

EXPLORATORY STUDY IN ASSESSING THE MARKET POTENTIAL  
AND DISTRIBUTION NETWORK OF SELECTED TROPICAL FRUITS  
IN EUROPE

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**Abstract**

*This is an exploratory study that aims at assessing the market potential of selected tropical fruits in Europe. Specifically, this study attempts to identify the distribution network and to determine the competitiveness of Malaysian tropical fruits in the European market. Through purposive sampling, 100 interviews were conducted on the industry players comprising of importers, wholesalers, retailers and distributors in The Netherlands, which serves as a gateway to the European market. The study shows that the channel members include large-scale importers, wholesalers, and exporters, as well as large and small-scale retailers, who are the main players in fruits and vegetables distribution in The Netherlands as well as European markets. Results also indicate that there is a great potential for Malaysian tropical fruits particularly carambola, pomelo and dragon fruit due to low market competition. However, it is pertinent that these fruits be marketed in the premium market to reap premium earnings by supplying niche segments of the market. Although fruits such as pineapple, mango and papaya are highly demanded, competition is stiff. Despite low competition, durian, mangosteen, jackfruit and rambutan have less potential since market demand is low and the fruits are less attractive among the Europeans. Marketers of tropical fruits for European market should become more proactive in developing new fresh fruit products and build on the intrinsic strengths of fresh produce- namely freshness, associations with health, nutrition and light taste that is consistent with modern lifestyle.*

**Keywords:** Market potential, industry survey, tropical fruits, distribution channel, European market

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### 1.0 Introduction

Global demand for fresh and processed fruits has been expanding over time as a result of increasing population, higher income, and technology breakthroughs that improve quality and lower prices, as well as the increasing preference for healthy food (Digal, 2005). The consumption of fresh fruits including tropical fruits among consumers in Europe is increasing because Europeans are not only interested in healthy eating but to some extent have a strong passion for exotic fruits. As such, between 1987 and 1992, there was a growth of exotic fruit imports into all EU markets ([www.researchandmarkets.com](http://www.researchandmarkets.com)). The largest market for exotics and off-season products in the EU is the UK followed by France and Germany. In The Netherlands, most of the imported tropical fruits are re-exported to other European countries.

The increasing demand for fresh fruits in Europe has brought in many producers and exporters of tropical fruits from Asian countries to penetrate the European market. Therefore, the market for tropical fruits in the European countries is very competitive with the involvement of several tropical fruits producers such as China, Thailand, The Philippines and South America. However, the demand prospects for tropical fruits particularly for exotic fruits such as dragon fruit, pomelo, mangosteen and rambutan in the European market are favorable (Ahmad, Azhar et al., 2008 and Ahmad, Suhaimi et al., 2008). Clearly, there are opportunities to improve and develop the linkage between the exporting countries and importing countries so that participants in the supply chain of tropical fruits may be able to tap the higher value chains and substantially improve quality, production capacity and ultimately enhance competitiveness (Digal, 2005).

Market penetration and expansion of tropical fruits is very much dependent on the overall integrated marketing system and supply chain management. For the whole system to function accordingly, several mechanisms have to be established including the market channeling system and quality control. Understanding the demand structure and the mode of entry would be crucial in penetrating the European market. One of the immediate issues that require more attention is the understanding of foreign market channel and industry characteristics especially in the country that serves as a market gateway such as The Netherlands. With its comprehensive logistic management and channel distribution, The Netherlands is a significant gateway to the European markets. Thus, an in-depth understanding of the characteristics of the channel members and its operation of fruits distribution would definitely pave the way to gain better access to the European markets. This research project aims at assessing the market potential of selected tropical fruits in The Netherlands. The findings of this research would certainly help in formulating a strategic action plan to enhance Malaysian exports of tropical fruits.

## 1.1 Objectives of the Study

This research focuses on achieving the following objectives:

- To identify the distribution network for tropical fruits in The Netherlands, the gateway to European market.
- To determine the competitiveness of Malaysian tropical fruits in the European market.

