regulation (EC) 669/2009. At the moment, various frozen fruits and vegetables (pesticide residues) from different countries (e.g. China) are on the list.

Tips:

- To help you answer key questions about health control refer to the guidance document of the EU.
- Check if there are any increased levels of controls for your product and country. The list is updated regularly. Check the website of EUR-Lex for the most recent list (see under *Amended by*).
- Read more about health control in the EU Export Helpdesk.

Avoid contamination to ensure food safety

Contaminants are substances that may be present as a result of the various stages of growing, processing, packaging, transport or storage. The different forms of contamination are:

- Nitrate: a maximum level of 2,000 mg NO-3/kg applies for frozen spinach (see section 1 of Annex of Regulation (EC) No 1881/2006)
- Heavy metals: there are restrictions for lead (fruit, various kinds of vegetables) and cadmium (fruit and vegetables) (see section 3 of Annex of Regulation (EC) No 1881/2006)
- Pesticides: the EU has set maximum residue levels (MRLs) for pesticides in and on food products. Products containing more pesticides than allowed will be withdrawn from the EU market.
- Foreign matter: contamination by foreign matter like plastic and insects are a threat when food safety procedures are not followed carefully.
- Microbiological contamination: contamination by microorganisms such as fungi or viruses. Many frozen fruits and vegetables, especially frozen berry fruits, are processed without previous washing as washing would destroy the fruit. This greatly increases the risk of microbiological contamination. For example, in 2014 RASFF reported five alerts due to the presence of norovirus in frozen strawberries, raspberries and blueberries

Tips:

- Check the European Commission's factsheet on food contaminants "Managing food contaminants: how the EU ensures that our food is safe"
- Read more about contaminants in the EU Export Helpdesk
- To find out the MRLs that are relevant for your products, you can use the EU MRLdatabase in which all harmonised MRLs can be found. You can search for your product or pesticide used and the database shows the list of the MRLs associated with your product or pesticide. Read more about MRLs in the EU Export Helpdesk.
- A good way to reduce the amount of pesticides, is applying integrated pest management (IPM) which is an agricultural pest control strategy that uses complementary strategies including growing practices and chemical management.

Additives and flavourings

Products can be rejected by buyers and EU customs authorities if they have undeclared, unauthorised or excessive levels of extraneous materials. There is specific legislation for additives (e.g. colours, thickeners) and flavourings that list which E-numbers and substances are permitted. If you want to add vitamins you will have to know which vitamins (see Annex I) and sources, vitamin formulations and mineral substances are allowed (see Annex II).

No product specific legislation regarding composition applies to frozen fruits and vegetables.

Tips:

- Refer to the Buyer Requirement module on natural colour, thickeners and flavours for more information.
- E-numbers indicate approval by the EU. To obtain an E-number the additive must have been fully evaluated for safety by the competent food safety authorities in the EU (EFCH). For an overview of E-numbers refer to the Annex of Regulation 1333/2008 (see under *Consolidated versions*).
- Read more about legislation on authorised food additives and flavourings under general conditions of preparation of foodstuffs.

Labelling

If you are supplying consumer labelled product (in for example cans, jars or boxes) you will have to take into account labelling requirements laid down in EU Regulation 1169/2011 This should inform consumers about composition, manufacturer, storage methods and preparation.

Specific labelling and quality requirements apply to quick frozen food.

Tips:

- In December 2014 EU Regulation 1169/2011 came into effect. This new labelling legislation changed current legislation considerably. For example, allergens have to be highlighted in the list of ingredients and requirements for allergen information also cover non pre-packed foods, including those sold in restaurants and cafés. Read more about the new labelling legislation on the EU website.
- Read more about food labelling in the EU Export Helpdesk.
- For more information about nutrition and health claims refer to the website of the EU.

Nutrition and health claims

Nutrition and health claims suggest or indicate that a food has a beneficial characteristic. They cannot be misleading. Therefore, only EU approved nutrition and health claims can be made. If new nutrition or health claims are made these have to be approved in advance by the European Food Safety Agency (EFSA).

Full overview of requirements for frozen fruit and vegetables:

For a list of requirements consult the EU Export Helpdesk where you can select your specific product code under chapter 07, 08 and 20.

Common requirements

Food Safety Certification as a guarantee

As food safety is a top priority in all EU food sectors, you can expect many players to request extra guarantees from you in the form of certification. Many EU buyers (e.g. traders, food processors, retailers) require the implementation of a (HACCP-based) food safety management system. The most important food safety management systems in the EU are BRC, IFS, FSSC22000 and SQF. Different buyers may have different preferences for a certain management system, so before considering certification in line with one of these standards, it is advised to check which one is preferred (e.g. UK retailers often require BRC and IFS is more commonly required by other European retailers). All the aforementioned management systems are recognised by the Global Food Safety Initiative (GFSI), which means that they should be accepted by major retailers. However, in practice some buyers still have preferences for one specific management system.

