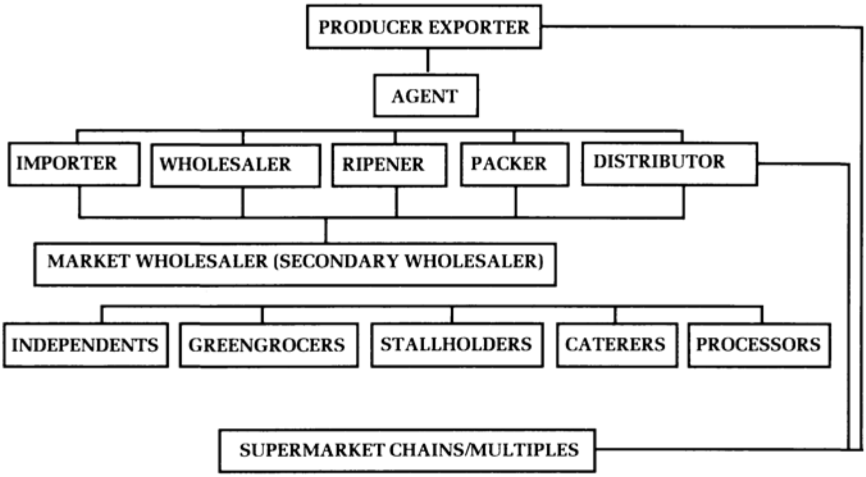
Where to send it

There are a number of channels for trading exotic fruits in the UK and the situation has been changing as the multiples (larger supermarkets) increase their market share of the fresh fruit trade. They are now estimated to control about 50% of this trade and an even greater proportion of the exotics trade.

The following diagram indicates the various ways in which produce gets on to the market.



The producer/exporter has several options available for selling his produce:

- to deal with either a large, or even small, specialist importer who could offer to buy the product, work on a joint-account basis, or sell the produce on commission. Working from an office, his customers will be both the multiple trade and the wholesale markets.

- to deal with an importing company which also has its own distribution network mainly servicing multiples. This would generally include depot and pre-packing facilities, and a transport service arrangement handling centralised distribution. It will broadly be through this level of contact that direct association can be made with supermarkets.

- to deal with an importing company which may alternatively have wholesale premises in the primary markets, such as New Covent Garden, Liverpool or Birmingham.

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- to deal with a company which, while it has premises on major markets, could also undertake the distribution of fruit on a wider geographical basis, by the creation of a 'panel', or appointed franchised wholesalers selling on its behalf in other markets. These would include the smaller, but often very useful, markets such as Bradford and Leicester, which often have large ethnic consumer populations.

There are also a few large importing/wholesaling companies carrying out all activities prior to getting the produce on to the shelf and this has reduced the participants in the marketing chain. In some cases the multiples are dealing directly with the producer/exporter, though mostly retaining the involvement of their importer/distributor, since the supermarkets rely on them for operating their storage/ripening/distribution depots. Nonetheless, this process does cut down the number of intermediaries. The independent greengrocers, market stalls and caterers still use wholesalers to procure produce, but the quantity of produce moving through the traditional wholesale markets (New Covent Garden, Spitalfields) is reported to be on the decrease.

The choice of market contact for an exporter depends, to a large extent, on what volumes and quality will be exported to the market and whether the exporter is looking for a long term commitment from a buyer. If an exporter can assure steady supplies of high quality, well-packaged produce, it may be worth contacting larger multiples direct. Even if retailers have an existing relationship with an importer, they are keen to identify new suppliers themselves and communicate their requirements direct to the producer. Programmed volumes and shipping dates, linked to a broad price commitment, have to be rigorously adhered to if the exporter is to make a success of this business.

The next option is to sell to one of the larger importer/wholesalers on an agreed contractual basis. Exporters can contract at a specific price on a weekly basis, or even sometimes on a monthly basis, if that is thought to be advantageous. Again, if shipments are not up to standard, or the exporter's price is considered too high, the importer is liable to discontinue business. The market is very competitive.

It is also fairly difficult to enter business through these channels. Although both supermarket retailers and importer/wholesalers make visits to potential supplying countries, they rarely turn up "on spec" to growers or exporters. So it is no good waiting for a buyer to arrive - the potential exporter has to get in touch with buyers and persuade them that it is worth buying their goods. Once this has been done, the exporter does have a reasonably assured market for the produce, so long as quantity and quality specifications are met.

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If an exporter is not so concerned with having a secure sales outlet, and is willing to risk fluctuations in price, then one of the smaller importers or importer/wholesalers may provide the best opportunity for a smaller exporter. Quantity and quality requirements are less rigid, though still high. The exporter has to communicate with or visit prospective buyers before despatching produce, which is then usually sent as a test-case consignment. Once a test consignment has reached the market, to the satisfaction of both parties, further shipments may be made. The importer, if he has not agreed to buy the produce outright, or offered a joint-account arrangement guaranteeing a minimum price, will sell on commission in the order of 8-10% of the wholesale price, though this can be negotiated. A problem with this method is that the exporter is dependent upon the importer for achieving the best price in the market and only then knows what returns will be made. So there has to be a great deal of trust between contracting parties. If the exporter can negotiate through family contacts with smaller importers he may feel this offers better security, and this is one of the reasons traditional trade in the exotics sector has gone through such channels.

One of the disadvantages of selling through these "smaller business" channels is that there may be less likelihood of expanding trade to optimise on increased multiple sales, since they do not generally trade with the smaller importers. There are also dangers of the smaller importers being squeezed out of business as the structure of trade changes, leaving the exporter with no UK outlet.

A further option is where in the country to sell to. The market is largest and growing fastest in the South-east of England and the majority of this exotic fruit is traded through London, using Heathrow and Gatwick airports. However, there are significant pockets of demand throughout the UK, such as Birmingham, Bradford, Leeds, Manchester and other centres in the North-east of England. If either air or sea freight space is available to a destination other than London, such as Liverpool or Cardiff, the exporter can also pursue contacts in that area.

This brief outline of how the market works shows that the exporter is the one who has to identify a buyer and prove that the fruits are worth buying, whichever way they are traded. It is not an easy market; standards are high and competition is strong. On the positive side, the market is growing so fast that the major buyers are anxious to identify new suppliers and, if they think their standards can be met, are willing to try working with exporters or even growers.