

A FRESH START?

A special report about the long-term effects of the Covid-19 pandemic on the international fresh produce business

by Mike Knowles

PUBLISHED BY



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ABOUT FRUITNET

Fruitnet Media International
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business. Delivering informed
industry coverage, it helps the
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worldwide by providing useful
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+ PREFACE

The golden opportunity

What has Covid-19 done to the fresh produce business? As the world continues to fight the virus and uses everything at its disposal to bring the pandemic under control, the fresh produce business is also adapting to a new reality, as well as coming to terms with the longer-term impacts of this unprecedented global crisis.

If the past 18 months have taught us just one thing, then our sole conclusion would be that to predict the future is an impossible task. People in the fruit and veg business know this already, of course. Even for those with all the latest, state-of-the-art tools at their fingertips – yield forecasting technology, meteorological early warning systems, merchandising reports, or consumer research – there is always an unknown aspect to the whole business of matching fresh produce supply with market demand.

When it comes to the pandemic's longer-term impact on the industry, it is certainly possible to explain which way the wind is blowing, albeit with the caveat that the weather vane could suddenly swing and point to a different compass point at any time. And while we might feel like we are still in the eye of the coronavirus storm, the fact that vaccination programmes now promise to bring the situation under control, eventually, and help return our lives to something approaching normal, means we can now start to think about what the fresh produce business might look like in late 2021 and beyond.

There is no doubt that consumers in many markets are showing more interest in healthy food, for example. There is also no question that online retail has become a far bigger part of the market. Sustainability, both social and environmental, is being talked about more than ever before. And supply chains are coming under greater pressure as a result of the economic downturn and the increased cost of growing fruit and vegetables, harvesting those products, and delivering them safely and securely to market.

In other words, the importance of fruit and vegetables to consumers and buyers is on the rise. This is a very good thing, and a wonderful chance for the business. But to capitalise on that opportunity requires even greater ingenuity and innovation, plus a fair amount of fortitude and resilience, on the part of suppliers and marketers.

This report is built upon the insight of people who work in the fresh produce business itself. During what has been designated the United Nations' International Year of Fruits and Vegetables, the world's desire for healthy food means there has arguably never been a better time to work in this business. But as those same people reveal, it has also never been a more challenging time to seize such a golden opportunity.

Mike Knowles

Editorial Director, Europe · Fruitnet Media International

+ STORMING AHEAD

A surprising journey along a familiar path

Hans-Christoph Behr, head of the horticulture and consumer research department at Bonn-based group AMI, has watched the impact of Covid-19 on the fresh produce sector from the very beginning. For him, the much talked-about 'acceleration' of various trends as a result of the pandemic has actually not involved a major deviation from the road on which we were already travelling. It's been a faster, more exhilarating journey, in other words, but not necessarily a detour.

"Astonishingly enough, the trends before Covid-19 remained the trends during Covid-19, and I guess they will also remain the trends in 2021," he observes. "For example, the avoidance of packaging materials and [a move towards] more organic food and sustainability. In the case of local for local, I am not that sure, because there the peak seems to have been reached. In many countries, consumers decided to support local production, if possible. This does not mean, however, that consumers gave up exotic products."

Of course, there have been some obvious and immediate effects: reduced availability of seasonal labour, for example; or the sudden dip in demand for convenience products like prepared salads that would previously have nourished consumers in offices or on the go. "People confined to their homes had lots of time and enjoyed doing something other than sitting in front of a laptop," Behr agrees. "Among the products with the highest growth rates were some surprisingly traditional products – for example cabbage or leeks – but also trendy products like limes or fresh herbs. The forced closure of foodservice brought record turnover for retail in terms of fresh fruit and vegetable sales, which was partly price driven."

What happens this year, however, depends on how quickly things reopen, he says. "If foodservice is open again without restrictions, a lot of the gains made by retail in 2020 will be lost, but probably not all," he predicts. "Convenience should benefit, as it was one of the 'relative losers' in 2020."

Behr also seeks to temper the exuberance with which online sales increases have been reported. "Online sales of fresh fruit and vegetables saw the highest growth rate in 2020 of around 30 per cent, but that was from "absolutely nothing" to "nothing", he argues. "The share in consumer spending increased from 1.0 per cent to 1.1 per cent. Other sources outside organised retail (street markets, producer, greengrocers) increased their sales by about 25 per cent, which was, in absolute numbers, ten times more than the increase in online sales. But the big winner in absolute numbers was the non-discount supermarket."

Nick Nafpliotis, director of Athens-based exporter Greek & Fresh, witnessed first-hand the impact that foodservice closures and a move towards online shopping have had on fresh produce supply lines. Interestingly, the question in his mind is not simply the lasting impact on channels of distribution, but also the effect that this concentration »

on supermarkets with e-commerce capabilities has had on the supply base itself. “I would say that it has definitely strengthened the position of the companies which sell directly to the supermarkets,” he says. “There was also a big increase in online purchases, as more people avoided visiting stores in light of a possible contamination there, and preferred to stay at home. And there was a trend for selling more packed products instead of loose, in an effort to avoid contamination. This was more evident in northern Europe than in the south.”