## 2.0 Understanding and Analysing the European Tropical Fruit Market

The market for fruits in Europe can be segmented according to two types – temperate and tropical fruits. The largest market by value is fresh temperate fruit. The major temperate fruits are oranges, other citrus, apples and grapes. In the tropical fruit market the major products are bananas, pineapples, and mangoes. The market for fresh temperate and tropical fruits is growing rapidly driven by consumers' interest in healthy eating throughout the year. Generally, there is a year-round demand for tropical and “exotic” fruits such as banana, pineapple, mango, papaya, avocado, pomelo, carambola etc. One of the main problems that Malaysian tropical fruits exporters can expect to face in the European tropical fruits market, is that there are already large numbers of suppliers who have successfully penetrated that market. Countries such as Brazil, Mexico, Costa Rica, Thailand and China dominate the market for major tropical fruits.

### 2.1 Import Demand of Tropical Fruits

Demand prospects for fresh tropical fruits over the current decade are expected to be favourable with the forecast growth rate at nearly 8% over the projection period for major tropical fruits ([www.researchandmarkets.com](http://www.researchandmarkets.com)). Global imports are forecasted to reach 4.3 million tonnes by 2010 with 87% or 3.8 million tonnes destined for developed country markets. The EU is expected to remain the world's largest import market, followed by the United States, together accounting for 70% of import demand. Europe is expected to remain the main market outlet for tropical fruit, with France a major importer and Netherlands the major European transshipment point for imported tropical fruit (FAO Corporate Document Repository, [www.fao.org/docrep](http://www.fao.org/docrep)).

Forecasts for 2010 indicate increased import volumes for all four major tropical fruits (pineapple, mango, avocado, papaya), with the largest percent increase forecast for mango at 9.7% ([www.researchandmarkets.com](http://www.researchandmarkets.com)). The United States, the EU, Japan, Canada and China (Hong Kong SAR) remain the largest import markets for fresh tropical fruit. World trade should continue to be dominated by pineapples, although significant growth in exports has been recorded for other tropical fruits, particularly mango.

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According to The United Nations' Food and Agriculture Organization (FAO, [www.fao.org](http://www.fao.org)), the world production of and demand for tropical fruits are expected to expand over the next decade. In terms of production, developing countries are the major producers accounting for about 98% of total production. In terms of demand, 80% of world tropical fruits import comes from developed countries. Global fresh tropical fruit production's main focus is on four major fruits: mango, pineapple, papaya and avocado. These four major fruits account for about 75% of total global fresh tropical fruit production. The projection and demand forecast is based on the data available on these four major fruits. It is estimated that the other 25% production of total world tropical fruits consists of varieties of fruits such as lychee, durian, rambutan, guava, passionfruit and several other seasonal fruits. However, the trading volumes of these minor tropical fruits are smaller and mostly at the regional level. Furthermore, the international trade classifications do not provide sufficient data and details for these minor tropical fruits. Thus, specific projection for each type of tropical fruits is not available. Nevertheless, it is estimated that the market shares of these minor tropical fruits have been expanding in recent years.

The changing attitude of European consumers towards healthy eating provides great potential for the Malaysian fruit exporters to penetrate further into the European market. To market tropical fruits effectively, target marketing including appropriate market segmentation and positioning is vital. It is important to identify the key industry players in Europe in order to channel the exports and foster better farming practices to better match the timing of the demand. Apart from that, it is also important for the Malaysian fruit growers and exporters to be able to conform to the European fruits standards such as GLOBALGAP, HACCP and so on.

To effectively market the tropical fruits in the European market it is important to understand and analyse the needs and preferences of the consumers. According to Hughes (1996), there is a changing attitude towards healthy eating lifestyle due to increasing percentage of adult obesity. There is an increasing need for natural foods such as fresh fruits and vegetables and also organic foods. Some of the recent development in consumer lifestyle is that there is an increased of fruit consumption by 40 to 50%. In fact, children under 16 have begun to 'embrace' fresh produce. Besides, there is also an increase in consuming fruits for beauty purposes.

Besides consumers, understanding the distribution channel and supply chain is also very important for a successful penetration of the market. For Malaysian fruits to be marketed in the Europe, the members of distribution channels, the flow of distributing activities, the requirements in terms of laws and regulations, and the demand characteristics need to be studied. Since The Netherlands acts as a gateway to European Union countries, understanding the Dutch fruits distribution network is crucial.