Tips:

- EU market entry preparation is likely to include implementing a food safety management system and it is therefore important to familiarise yourself with them.
- If you plan to target one or more markets, check which specific food safety management systems are most commonly requested. In any case choose a management system that is GFSI approved.
- Read more on the different Food Safety Management Systems in the Standards Map.

Corporate responsibility

EU buyers (especially large ones in western and northern EU countries) are paying increasing attention to their corporate responsibilities regarding the social and environmental impact of their business. This also affects you as a supplier.

Common requirements include the signing of a suppliers' code of conduct which states that you conduct business in a responsible way, i.e. you (and your suppliers) respect local environmental and labour laws, avoid corruption etc. Furthermore, importers may also participate in initiatives such as the Ethical Trading Initiative or the Business Social Compliance Initiative. These initiatives focus on improving social conditions in their members' supply chains. This implies that you, as a supplier, are also required to act in line with these principles

Tips:

- If you are targeting the UK market, familiarise yourself with the ETI base code to check what ETI members require from their suppliers.
- When targeting other EU markets it might be interesting to assess your company's current performance by conducting a self-assessment, which you can find on the BSCI website.
- Be aware that many of the environmental and social sustainability issues take place at farm level. To test to what extent your farmers are sustainable you could ask them to fill in the Farmer Self Assessment by the Sustainable Agriculture Initiative.
- Consider defining and implementing your own code of conduct. This is not required by buyers, but may be a good way to show potential buyers your views on corporate responsibility. Refer to the code of conduct of the Fruit Juice Association (AIJN) for inspiration. The AIJN represents a large share of European fruit juice producers.
- Implementing a management system such as ISO14000 (environmental aspects), OHSAS 18001 (occupational health and safety) or SA 8000 (social conditions) is a way to address sustainability and possibly gain a competitive advantage. Research with your buyer whether this will be appreciated.

Niche market requirements

Fairtrade Certification

Fairtrade products are produced with extra focus on the social conditions in the producing areas. An example is Fair Trade. Having your products certified is the most far-reaching way to prove your business performance with respect to social conditions in your supply chain. After certification by an independent third party, you may put the Fair Trade logo on your product. In general, premium prices are paid for fair trade products. Although growing, the market for Fair Trade certified processed fruit and vegetables and edible nuts is still a niche market.

Tips:

- Check the Fair Trade Standards for small producer organisations.
- Consult the Standards Map database for more information on the Fair Trade label.

Organic, niche market

Organic fruit and vegetables are produced and processed by natural techniques (e.g. crop rotation, biological crop protection, green manure, compost). Although growing, the market is still relatively small. To market frozen fruit and vegetables in the EU as organic, they must be grown using organic production methods which are laid down in EU legislation, and growing and processing facilities must be audited by an accredited certifier. Only then may you put the EU organic logo on your products. Although there is an EU-wide system for the regulation of organic farming, well-established national and private logos can continue to be used on product labels (e.g. Soil Association in the UK, Naturland in Germany).

Tips:

- Implementing organic production and becoming certified can be expensive. In the current market the return on investment may not be high. On the other hand it can increase yields and improve quality.
- Check the Soil Association standard for Food and drink to get an idea of the requirements of organic production.
- Consult the Standards Map database for the different organic labels and standards.

Rainforest Alliance

The Rainforest Alliance (RA) standard is a mainstream sustainability scheme which focuses on environmental issues. Rainforest Alliance only certifies tropical products such as bananas, pineapple, mango, avocado, guava and citrus. Rainforest Alliance is growing fast in the fresh fruit vegetables market.

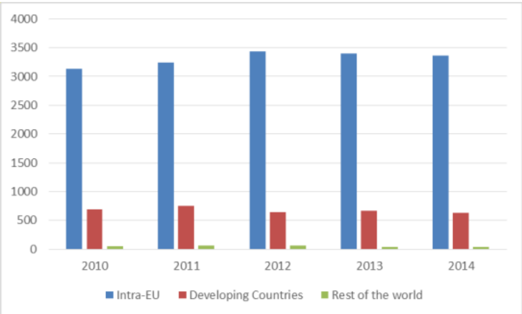
Tips:
- Consult the [Standards Map database](#) for more information on the RA standard.
- Before applying for one of this certifications, we advise you to check your buyers’ preferences for certain national labels.

Trade and Macro-Economic Statistics

General information and figures about production and trade developments for Processed Fruit and Vegetables in the European market are provided in the [CBI Trade Watch](#). This section provides more detailed statistics on the trade, production and consumption of frozen fruit and vegetables in Europe.

