

For fresh fruit and vegetable marketing and distribution in Asia



By Tom Joyce

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Staying connected

Increasing competition on the Middle East market demands that suppliers tailor their products and service to their customers' particular needs or risk hemorrhaging market share



Will Mehrten (right) with CEO Hank Miller

Leading US exporter The Fresh Connection works with more than 300 growers throughout North and South America, South Africa, Australia and New Zealand to offer more than 50 varieties of fresh fruit and vegetables worldwide. For the company's exports to the Middle East market, much of the produce is sourced directly from South Africa, notably citrus, grapes, apples, pears and stonefruit. The Fresh Connection's Will Mehrten speaks to Fresh Focus Middle East about the continuing potential for South African fruit in the Middle East, as well as the need to remain alert to its consumers' evolving preferences.

Which markets in the Middle East and Gulf do you currently send to? Are you targeting growth in any particular market?

Will Mehrten: Our primary export markets from South Africa to the Middle East are the UAE, Saudi Arabia, Qatar, Bahrain, Oman, Jordan and Kuwait. While we are not specifically targeting

any given market we are always exploring new opportunities. From our standpoint, continued growth comes from the diversity of the countries we sell in and from the diversity of business channels we sell through. To a certain extent, we are currently working to grow our business outside of the UAE, but still view the UAE as a critical market and hub for the region.

Are you looking to send direct to other markets?

WM: We're sending more volumes direct to markets like Saudi Arabia, which has its advantages. Having said that, we approach these opportunities conservatively, understanding that there is inherent risk in doing such business in the region.

The retail sector is also developing, but again this is something that we approach conservatively. We know it is a good long-term strategy to be involved, but we are being patient in identifying the right opportunities and growing them

accordingly. We also work closely with a number of key local service providers, as we feel they too have an important role in the supply channel.

How has the Russian boycott affected trade in the Middle East market?

WM: The Russian boycott is still having an effect on the Gulf. The question is, if Russia opens up again, how much of that historical supply will re-enter the market? Companies that in the past focused on Russia for some percentage of their trade have in many ways retooled their business model and developed regions like the Middle East, as well as Asia.

What about the current chaos in Syria and Yemen?

WM: The instability in the region definitely has an impact, and a market like Saudi Arabia has certainly felt the effect in all channels of the business all the way to consumer confidence.

How is the low oil price affecting business?

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

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WM: While I don't have the statistics to correlate lower oil prices to our business, I do know it has had an impact on the produce industry. Countries such as Saudi Arabia have had to cut subsidies for fuel and energy and raise a number of taxes to help offset lower oil revenues. Obviously oil producing countries, and those countries that have enjoyed the secondary benefit of being in the region, are all feeling an impact. From the formal retail sector all the way down to the confidence of individual consumers, we have seen its effects.

What are the main priorities for this market in terms of what consumers are looking for in a product?

WM: I think we are seeing taste becoming more of a priority in the buying decisions of consumers. Obviously the market demands a strong product at a fair price as well, but we feel importers have a greater range of buying choices to make compared with what they had 10-15 years ago. That produces a more competitive landscape, as well as a more sophisticated

consumer, which adds tremendous pressure to deliver on all points: eating quality, freshness, shelf-life, a wide variety, all at a fair market price.

As The Fresh Connection sources from over a dozen countries of origin, we feel we can help our customers to have a greater understanding of how to manage consistent and reliable sources of supply 12 months a year.

What are the main challenges you're facing?

WM: The world of produce is becoming more sophisticated and advanced. Countries that have produced fruit and vegetables purely for domestic consumption are only now exporting excellent quality produce to a number of international markets. Thanks to innovation in plant breeding and science, stronger cold chain and postharvest management, we are seeing produce that can travel longer distances, taste better, look better and in many cases cost less than their original source of supply. The benefit in some of this has been

a windfall for growers since many of these varieties are higher yielding, so growers are seeing improved returns as well. I think it is safe to say that no single commodity or country of origin can expect to have the same continuous market share over time without constant development tailoring to our customers' needs.

Many countries of origin are also now starting to see overproduction. This is giving markets and consumers greater choice and the power to demand a better product, or more variety, quite possibly at a lower price. If one area cannot deliver, then that opens the opportunity for another player.

It is our challenge to stay focused on delivering global supplies that fit the growing and changing needs of consumers, and not just assume that what we have done over the past 22 years is the only model for future success.