### 3.0 Methodology

#### 3.1 Data Collection

There are about 400 importers of fruits and vegetables in The Netherlands (Holland Fresh Guide 2005/2006). To determine a valid and meaningful findings a sample size of 100 industry players were interviewed through purposive sampling. The respondents were identified from the listing of fruits producers and exporters, which was obtained from the International Fruits Exhibition (Fruit Logistica 2007) in Berlin, Germany. Table 1 shows the composition of the sample respondents and the key information that were gathered from them.

Table 1 Research Sample and Key Information

Sample Group & Size	Key Information
Importers/Exporters/Distributors/Wholesalers (n~47)	<ul style="list-style-type: none"> <li>• Handling of tropical fruits</li> <li>• Type of tropical fruits</li> <li>• Sourcing of tropical fruits</li> <li>• Price indicators</li> <li>• Preference of tropical fruits</li> <li>• Distribution facilities</li> <li>• Volume estimation</li> <li>• Mode of payment</li> <li>• Handling of damage goods</li> <li>• Regulatory involved in tropical fruits distribution</li> <li>• Observation photos</li> </ul>
Retailers (n~53)	<ul style="list-style-type: none"> <li>• Different type of retailers</li> <li>• Type of tropical fruits distribution</li> <li>• Packaging and presentation of tropical fruits</li> <li>• Promotion activities</li> <li>• Estimation of pricing and volume</li> <li>• Observation photos</li> </ul>

Industry interviews were carried out among the Dutch importers/exporters, distributors, wholesalers and retailers to examine the characteristics of tropical fruits distribution activities and to determine the potential demand of the selected tropical fruits. As an effort to reach the target respondents, the researchers attended the fruits trade fair and exhibition known as Fruit Logistica which is an annual event held in Berlin. Fruit Logistica is the leading international

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trade show in the fruit and vegetable sector and Germany provides an excellent stage to showcase the fresh produce since the European Union is the largest importer of fruit and vegetables in the world. The trade fair offered developing countries exhibitors of “exotic” produce as well as newcomers from the Central and Eastern Europe. It is an excellent venue to present their products to an international trade public and to establish new business contacts. Fruit and fresh produce industries were able to display their range of products and services to the industry players and trade visitors all over the world. Examples of innovative ideas for ensuring perfect quality throughout the processes and stages of the supply chain were also exhibited.

Data collection was carried out for the period of two months within the month of January to March 2007. During data collection, the dropping-off method was also used in order to generate more industry responses especially to capture the potential respondents that were unable to attend formal interviews. In addition, market observation was done to understand the daily function of tropical fruits distribution and market spread of tropical fruits within the local community. This holistic research approach generates more information that is useful to draw a complete framework of foreign channel distribution and fruit distribution network in The Netherlands market.