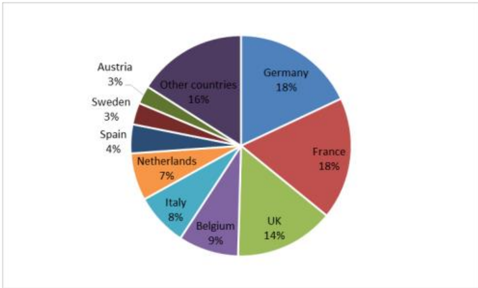
Imports

Figure 1: EU imports of frozen fruit and vegetables, in thousand tonnes



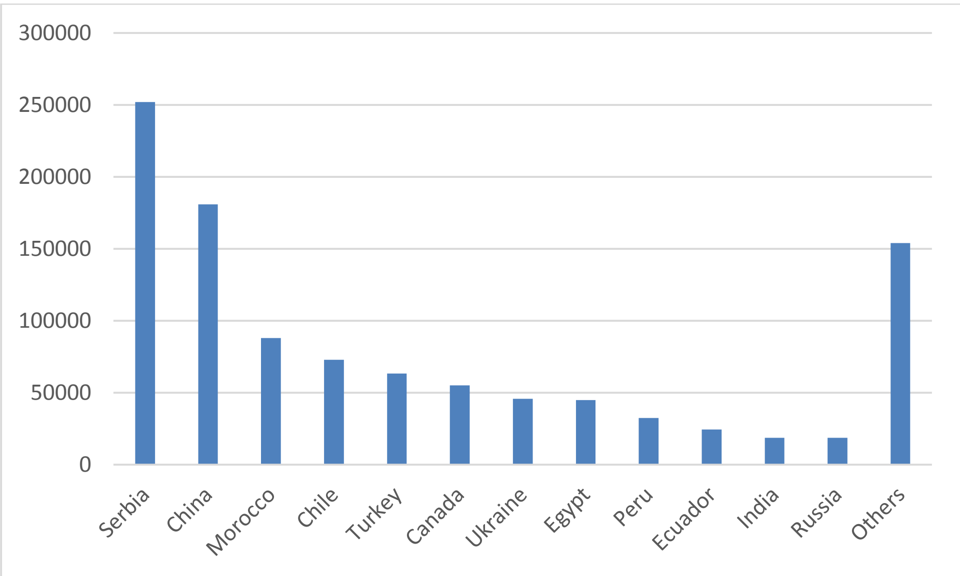
Data source: Eurostat

Figure 2: Breakdown of European total imports of frozen fruit and vegetables by country of origin, 2014, in % of value



Data source: Eurostat

Figure 3: External EU suppliers of frozen fruit and vegetables, 2014, in € thousand



Data source: Trademap

Analysis and interpretation

Total European imports of frozen fruit and vegetables have grown by 3.8% in value and 1% in volume since 2010 and reached €4.5 billion and 4 million tonnes in 2014.

The fact that values grew faster than volumes is because the price of frozen berry fruit has increased in the last few years due to lower harvests in major supplying countries.

In volume terms only intra-EU imports increased in the last five years and imports from DC decreased by almost 6%. EU imports are highly concentrated and the three largest importers (Germany, France and the UK) account for half of the total imports.

The largest proportion of imports comprises preserved frozen potatoes (31%), followed by different frozen vegetables (20%, dominated by frozen headed broccoli and frozen courgettes) and frozen fruit (13%, led by frozen tropical fruit and frozen sour cherries)

In the last five years the highest growth in import value was in frozen sweetcorns (8%) followed by frozen spinach, potatoes, mixtures, asparagus, artichokes and raspberries.

The highest import growth in the last five years was in the Baltic countries, but in the last year in Central and Eastern EU countries.

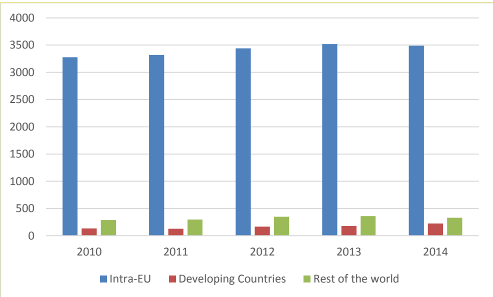
In the range of the largest DC suppliers the highest growth of exports into the EU was in Mexico (27% growth, mainly frozen fruit), India (20%, mainly frozen vegetables), Morocco (18%, mainly frozen strawberries) and Egypt (14%, mainly frozen strawberries and mixtures of vegetables).