An ability to adapt, not just to endure

Much has been made of this industry’s resilience, but another important characteristic over decades of international trade has been its adaptability. For so many in the business, in fact, a capacity to adjust according to market demand was always assumed, a thread already woven into the very fabric of most fresh produce companies. Those organisations already had to contend with the unpredictable nature of fluctuating demand for products that are highly perishable. So although Covid-19 was a new kind of challenge, and different to previous problems like trade embargoes or food safety crises, all the same it was – to be brutally dispassionate – just one more thing that required a determined and resolute response. Not the kind of crisis anyone expected, of course, but also not a situation that undermined the basic need to deliver food to market.

The response certainly came quickly in many different ways. A good example of that ability to adapt came when lockdowns around the world made it impossible for auditors to visit production sites. Since March 2020, several remote auditing solutions have been introduced and accepted. And although they will not replace physical audits, they have given suppliers and producers more flexibility in the meantime.

Other changes are being made, some of them with more urgency as a result of Covid-19. Retailers increasingly want to show that they are looking after their customers’ health, not just their bank accounts. Take ICA in Sweden or Sainsbury’s in the UK for examples: they are among a growing group of chains that want to offer solutions in a world that suddenly seems a harder place to stay healthy and safe. For those vendors, fresh fruit and vegetables are at the heart of marketing promotions that have the look and feel of public health campaigns. In effect, the pandemic has turned fresh produce companies into front-line workers, into VIPs with precisely the kind of products that will do what supermarkets need them to do: make shoppers feel happy and secure.



Elsewhere, concerns about the environment appear to have been heightened by Covid-19, not brushed aside. In the German city of Cologne, Aldi recently painted a giant mural on the side of a four-storey building depicting an abundance of fresh fruit and vegetables. The paint used for the mural contained special ingredients that help to remove dangerous pollutants from the air. The message is clear: it is no longer enough to sell products quickly and efficiently; it must also be done responsibly and with care for the environment.

Fruit and vegetable suppliers are doing a great job of making the right changes to keep up with those new trends. And that is really only possible because of the trade’s ability to communicate and share information, then learn from that common experience. This *Fruit Logistica Trend Report* gives people in the business an opportunity to explain for themselves how the pandemic is going to shape their future. After all, they are the ones who have steered the ship through a great storm. The real question is, what kind of fresh start awaits them beyond those dark clouds? ●



“COVID IS THE END FOR INTENSIVE AGRICULTURE”

PICTURED—An employee inspects a wall of crops being grown at a vertical farm run by Californian startup Plenty

+ SUPPLY

Some big challenges for the world's fresh fruit and vegetable suppliers

The pandemic's impact on fresh produce supply has unquestionably been widespread, even if some in the industry have been able to continue trading almost as they did before. "It created a challenge for the growers and packers to work at capacity and provide a safe environment for their workers," says Nick Nafpliotis of Greek & Fresh. "This was mostly evident during the first lockdown period in March to April 2020, when they were unprepared for such a challenge."

When it comes to international procurement across borders, the more vertically integrated supply chains appear to have emerged stronger from the pandemic, mainly because they have been able to meet growing demand from supermarkets – with their modern, streamlined sourcing networks – and deliver products into their rapidly expanding physical and online channels.

Alessandro Zampagna, managing director of Italian exporter Origine Group, says the trend has definitely been towards more planned supply and, for the time being, more packaged goods. "I do not see changes in agricultural production, but surely the control of the processing and logistics chain has been critical," he suggests. "Moreover, a clear long-term market strategy has been crucial to have some solid ground during the crisis. I think spot sales are going to be more and more problematic."

For Nafpliotis, a shift towards more local sourcing has been a major feature of the past year's trading. "On a global basis, we saw a shift in purchasing to go locally or regionally, rather than intercontinental, whenever that was possible," he explains. "For example, our Gulf and Asian costumers preferred to buy strawberries from Morocco or Tunisia and Australia or the US respectively, rather than buying from Europe when they were much more expensive due to the freight rate or the bigger lead time."

This tendency to focus on markets closer to home has been a challenge for those buyers that are usually heavily reliant on imported fresh produce. One region where that has been the case is the Middle East, where Dubai-based LucaZara is responsible for managing the Pink Lady brand's commercial development. "Fresh produce consumption in the Gulf has increased from the modern retail trade whilst waste has reduced," says the company's managing director David O'Brien. "With the dependency on produce imports, there are increased costs in logistics especially for seasonal items such as fruit. Yet with price controls in place, industry operators must remain competitive."

The idea that selling produce closer to home has become easier, while in overseas markets it is now more challenging, is one that is familiar to Marc Peyres, commercial director of French fruit company Blue Whale. "It all depends which countries," he says. "In Europe, we have seen more sales of our fruit – mainly apples – during the pandemic, because the majority of apple consumption is at home, or can be at home. Outside of Europe, however, [we have seen] logistics disruption and less trading activity, with more negatives consequences for our business."