### 4.0 Findings and Discussion

#### 4.1 Sample Characteristics

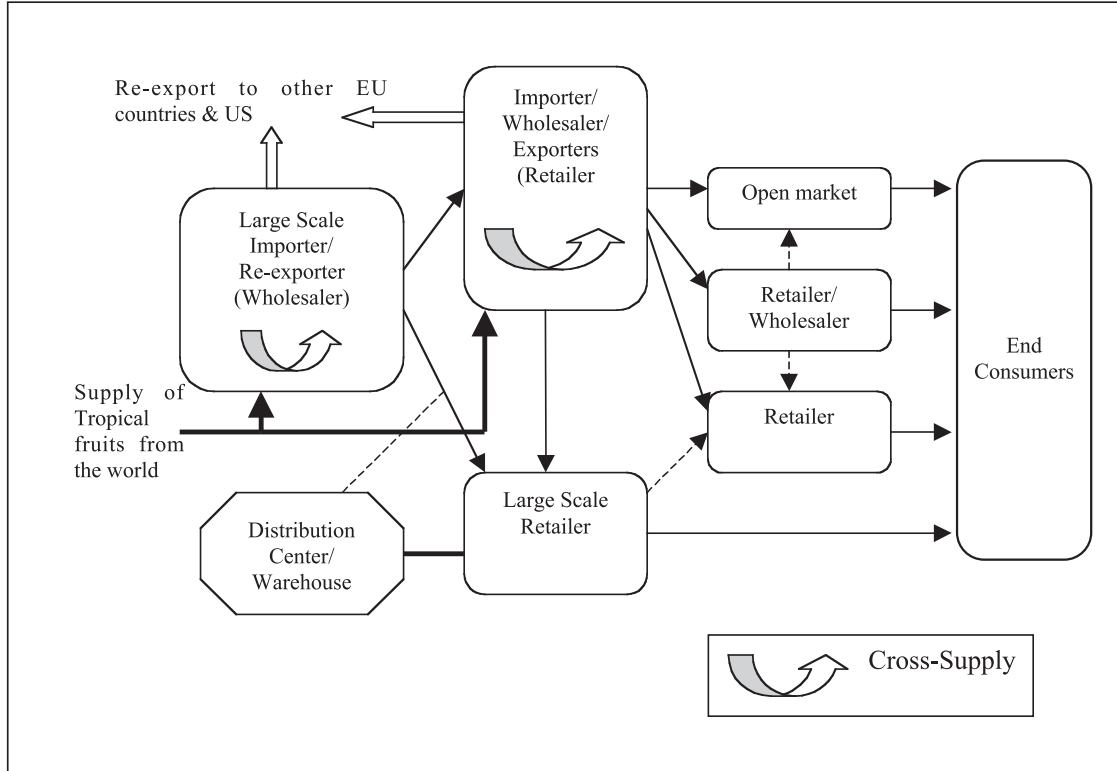
Table 2 shows the breakdown of the respondents. They supply to the local Dutch wholesalers and other European wholesalers that distribute the fruits through out European markets. Usually they do not deal directly with retailers except large scale retailer such as supermarket chains that order in bulk.

Table 2: Sample Category and Size (N = 100)

<b>Sample Category</b>	<b>Sample Size</b>
Large Scale Importer	11
Importer/Wholesaler	36
Large Scale Retailer	12
Retailer/ Small Retailer	37
Open Market	4

## 4.2 The European Market Distribution System

Figure 1: Overview of the Channel of Distribution



### 4.2.1 Importers and Wholesalers

In The Netherlands, the channel of distribution is well developed and connected. With reference to Figure 1, the channel members include large scale importers, wholesalers, and exporters. These channel members are the big players in fruits and vegetables distribution in The Netherlands as well as European markets. They usually hold multi-roles from importing fruits and vegetables from various parts of the world, sourcing from South America, Asia and also local suppliers to re-exporting to European countries and redistributing them throughout Holland. In their distribution network, they supply to other importers, wholesalers, exporters and sometimes retailers (especially large scale retailers like supermarket). In the supply network, the physical logistic is arranged via the retailer distribution centre or warehouse and then distribute to all subsidiary chain stores. These large scale channel members might also cross-supply for certain type of products. To supply to this group of importers, fruits product must possess a GLOBALGAP certificate, especially in 2008, where the GLOBALGAP requirement becomes necessary. Apart from that, the fruits must also comply with all EU

Regulation such as General Food Law that was enforced in January 2005 that involves regulation on Maximum Residue Limits (MRLs) for pesticides, and International Standard for Phytosanitary Measures (ISPM).

Figure 1 also shows the second level of importer/wholesaler and large scale retailers of tropical fruits. These groups of channel members supply fruits and vegetables to open market, retailer/wholesaler and retailers. The large scale retailers may supply to other smaller retailers or sell direct to the end consumers. Some of the large scale retailers have their chain stores throughout the European countries. Traditional retailers are usually privately owned mainly capturing the local Netherlands market by selling to neighborhood communities. In distributing the fruits, the wholesalers usually do not repack the fruits because the labor cost for re-packaging is extremely expensive. However, minor re-packaging is sometimes performed to meet their clients' requirements. Some customers require the packaging in the form of "ready-to-sell". Small mixed-packaged fruits are also provided for specific customers such as hospital fruit stores.