Tips:

- In targeting your markets, differentiate between countries that import frozen fruits and vegetables for their own consumption and countries that import products for re-export to other countries.
- Consider the largest net importers, to serve their domestic market. In mature markets, market share could be gained by offering products in niche markets such as exotic/ethnic fruits and vegetables.
- Consider countries that are seeing growth in imports, for entering the market with frozen fruits and vegetables.
- Try to involve European experts in setting up your business. The CBI, the Development Cooperation Matchmaking Facility or the Netherlands senior experts network PUM could help with the implementation of many business aspects.
- Find a reliable intermediary or importer who can sell your products to the larger industries at a good price. In this context, it is worth exploring the possibilities of long term contracts to secure sales.
- Get information from your contact person in the EU about quality standards, delivery schedules and logistics requirements. Evaluate whether working capital, processing technology, logistics and the skill levels of your company employees are able to keep up with these requirements.
- Learn from exporters from DC countries which are gaining share on the EU market.

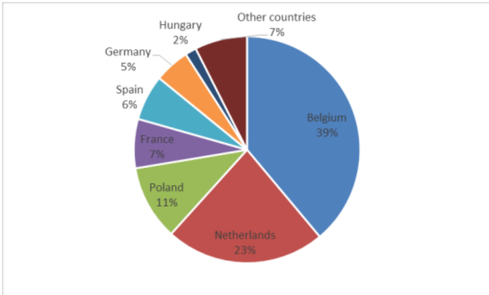
Export

Figure 4: European exports of frozen fruit and vegetables, thousand tonnes



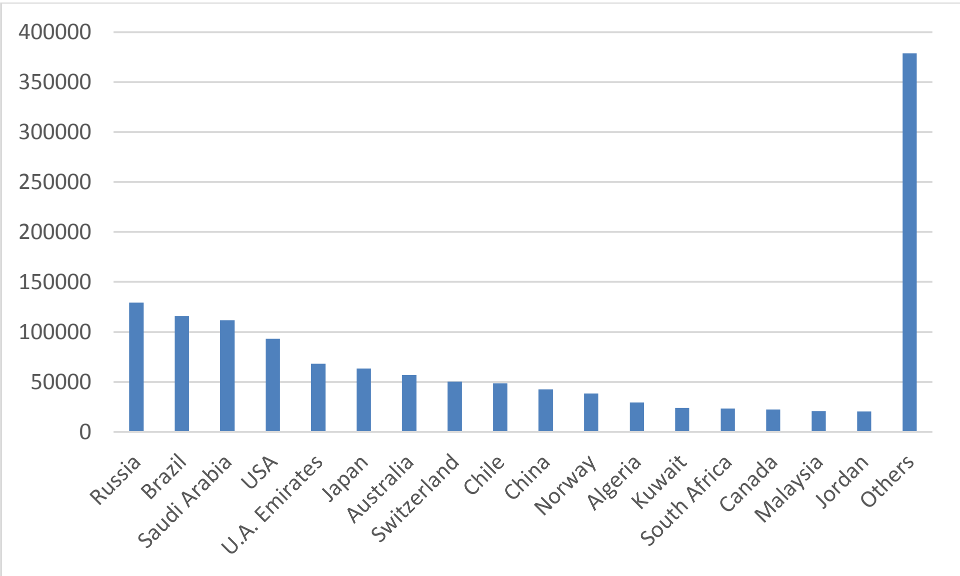
Data source: Eurostat

Figure 5: Main European exporters of frozen fruit and vegetables, 2014, in % of quantity



Data source: Eurostat

Figure 6: External EU export destinations of frozen fruit and vegetables, 2014, in € thousand



Data source: Trademap

Analysis and interpretation

Since 2010 exports of frozen fruits and vegetables in the EU have grown by 4.0% in value and by 2.3% in volume and reached €4.2 million and 4 million tonnes in 2014.

The majority of the EU exports are frozen vegetables. Frozen vegetables (including frozen potatoes) account for 60% of the whole sector exports.

Exports of frozen fruit and vegetables are highly concentrated and the two largest exporters (Belgium and the Netherlands) account for 62% of all EU exports.

In the last five years countries with the highest export growth in value were: Croatia, Slovenia, Slovakia and the Czech Republic. The growth in all mentioned countries was led by the frozen fruit export increase.

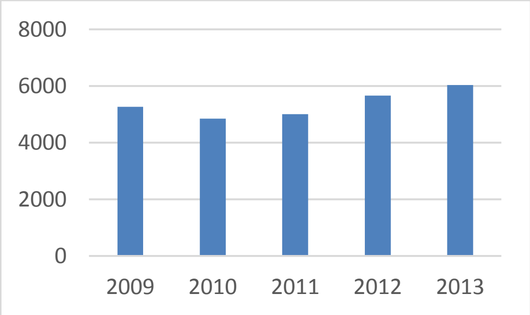
In the range of the largest export destinations outside the EU, the highest growth in value since 2010 was in: Jordan (41%, mainly frozen vegetables), Chile (31%, mainly frozen potatoes), Algeria (29%, mainly frozen peas) and United Arab Emirates (24%, mainly frozen potatoes and other vegetables).