A lack of available workers has also been a big challenge for suppliers, according to Nick Fitzpatrick, an agritech consultant at Callaghan Innovation in New Zealand. "I do believe the biggest impact will be an acceleration of automation, innovation and reduction of the reliance on manual labour as the primary 'tool' to grow, pick and pack fresh produce," he comments. »

The emphasis on local supply potentially offers a new advantage for developers of protected glasshouse production, which primarily involves products like berries, tomatoes, peppers, aubergines, and cucumbers. Prior to 2020, that advantage was already clear to buyers in Russia, where the country's long-running embargo on EU produce supply had pushed the market towards a greater reliance on new domestic greenhouse facilities. But the local trend is also raising interest in so-called vertical farming, a model distinct from traditional greenhouses by virtue of the autonomous, AI-controlled nature of its production.

Infarm, the world's fastest-growing urban farming company, is already present in ten countries, 30 cities, and thousands of individual stores. It has continued to pursue its plan for a global, interconnected, sustainable and highly efficient farming ecosystem with the introduction of its automated, modular Growing Center – a local farm and distribution centre in one that can generate the crop-equivalent of up to 10,000m² of farmland – production that is apparently up to 400 times more efficient than soil-based agriculture. Its goal is to grow that network to 500,000m² by 2025.

But there are other trends that might pull parts of the business in a different direction, not least the apparent growing consumer interest in organic produce. Government figures show that Germany saw its organic food sales soar to €15bn in 2020, up from €12.3bn in the previous 12 months. In the UK, meanwhile, the organic market is now worth £2.79bn after recording 12.6 per cent growth in 2020, according to Soil Association's latest *Organic Market Report*. That growth rate is the highest it has been in 15 years.

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RIGHT—Local and organic production has enjoyed good levels of demand during the crisis



“Covid is a death sentence for intensive agriculture and animal husbandry,” insists Volkert Engelsman, chief executive of Dutch importer Eosta. “Restoring the ecosystem is key to stop undermining our existence on the planet. Organic food and farming can provide the resilience that will keep future pandemic outbreaks under control.”

As we will hear later in this report, the future sustainability of the planet is becoming more of a concern for consumers, buyers, and suppliers across the global fresh produce industry. And far from being a distraction, the pandemic seems to be increasing the perceived importance of climate action among all of those supply chain stakeholders. _ ●



PICTURED—
A machine built by Cimcorp puts together an order at a distribution centre belonging to Spanish chain Mercadona

“WE NEED TO TRANSFORM THE ENTIRE FOOD SUPPLY CHAIN”

+ LOGISTICS

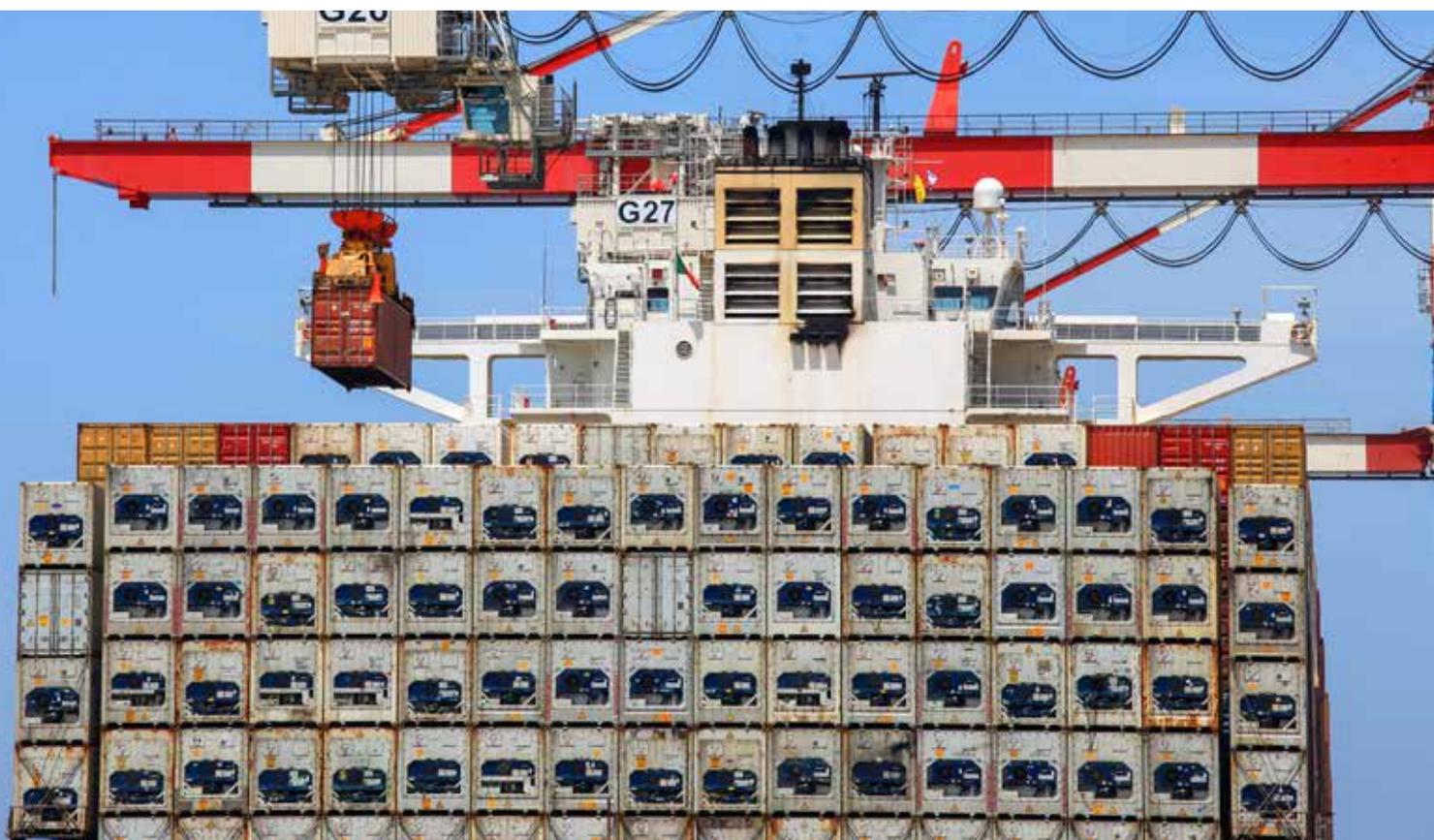
A far more costly and complicated business