#### **4.2.2 Large Scale Retailers: Supermarket Chains**

One of the most important outlet that sells fruit and fresh produce to the customers is the supermarket. In The Netherlands, supermarket chains are very popular since they are found everywhere and offer better products at a competitive price. Besides Mediterranean fruits, tropical or "exotic" fruits are also popular items found on the supermarket shelves. Through observation, all the premises are equipped with cold rooms to store the fresh produce.

From experts' opinions and in reference to the GfK Consumentenpanel Netherland, Frugi Venta Annual Report of 2005 (report on consumer panel for fruit and vegetables purchases), it is clear that supermarket chains are the main distribution channels of fruit and vegetables. The total volume traded in 2005 is 3.7 billion (refer to Table 3). Of this, 2 billion euros' worth of fruits and vegetables are distributed through the supermarket chain (54%), followed by the daily or flea or open market (32.5%) and green grocers or fruit and vegetable shops (13.5%). Table 4 shows the increasing trend of the purchase volume of fresh vegetables and fruits. Therefore, to penetrate The Netherlands market, it is crucial to access the supermarket chains.



Table 3: The Value of Selected Market Segments in Year 2005

Market Segment	Euro (in Billion)	Percentage (2005)*	Percentage
Supermarkets (5000 Outlets)	2	54%	65%
Daily/ Flea Market	1.2	32.5%	20%
GreenGrocer/Shops/Fruit/ Vegetable Stalls	0.5	13.5%	15%
TOTAL	3.7	100%	100%

\*2005 percentage is calculated based on the three selected market segment volume  
Source: Adapted from GfK Consumentenpanel Nederland. Frugi Venta Annual Report 2005

Table 4: Share of Volume in Purchases of Vegetables and Fresh Fruits for Individual Sales Channels in the Netherlands

	Vegetables			Fruit		
	1999	2002	2005	1999	2002	2005
Supermarket	73%	77%	84%	63%	68%	75%
Greengrocer	11%	8%	5%	12%	9%	7%
Home delivery	1%	1%	1%	3%	2%	2%
Open market	11%	10%	6%	18%	16%	12%
Other	4%	4%	4%	4%	5%	4%
TOTAL	100%	100%	100%	100%	100%	100%

Source: GfK Consumentenpanel Nederland. Frugi Venta Annual Report 2005 page 10.

### 4.2.3 Small Retailers and Open Market

The small retailers in the form of mini market and grocery stores are scattered through out Holland. They serve the local communities by being at strategic locations and providing smaller quantities for household consumption. A typical mini market usually carries various consumable items such as canned foods, vegetables, fruits and dried foods. The retailers require fruit products that are packaged in a ready-to-sell form to avoid having to repackage the fruits themselves as labor is costly.

Open markets are traditional venue for selling dried and wet products. Open markets usually operate in the morning or evening on a regular basis. The products sold in open markets are of lower quality and

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price and there is no need for GLOBALGAP certification for fruits to be sold here. Excess supply is usually distributed in the open markets with minimum pricing. Only few typical tropical fruits such as banana, pineapple, mango and papaya are commonly displayed and sold. Store owners usually get the supplies from local wholesalers and sell on cash basis. No specific packaging is required.

### **4.2.4 Consumers' Preferences**

Apart from understanding the distribution network in Europe, and The Netherlands in particular, demand characteristics of the European consumer must also be understood. This understanding is crucial for exporters to customize their product to meet the buyers' demands and to beat the competition. Dutch consumers can be divided into several segments. The high-end segment that purchases fruits from supermarkets is more demanding. High-end consumers are more aware of the quality of the fruits and normally look for certification explaining how the fruits are grown. Therefore fruits with GLOBALGAP certification and GAP notices are most welcomed in this market segment. Meanwhile, traditional retail stores and open markets customers are less demanding in terms of certification. They may not be sensitive to voluntarily certification, but are more aware of brand names such as "Chiquita" bananas or "Del Monte" pineapples.