Tips:

- Look at which markets are saturated and where there are still opportunities for export: emerging markets inside Europe or other markets outside Europe. Southern and Eastern Europe is experiencing rapid economic growth and this is expected to continue over the coming years.
- General information on the European market for frozen fruits and vegetables can be found on the website of Profel (European Association of Fruit and Vegetable Processors).
- Learn from the EU exporters about destinations which are increasing imports. Many countries in the Middle East are increasingly importing frozen vegetables from the EU.

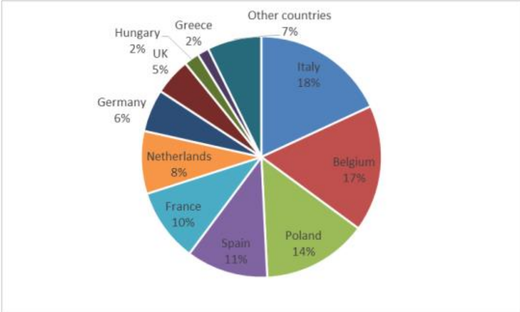
Production

Figure 5: European total production of frozen fruits and vegetables, 2010-2013, in € million



Data source: Eurostat Prodcom

Figure 6: European production of frozen fruits and vegetables by country, 2013, in % of value



Data source: Eurostat Prodcom

Analysis and interpretation

Since 2009 production of frozen fruits and vegetables in the EU has increased by 5%.

The EU is a large producer of frozen vegetables and a small producer of frozen fruits.

Belgium mainly produces frozen vegetables (a diverse range of frozen vegetables including carrots, peas, beans, cauliflower and spinach), whereas Poland produces both frozen fruits (red fruits) and frozen vegetables. Italy also produces both frozen fruits and frozen vegetables and Spain produces mainly frozen vegetables (e.g., beans, green beans). Production varies due to climatic conditions.

Most vegetables for freezing are produced in the open air. Because of its range of climatic conditions, a wide variety of crops is produced in Europe.

Strawberries are the most commonly produced frozen fruits in Europe and Poland is the largest frozen strawberry producer in the world; a small quantity of various other berries is also produced.

Belgium is by far Europe’s largest producer of frozen vegetables, also due to the fact that it is home of some of the largest companies for freezing in the EU.

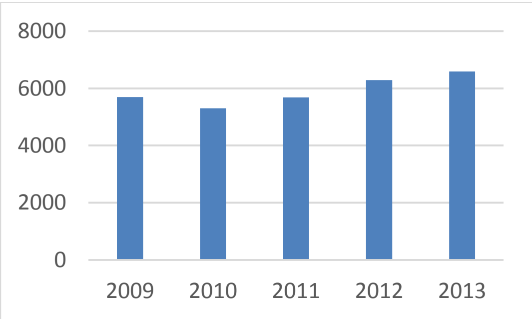
Key players dominating the European frozen fruit and vegetables market include Ardo Group, Bonduelle, Dujardin, Findus Sweden AB, Gelagri Bretagne SA, PinguinFoods, Unilever, and Vivartia S.A.

Tips:

- Competing successfully with products that are produced in Europe can be achieved by systematically reducing your production costs.
    - Efficiency can be gained in terms of transport and distribution; this will not only give you a competitive advantage in your own country, but also make you more competitive on price.
    - In collaboration with local partners (government or NGOs) you may be able to assist farmers in increasing productivity and lowering their cost prices.
- Try not to compete on price alone, but also on added value and differentiated products.
    - Try to find matching market niches for your products.
    - Introduce new, innovative products or 'authentic' products. With these products you can focus on a niche market and adhere to the trend towards 'authentic' foods.
    - Introduce new flavours or new combinations of flavours.
- More information on the production of frozen fruits and vegetables in Europe can be found on the website of Profel.

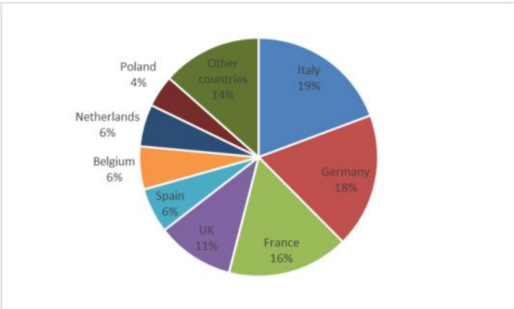
Consumption

Figure 5: European consumption of frozen fruits and vegetables, 2010-2013, in € million



Data source: Eurostat Prodcom

Figure 6: European consumption of frozen fruits and vegetables by country, 2013, in % of value



Data source: Eurostat Prodcom

Analysis and interpretation

The largest consumers of frozen fruit and vegetables are Italy, Germany and France, accounting together for more than half of total EU consumption.