In today's global marketplace, some fresh fruit and vegetables are shipped to their point of sale from the other side of the planet. Others, meanwhile, are grown in the very same stores in which they are sold. In all cases, the way those products are carried from A to B, via any number of other letters in between, is a big factor in the success (or otherwise) of those supply lines. During the pandemic, a dramatic reduction in the number of refrigerated containers available worldwide, plus an overall increase in the number of administrative elements required to send produce overseas, placed huge new constraints on the international fresh produce trade, and in particular affected counter-seasonal supply into the world's major import markets of Europe, North America and Asia.

Yet despite those additional challenges, the earning potential of that business seems to have remained remarkably strong through the pandemic. In a recent report based on a survey of its membership, the Southern Hemisphere Association of Fresh Fruit Exporters (Shaffe) found that total export volumes across member countries in 2020 fell by 3.4 per cent year on year. However, the total value of those exports increased by 6.4 per cent, from US\$14.7m to US\$15.7m. The rising cost of delivering fruit and vegetables to international buyers will undoubtedly be a key factor affecting viability of any export business in the future.

Aysel Oguz, export manager at Turkish group Anadolu Etap, says an increasingly challenging logistical situation in future means it will be crucial to sustain greater consumer demand for »

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BELOW—The trade has been hampered by a lack of containers



healthy food including fruit and vegetables. “People started to realise the importance of fresh produce, and this is the best impact that the pandemic had on our business,” she comments. “But this started to happen in the later period. At the beginning, there were a lot of challenges with the vessel schedules, container availability, customs in ports of destinations, and so on.”

Monica Bratuti, president of New Zealand-based food distributor Turners International Marketing, agrees that the cost of accessing the right logistics networks in order to maintain supply lines through the course of the pandemic has gone up significantly. “We experienced a huge reduction of airfreight capacity to export our products that normally travel by air, due to a reduction [in the number] of airplanes,” she recalls. “For those carriers which remained operating during Covid, prices reached three times higher than usual.”

Begoña Mayoral, head of communications at Spanish berry marketing cooperative Cuna de Platero, says new security protocols have led to changes in the way products are handled at each stage of the supply chain – from production through to distribution, sale and consumption. “This has pushed up costs, but in most cases this has yet to be reflected in an increase in the final price of the product, given the importance of consuming fresh products in order to strengthen the immune system,” she notes. “At times, logistics have been very complex for companies that work in international markets, and this has affected the delivery times of orders. In other cases, especially at the beginning of the pandemic, orders could not reach their international destinations.”

Technology could provide some of the answers to these new logistical challenges, with more sustainable and more traceable supply chains likely to be at a clear advantage in the new post-pandemic global market. As the effects of Covid-19 recede, many feel climate change will emerge as the real driving force behind improvement in perishable transport networks. “The key words will be sustainability and blockchain,” says Linda Carobbi, corporate director, fresh fruit vertical market, at Florence-based logistics specialist Savino Del Bene. “Nowadays, we all have to deal with climate change and its consequent risks.”