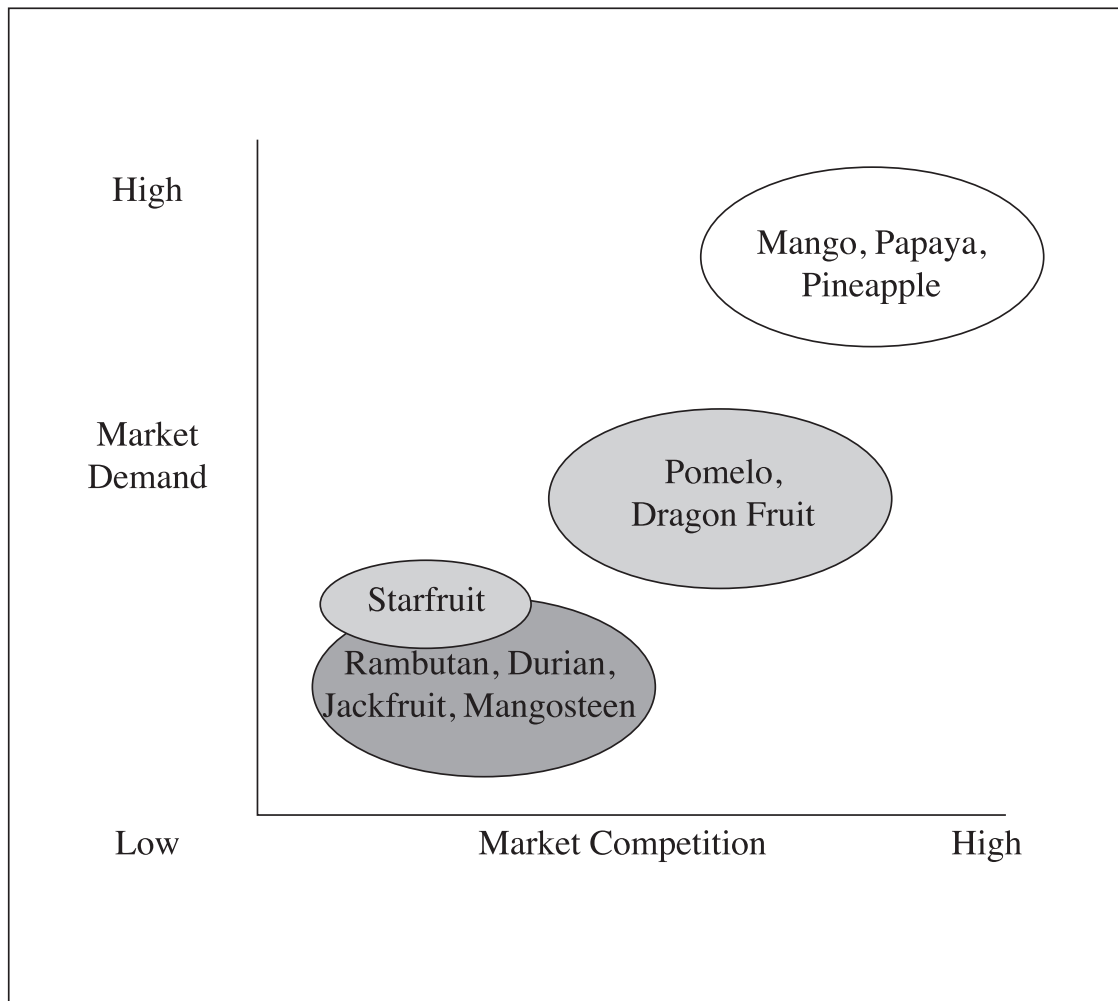
In general, there is an increasing awareness and demand for tropical fruits among European consumers due to the trend in healthy eating, increasing in income and promotion done by some retailers. The choice of fruits is much influenced by type, price and quality. As far as the type of fruit is concerned, the familiarity with and the appearance of the fruit are very important factors. Consumers prefer fruits that they are familiar with, and in terms of appearance, the colour, shape, freshness and texture of the fruit, these attributes are also important.

### **4.3 Malaysian Fruits Competitiveness in European Market**

In order to identify the competitiveness of Malaysian fruits against other countries, a positioning mapping has been developed. Mapping is based on two elements: market competitiveness and market demand (refer to Figure 2). This is based on the primary data collected from the survey and market observation during the team visits to The Netherlands and Germany. Market competition refers to the degree of competition in the market. High degree of market competition means there are many suppliers in the market from different countries. Market demand means the quantity of demand from The Netherlands and European markets and the common consumption quantity concerning the retailers' opinion.