More information on consumption trends can be found in the section Market trends.

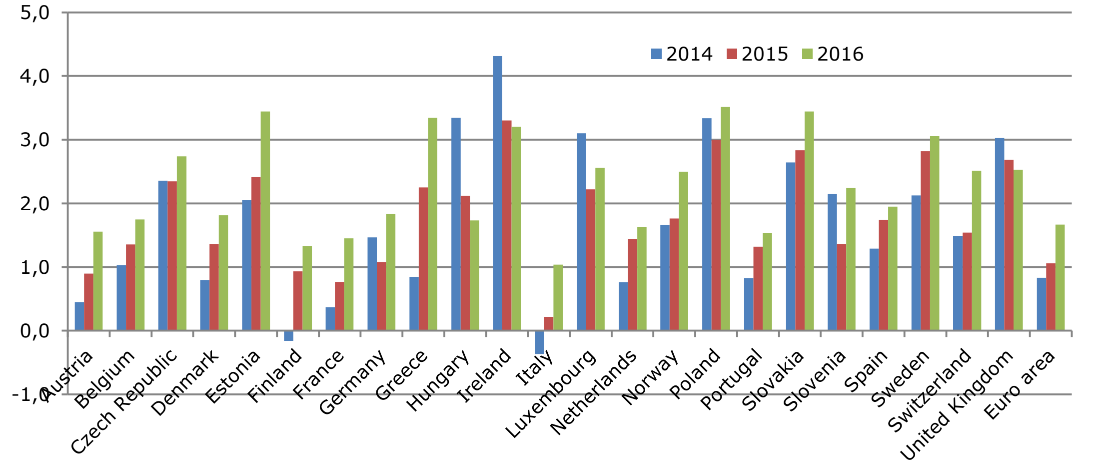
It is expected that consumption of frozen fruit and vegetables will continue to grow, especially in the segment of frozen berry fruit.

Tip:

- In targeting Europe with frozen fruits and vegetables you should take consumption differences and opportunities among the different European regions into account. For example, you could consider exporting high-end and innovative products to the more saturated North-West European market.

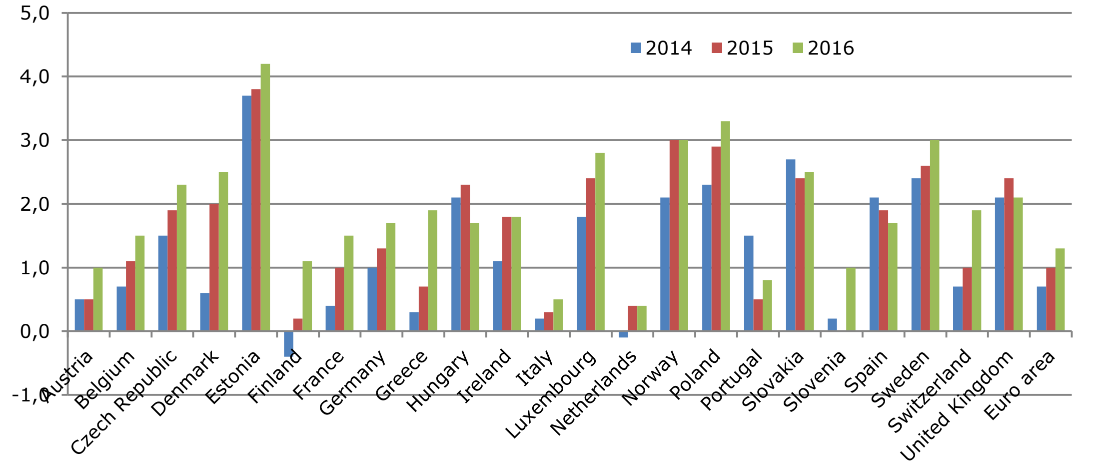
Macro-economic statistics

Figure 10: Real GDP, 2014-2016, % change from previous year



Source: Eurostat (2015)

Figure 11: Real private consumption expenditure, 2014-2016, % change from previous year



Source: Eurostat (2015)

Economic indicators are promising

Predictions of GDP and private consumption expenditure are important indicators for the European frozen fruit and vegetables market.

Between 2014 and 2016, European GDP and private consumption expenditures are expected to increase. This means that consumption of frozen and particularly exotic and healthy products is likely to rise. Especially in Eastern European emerging markets, an increase in GDP creates room for this type of spending. Due to saturation, growth in consumption will be moderate for mature markets.