“HIGHER COSTS ARE YET TO BE REFLECTED IN THE FINAL PRICE OF THE PRODUCTS”

Although agri-food specialists, scientists and politicians all recognise a need for urgent action to make fresh produce supply more sustainable in the coming decades, Carobbi says that many in the industry regard recent attempts to coordinate global efforts in this area as inefficient and insufficient. “Therefore, it is necessary to use technological levers such as blockchain – together with the internet of things and artificial intelligence – to transform the entire food supply chain in the name of a greater sustainability,” she argues. “At the same time, [we have to] reach transparency throughout the supply chain, reducing food fraud and improving food safety. These technologies have enormous potential in the agri-food sector.”

However, Carobbi points out that technologies shouldn't replace agriculture. Instead, she suggests, they should support it, and enhance its traditions, values and history. “For example, recently we can see more and more examples of vertical farms, from the most advanced with AI and robots taking care of the plants, to the more domestic options, which could be a good way to allow everybody to get closer to agriculture and enjoy growing some fruit and veg in their own home.” ●



FRUIT & VEG

**“HEALTH IS ONE
OF THE STAND-
OUT TRENDS”**

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PICTURED—Europe's first AmazonFresh store, in West London, on its opening day

+ RETAIL

Changes at both ends of the market

The growing importance of healthy eating to consumers has emerged as one of the stand-out trends during the pandemic. Big retailers saw their physical and virtual sales intensify as shoppers gravitated towards them, and with it the need to offer a consistent and constant flow of fresh fruits and vegetables. "We saw changes at both ends of the range: increased sales of organic and regional products, as well as for basic price products," reports Stephan Weist, director of category management for produce and plants at German group Rewe. "Demand for stockable products – potatoes, onions, garlic, apples, etc – always peaked when new or stricter Covid-19 rules were announced. And fruit varieties that are linked to health and the immune system, like ginger, citrus, garlic, or peppers, have seen higher-than-average [sales] increases."

British supermarket chain Marks & Spencer might not expect one of its star fruit and veg performers over the past year to be a two-kilo bag of potatoes. That's not to say it has stopped innovating at the premium end of the market – something proven by the launch of an easy-peeler grapefruit, or the three million home delivery fruit and veg boxes it sold during the UK's first lockdown. But with the pandemic turning received wisdom on its head, the impressive growth achieved by every single item of fresh produce in the retailer's value range Remarkable does seem to make sense.

As Lisa Raschia, head of trading in fresh produce, horticulture and frozen at M&S, explains, interest in those value lines and, crucially, demand for simpler products that can be used in home-cooked dishes has been notably higher since the pandemic began. As a result, the company is managing to change perceptions about the kind of service it offers its customers. "The upside [of the pandemic] is that, in less than 12 months, we've achieved some of the hardest bits we were going after, which is really around attracting family shoppers, and attracting more of a large basket shop," she reports. "Clearly there is this trend towards value, towards great quality at a great price, but also clearly scratch cooking, because these are all whole-head produce that people have to do something with. We've seen more lunch occasions coming through too – so salads really buoyant, peppers 50 per cent up, salad onions nearly 40 per cent up."



Like Rewe's shoppers, M&S customers are also looking more and more for products thought to help their immunity. "Ginger's up 100 per cent, we've tripled our sales on turmeric, citrus is up 15 per cent on the year," Raschia reveals. "In lockdown one, the sales level was so extreme that we launched a nutrition campaign called Eat in Colour, where we tried to highlight other products on the shelf that were high in Vitamin C or any immunity benefits."

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ABOVE—An extra level of hygiene at Russian retail chain Magnit

Ben Horsbrugh, key account team leader at certification provider GlobalGAP, says the organisation has seen a definite trend from foodservice marketing channels towards retail. "This also seems to have driven the growth of speciality marketing channels, including organic," he comments. "This may be partly because consumers who normally would spend money on eating out, now spend this share of their disposable income on the experience of food shopping and preparation." »

The shift towards what some in the business refer to as 'large-scale' retail has a number of important consequences for suppliers. Rodolfo Lozano, commercial manager at fruit producers' consortium CPF in Peru, says producers are having to adapt as quickly as possible to the new normal. "Distribution and sales are a retail game now, more than ever, and especially on the online side," he observes. "The production side has surely been affected, but more because of overall capacity due to social distancing and company protocols, so costs have increased. But, in general, fresh produce production processes cannot change that fast."

With more sales in supermarkets, and with consumers in northern Europe showing greater concern about food safety, packaged products have been much more in demand. "With more of a focus on the retail market and less on foodservice, this effects product sizes and packaging," says Helena Ravitz, export manager at Miffalei Yoffi Agshach, an Israeli carrot supplier. Many suppliers are aware of the additional challenge this presents in terms of reducing the industry's environmental impact, admits Alessandro Zampagna of Origine Group: "Consumption-wise, packed fruits have been preferred to [loose] produce. This trend is likely to continue, but we must tackle the environmental problem." Another leading player in the Italian produce industry, importer Luca Battaglio, says there were signs last summer that the packaging situation might return to something approaching normal. "At the same time, attention placed on safe and healthy food has definitely increased," he adds.

Elsewhere, disruption in terms of distribution – a major theme of a previous *Fruit Logistica Trend Report* – is also happening thanks to a continued blurring of the lines between physical and virtual retailing. The best example, naturally, is Amazon, which has opened a handful of Amazon Fresh stores in the UK and intends to roll more of these – complete with its Just Walk Out till-free technology – to other parts of Europe in the near future. The trend is most definitely towards greater convenience for shoppers, but it will be interesting to see how much of a countervailing move there is towards more engaging, experiential retailing if shoppers start to spend more time in stores again.

Online expansion reflects changing behaviour

The expansion of online retailing, however, stands out as the pandemic's most dramatic food retail trend. Bryan Roberts of retail analyst Shopfloor Insights, points out that UK market leader Tesco managed to double its online capacity in the space of just five weeks during the spring of 2020. The company was not alone in managing to ramp up its e-commerce operations as a large number of shoppers opted to steer clear of physical stores and instead picked up virtual baskets. Michael Zagler, export manager at Italian producer Fri-El Greenhouse, says there has been a "sharp increase" in the sales of groceries via online retail channels in many countries. "According to Nielsen," he says, "Italy's online FMCG business more than doubled in 2020, compared with 2019." In the first seven weeks of last year, there was an increase of 44 per cent, while the increase between weeks 8 and 52 was 129 per cent. "These figures show a significant change in consumer behaviour in Italy."

It is perhaps important to keep the growth of online retailing in context though, and to question how permanent it will be. As Jon Wright of IGD notes, online is expected to keep expanding, but it's in the established supermarket chains where the bulk of next year's growth is expected. In fact, IGD's research suggests the format is going to add an additional €50bn worth of sales, taking the total to more than €560bn in 2022. "While a lot of focus is being put on online, in terms of the change in value sales in Europe, we're expecting this really to be driven by the supermarkets – the likes of Rewe and Edeka in Germany, or Tesco and Sainsbury's in the UK," says Wright. "But discount and online will be growth channels in Europe."

What's more, an up-to-date definition of online retailing includes of course a whole array of new companies that look very different to the likes of Tesco, Carrefour or Rewe. Meal kit specialists such as HelloFresh and Gousto have seen their stock rise dramatically during the last year, and have stirred up excitement by serving up something very different for the buying public. In fact, customers and investors alike have been evidently very happy with what HelloFresh has to offer. For the full year 2020, HelloFresh sales were up 111 per cent on the previous year at €3.75bn, »



and at the end of Q1 2021 it reportedly delivered to 73m active customers worldwide. Its market valuation, meanwhile, has more than tripled as its operations and prospects have grown.

One of the big questions, of course, is how much people end up working from home in future. Rabobank's Cindy Van Rijswijk, one of the world's leading fresh produce industry analysts, says that even a conservative estimate of one extra day per person working from home – compared with prior to the pandemic – will lead to big changes in the way people buy and consume fruits and vegetables. As Sisco Tello, commercial director of UK-based importer Fesa, notes, sales of certain products have been adversely affected by changes in consumer behaviour over the past 18 months. "Fresh-cut fruit has suffered as a result of fewer people in the office and more people working from home," he says.

Kanako Horizumi of Japanese online supermarket Oisix Ra Dahici says the outbreak has certainly shown consumers an alternative way of living, shopping and eating that may lead to lasting change. "When I think about Japan, or other countries as well, I believe everybody has had more time to buy fresh produce and cook it, which is definitely one of the reasons why our company saw so much demand," she comments. "Also, consumers felt stressed because of Covid-19 and needed higher-quality product, with better taste and quality."

Many believe that online retail will continue to command a bigger market share. Mark Golden is vice-president of exports at California-based grower-exporter Umina Bros: "I believe more online shopping will occur, meaning we will need to revisit how we reach, and distribute to, consumers. If they are shopping online at home, they will shop for specific items, and impulse buying and trying new things will diminish." However, others in the business predict that people will return to buying their groceries in stores. "Online shopping is a mystery," says José-Antonio García, director of Spanish citrus association Ailimpo. "I do not see a big increase, as consumers prefer to see the products."

Elsewhere, the massive market disruption seen in the foodservice arena is only starting to ease. "The effects have varied a lot between markets," says Patrick Meikle, commercial manager of New Zealand exporter Golden Bay Fruit. "We have noticed that sales to supermarkets in countries that have a well-developed, modern retail structure have seen increases in the volume of apples, and the countries more reliant on the wet markets have seen significant falls in the volumes sold." The closing of the hospitality sector has had a huge impact on the food industry as a whole, says Donna Willimott of Spearhead International, a major agricultural supplier with operations across Europe, producing crops including potatoes and vegetables. "It has meant that items specifically grown for mass or bulk use have had to be redistributed, or at worse, given away for free or wasted," she explains. "It has also meant that businesses have to be ready to halt production altogether in the event that there is an outbreak." ●

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ABOVE—Interest and investment in home delivery companies like HelloFresh has soared over the past year

A woman with long, straight red hair is shown from the chest up, wearing a white button-down shirt. She is holding a burger with both hands and taking a bite. The burger has a dark, textured patty, a slice of yellow cheese, and a bun. The background is a solid, bright yellow. Overlaid on the image is large, white, bold text with a slight drop shadow.