Tip:

- Monitor GDP, private consumption expenditure and the housing market, because when these are positive, expenditure on frozen fruit and vegetables is expected to increase.

Market trends

CBI Trend Mapping provides you with general trends in the European market for processed fruits and vegetables. This section provides more details about specific trends in the market for frozen fruits and vegetables.

The consumption of frozen fruits and vegetables is expected to benefit from the economic recession in Europe, as consumers search for more affordable alternatives to fresh produce.

In Europe, the combination of increasing health consciousness, increasing time-pressures, a fast pace of life and an increased demand for convenience due to smaller households has driven consumer demand for frozen products. These products are seen as healthier than other processed fruits and vegetables. In the near future, growth is expected to continue as changing consumer preferences will significantly drive the launch of several new, value-added products.

More consumers have a growing awareness of environmental issues, i.e. they require organic, pesticide free, or ecologically responsible products. Also, processed fruits and vegetables, including frozen fruits and vegetables, increasingly have to comply with these environmental requirements.

Eastern European markets are experiencing particularly rapid growth in fruit and vegetable consumption, which is expected to continue over the coming years. Consumers are very price conscious and exotic processed fruit and vegetable products are relatively new to consumers in these countries.

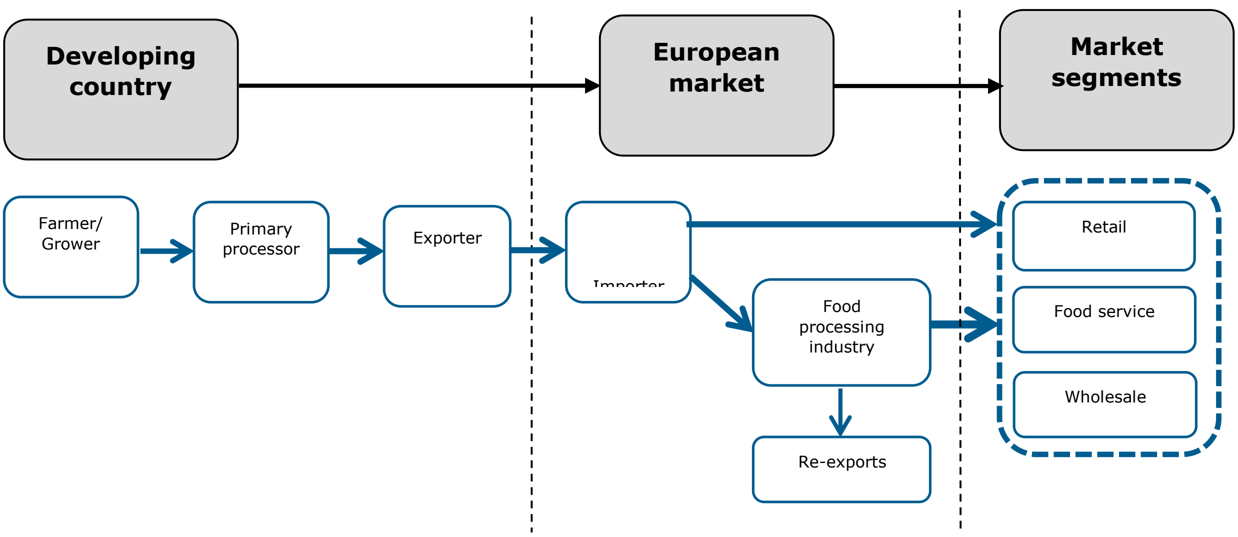
Tips:

- The economic recession in Europe offers opportunities for exports. For example, track the economic situation in Europe in publications such as the European Economic Forecast by the European Commission.
- Take the consumer health trend into account in your marketing efforts, for example, by linking your product to a healthy lifestyle.
- Emphasise convenience. Consumers' increased time pressures offer opportunities for developing innovative, easy-to–cook, garnished, spiced and seasoned frozen fruits and vegetables.
- Consider certification and sustainability labelling for your products (see also the Tips under Non-legislative requirements).
- Tell the story behind the product and explain its added value through promotion and labelling. Cooperate with the food industry and retail.
- The best way to enter new Eastern European markets is through importers in Western Europe who have expanded their businesses into Eastern European markets.

Market Channels and Segments

With respect to Processed Fruit and Vegetables, a general market analysis of the European market is provided in CBI Channels and Segments. This section provides some information about the marketing channels through which frozen fruits and vegetables are marketed in Europe.

Figure 7: Market channels for frozen fruits and vegetables.