**“THIS WILL
REQUIRE A
COMPELLING
NARRATIVE”**

PICTURED—The Impossible
Burger has changed the way
people think about food

+ CONSUMERS

Save the people, save the planet, save the pennies

When it comes to consumers, the overall message emerging from those in the fresh produce business itself is that people are going to want healthier, more sustainable, and more affordable fresh fruits and vegetables. The challenge, therefore, is to capitalise on rising demand for fresh produce and to meet a lengthening list of necessary requirements in terms of ethics and sustainability, while at the same time absorbing the higher cost of doing so. In that sense, the pandemic has arguably amplified the narrative, rather than altered it. Instead of changing the rules, it has simply raised the stakes in a game that was already underway.

What does appear to have changed is the status of fresh fruit and veg as something that big retailers, foodservice operators, and other operators want to use to tap into new consumer demand. It's a change for the better, accentuated by the pandemic's devastating health impact, but it is rooted in other important things like reducing food waste and limiting our carbon footprint. "This will require a compelling narrative," says Barbara Galli, an independent consultant specialising in food and sustainability, "one that helps consumers better understand the challenge; one that helps them explore and navigate their way through the many interconnected choices that will affect not just their own wellbeing, but the sustainability of our entire planet." Plant-based foods were already central to a new movement promoting more sustainable and more ethical food, but the direction of travel now suggests this will be supported by stronger demand for health-enhancing foods. For this industry, it is a message that has been nicely amplified by the UN Food & Agriculture Organisation's decision to announce 2021 as its International Year of Fruits & Vegetables.

"We believe that the fresh produce industry will continue to play a critical role as people maintain their interest in a healthy diet, and that consumers will look for the most direct sourcing from the producer," says Dennis Brito, chief executive of Ecuadorean exporter Golden Sweet Spirit. Piotr Maik, purchasing director of Consorfrut Polska, agrees: "Customers will continue to look for healthier fruit with higher vitamin content."

Frank Vermeersch, head of customer relations and marcom at Fairtrade marketer Agrofair in the Netherlands, has no doubt that the trend towards healthier food has strengthened in the past year. "Consumers are realising more and more that fruit and vegetables can act as a kind of natural protective medicine," he comments. "Replacement and shift from sweets and snacks to convenient grab-and-go fruit, and a tendency to discourage impulse buying of sweets and snack foods at the checkouts, can be a great incentive for convenience fruit."

Martin Casanova of Florida-based supplier Thx! Dreams, says the new demand for healthy produce will be interlinked with a need for brands and retailers to look after people and communities. "The pandemic has forced us to be more supportive," he suggests. "I think that in general the effects of the pandemic on consumption have been very positive."

As well as healthy food, it looks very likely that people will demand more traceable, more sustainable products too. That's certainly the view of Marianela Ubilla, president of Ecuador's banana export association AEBE. "Supermarkets with online operations are surely going to demand greater traceability in order to be able to offer their consumers a healthier product with a lower chemical load, as set out in the European Union's green policy," she predicts. "In other words, the world will demand greater traceability to find out where your product comes from." »

GlobalGAP's Ben Horsbrugh speaks regularly with retail buyers and therefore has a better sense than most of what is driving their purchasing decisions. "A big surprise for us during the past year has been the large number of discussions with retailers on sustainability and social responsibility topics," he reveals. "We expect to see a strong focus on the environmental and social impact of food supply chains and a search for effective auditing and monitoring solutions. These will also drive the development of digital solutions that can reduce audit burden and provide more data on the supply chain. Supply chain transparency is therefore a big issue."



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 ABOVE—Led by the World Health Organization, more institutions are promoting the idea of a balanced diet built around fresh fruit and vegetables

Governments need to be ready to support that positive change, says Hugo Vermeulen, former boss of Cool Fresh International and now working as an expert advisor to the Import Promotion Desk in the Netherlands. "Governments have not given enough attention to the fact that a healthy lifestyle, supported by enough daily intake of fresh produce, will give you a better chance to fight the Covid-19 virus and other viruses we will be confronted with in the future," he argues. "A vegetarian diet will become more common and important in the future and I see great opportunities for our sector."

Nick Fitzpatrick agrees that the sector needs and deserves more institutional backing: "Hopefully [we will see] a continuing focus on health and more government support for programmes to help poor and vulnerable access healthy fruit and vegetables." Barbara Galli underlines the need to act now: "For people and for the planet, there is an urgent need to guarantee that everyone, everywhere in the world, has access to, and can afford, their daily intake of fresh fruits and vegetables," she says. "And the only way to achieve this ambitious objective is a combined and coordinated effort that involves producers, distributors, consumers and governments, backed by new technologies and innovation from the scientific community." _ ●



**“NOTHING WILL
BE TAKEN FOR
GRANTED”**

PICTURED—Putting together online orders at Jumbo's huge new e-commerce fulfilment centre in Bleiswijk, Netherlands

+ CONCLUSION

After so much uncertainty, the prospect of some permanence

To draw a small number of conclusions at the end of a report that is packed with different and – at times – competing views and predictions seems wrong. In this particular case, you might argue, it would seem more sensible to keep an open mind. But it is also right to identify a number of key areas that will no doubt influence the future development of the international fresh produce business. This writer sees two really important factors that will come into play over the next decade. These are: the rapid advance of technology to solve all manner of practical issues like labour and logistics; and the rise of healthy eating as a lifestyle choice, worn by consumers like a badge of honour. In effect, post-pandemic I think it is more likely that we will see a world in which machines of all shapes and sizes (yes, let's call them robots) help us work more effectively and productively, and at the same time a world where more and more people are actively helped to live longer, healthier lives.

But again, the people best placed to draw accurate conclusions are those with firsthand experience of the trade. Paco Borrás, independent consultant and former director of Spanish fresh produce company Anecoop, is one such person. He sees five major long-term trends emerging from the Covid-19 crisis. “Firstly, a growing interest in the concept of healthy eating – and fruits and vegetables in particular – on the part of consumers,” he begins. “Second, professional improvements across every link in the supply chain, from the field, through harvesting and packing, due to the greater demands placed on worker safety.” After that, a greater awareness among consumers of the value of local production, followed by greater consolidation within the fresh produce sector. Then, finally, a hugely encouraging sign of the industry’s rejuvenated status: “I think we will see more participation from investment funds in the agricultural sector.”

Giving consumers what they want, however, in the wake of such a life-changing episode and set against a backdrop of economic recession, is set to be one of the biggest challenges ahead, says Dennis Brito. “People are suffering financially, so we’ll have to see if we can offer products that are pleasing to the consumer but are within the price range they require,” he says. “This means that the entire value chain will have to adjust its margins – in some cases to the point that they are merely covering their costs – in order to continue operating.”

Consumers may be ready to return to eating out, but some channel adjustments are probably going to be permanent. “I think some of the changes the pandemic has caused, like the decrease in sales of goods towards the horeca sector, are temporary, although business travel will take a long time to return to the levels prior to the pandemic,” predicts David Abuchar Luna, sales director of FLP Global. “On the other hand, I believe trends like online shopping for produce will remain, not in the same proportion as during the lockdowns, but larger than before the pandemic. Another example of a change that I think will remain is the slowdown of sales of fresh-cut fruit, given that many people will continue to work from home at least part time.”

Iryna Kukhtina, president of the Ukrainian Berries Association, sums things up succinctly: “We see changes in distribution and sales channels as likely permanent,” she says. “Changes in consumption occasions, we see as temporary.” But there are competing viewpoints across the industry. Francisco Rotella, commercial manager of Argentinean firm Citrusvil, thinks all of the long-term change will be in consumption patterns and shopper behaviour, rather than production or distribution. “In the case of citrus, this pandemic caused consumption to skyrocket significantly,” he comments. “We will have to see the post-pandemic effects.” »»

Emiliano Escobedo, executive director of the Hass Avocado Board in the US, does not believe any changes in terms of production will remain post-pandemic. “New distribution channels have been created and consumers will probably find that they can buy produce in places they wouldn't expect to before,” he argues. “Farmer's markets may see move volume come through. However, traditional grocery channels will continue to dominate, with more sales going through e-commerce.”

But there are others who see a transition to a more sustainable supply base coming in part as a result of changed attitudes on the part of consumers and buyers. For Frank Vermeersch, that will be one new trend among many that relate to ethical sourcing, Fairtrade, and closer links with producers. “There may be a shift to other alternative sales channels, local and farm shops, semi-takeaway and online sales,” he suggests. “Hypermarkets and supermarkets will have to reinvent themselves with other concepts and more attractive displays in order to offer added value. And special attention will be paid to the elimination, or strong reduction, of plastic use, both in producer countries and retail markets.”

In the end, whether or not the world of fresh produce that emerges in the next year is markedly different to the one we knew at the start of 2020 probably depends on each person's own individual experience and perspective. What everyone can agree on, in the meantime, is that the pandemic has made us reconsider almost every single aspect of the fruit and vegetable business. In that sense, nothing will be taken for granted. And that can only be a very healthy thing indeed. ●

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BELOW—Leading fresh produce industry trade fair Fruit Logistica is set to return on 9-11 February 2022



+ SOURCES

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PICTURED—Masks being worn by staff and shoppers alike at a newly opened Eroski store in northern Spain



Fruit Logistica is the world's leading trade fair for the fresh fruit and vegetable business. The event covers every single sector of that business and provides a complete picture of the latest innovations, products and services at every link in the international supply chain; it also offers superb networking and contact opportunities to the key decision-makers in every area of the industry.

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