Analysis and interpretation

Frozen fruits in particular are used as ingredients for the food processing or food manufacturing industry. The food processing industry needs a regular supply of goods, mostly high quality goods. It maintains close relationships with importers who are often engaged in long term contracts or partnerships. Further processing of fruits and vegetables requires new techniques and a high level of knowledge, giving the processor/ manufacturer a strong position within the supply chain.

Frozen fruits and vegetables, which are finished and packed at source, are also sold as end products in supermarkets. The largest retailers in the EU are Carrefour (France), Metro Group (Germany), Tesco (UK), Aldi (Germany) and Ahold (Netherlands). These retailers set strict requirements for their suppliers concerning food safety and quality, which make it difficult to supply to them directly.

Compared to the food processing industry, retail power is increasing by means of private labels. The store's own brands are increasing in popularity as they no longer equate to 'lower quality'. The private label market is expected to grow further in the future. Private label products which encompass values such as sustainability, fair trade and organic are on the rise.

Tips:

- For more information on the European food processing industry, check the website of FoodDrinkEurope, the body that represents the European food and drink industry: www.fooddrinkeurope.eu
- For the frozen fruit and vegetable markets you can focus on the retail, wholesale and foodservice as your end users or customers.
- Obtain information from your contact person in the EU about the cutting and packaging requirements of sales channels to consumers.
- Pay attention to the dynamics between A-brands and private labels in order to identify potential growth markets. Private labels can offer opportunities (i.e., increased sales potential), but also require sufficient attention (i.e., private label requirements become stricter).
- Visit your intended export market and conduct additional market research on specific EU countries for more information about private labelling in relation to specific products.

Market competitiveness

With respect to Processed Fruit and Vegetables, general information about market competitiveness in the EU market is provided in CBI Market Competitiveness and Top 10 Tips.

Analysis and interpretation

Buyer power: Retail buying power has increased over recent years. Retailers increasingly seek to enhance the range of products available to consumers, in order to drive revenue growth. In addition, increased retail power has affected the food processing industry, since price wars have led to premium brands being offered at prices that are competitive with private labels. Consolidation is taking place in the food processing industry as a result.

Tip:

- Emphasise your ability to deliver and your short term financial health. Supermarkets, wholesalers and food processors demand good quality and have strict delivery schedules.

Threat of new entrants: In developing countries, the increasing availability of cold supply chains has facilitated increased production of frozen food products[4].Export growth will predominantly stem from countries like China and India.

Tip:

- Important indicators for entering a new market are buyer, investment and volume requirements and also the necessary level of knowledge. Also, certification systems can help you enter and optimise your business for the European market.

[4] *See: http://www.prweb.com/releases/2012/6/prweb9633329.htm*

Threat of substitute products: Substitutes for frozen fruits and vegetables are most likely fresh fruits and vegetables. However, due to an increasing shift towards more convenient food, the threat of substitutes taking over market share from processed fruits and vegetables is considered moderately low. Moreover, compared to fresh produce, frozen fruits and vegetables have a strong position because of year-round availability.

Tip:
- Use the unique characteristics of frozen fruits and vegetables (year round supply, lower food waste, more sustainable because products can be harvested from seasonally produced, outdoor crops) to position them against fresh substitutes.

Bargaining power of suppliers: A shortage of raw materials will allow for more bargaining power among suppliers. If DC exporters have a good relationship with their suppliers, this can be considered as an opportunity, otherwise the position of the exporter can weaken if buyer power is also high.

Tip:
- Long term contracts, partnerships and joint ventures are options for maintaining your relationships with your suppliers and gaining a better position in the European market, among other exporters and compared to your direct competitors.

Degree of competition: The global market for frozen fruits and vegetables can be characterised as a dynamic and intensely competitive market environment. In this market, product innovation can be considered a key to success. Food manufacturers are increasingly introducing innovative products to the market, featuring preserved freshness, enriched taste, and nutritional value; these are easy to cook for quick meal preparation, in new convenient packaging[5].

Tips:
- Try not to compete on price alone, but on added value and differentiated products. Try to find matching market niches to the current sustainability and health trends.
- Provide consumer benefits by means of product innovation. Essential pre-requisites for product innovation are insights into consumer requirements and added value.

Useful sources

Export and market entry support:
http://www.cbi.eu/
http://exporthelp.europa.eu/thdapp/index.htm

Certification schemes:
http://www.isealalliance.org/
http://www.standardsmap.org/identify.aspx

Marketing and trade standards:
http://www.codexalimentarius.org/codex-home/en/

Statistics and sector information:
http://www.profel-europe.eu/
http://faostat.fao.org/
http://ec.europa.eu/eurostat
http://comtrade.un.org/

[5] *See: http://www.prweb.com/releases/frozen_fruits/frozen_vegetables/prweb1584734.htm*

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