Figure 2 shows three clusters of different market positioning. The first cluster is mango, papaya and pineapple. These tropical fruits are commonly available in the market and come from various countries including South Africa and from Asia. Though the demand or quantity imported into The Netherlands and European market is high, the competitiveness level is also high. Moreover, due to the disadvantage in terms of distance, Malaysian papaya and pineapple prices are not competitive compared with the price of papaya and pineapple from those countries such as Brazil and Costa Rica. It was highlighted that the quality of Malaysian papaya is not attractive enough due to the nature of the fruit itself, that is, too hard when it is green and too soft when it is yellow (ripe). Therefore, in order to compete, Malaysian suppliers must improve on the quality of the fruits and reduce farming costs.

Figure 2: Positioning Map for Selected Tropical Fruits in European Market



*Note:*

*Market Competition refers to number of competitors in market/intensity of competition*  
*Market Demand is the estimated level of demand by importers. Positioning map is based on researchers' observation of the market and interviews with industry players.*

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The second cluster is pomelo and dragon fruit. Pomelo, for instance has its own strength such as longer shelf-life and its sweet taste. These qualities make the fruit become well accepted in the European market. The potential of this fruit, however, is much subjected to the timing of its arrival in the European market. Malaysian pomeloes should arrive in Europe prior to the month of June, i.e. before China's lower priced pomeloes flood the market. The Malaysian pomelo itself must also be adapted to suit the preference of local market by reducing the size, (half kg each) and being yellowish in colour. Meanwhile, the dragon fruit has a great potential to be exported to the European market due to the low market competitiveness. Other countries that have marketed dragon fruits to the European market are Vietnam and Thailand. However, European consumers are more aware of the Vietnamese dragon fruit as compared to the Malaysian variety. The white colour dragon fruits are more well-received than the red colour ones. Through aggressive promotion, the European consumer can be educated to understand the nutritional value of dragon fruits.

The third cluster is starfruit, rambutan, durian, jackfruit and mangosteen. This cluster is more on novelty purchase. These fruits are not commonly available in the market. The demand is seasonal, thus the market competitiveness is relatively low compared to other tropical fruits. Starfruits are highlighted because Malaysia is a leading supplier. In addition, the awareness of Malaysian brand starfruit is high. The majority of importers, wholesaler, traders and retailers mainly recognise starfruits from Malaysia and import them from Malaysia. Additionally Israeli and Taiwanese producers supply a small quantity of starfruits to Europe. A few retailers such as Albert Heijn also carries out promotional activities to support tropical fruits acceptance among European consumers. Despite low competition, durians and rambutans have less potential since market demand is low and the fruits are less attractive especially among the Europeans. At this moment, these two fruits are only sold through oriental supermarkets where the target market is more towards the Asians who live in Europe. The nature of durian for example is not suitable for the European consumers due to its strong smell.

Mangosteens and jackfruits have very low demand, but have strength in terms of life span as compared to other tropical fruits. Currently, the potential of these tropical fruits are low, but with proper promotion the market demand might increase. For instance, jackfruit is available all year round, thus with proper marketing strategies, this fruit can be further developed and marketed into the European market. In fact, some pre-packaged jackfruits are already available in the market and the taste of jackfruits is easily accepted by European consumers provided a fruit awareness campaign has been organized.

## **5.0 Strategic Implications**

The Netherlands provides a good opportunity for Malaysian tropical fruit exporters to have access to the European countries. Distribution channel members in The Netherlands re-export mainly to Germany, France and UK; and all other EC countries as well as former EU. Specifically, Russian market also possesses high potential. In this case, Ukraine serves as a gateway to the Russian market. In order to penetrate the European market it is important to comply with several regulations such as GLOBALGAP, HACCP and regulations on packaging materials.

### **5.1 Proposed Specific Strategies for Selected Tropical Fruits**

Fresh tropical fruits consist of an extremely varied number of products, which are known in the European market to various degrees. Products like pineapple and banana have gained a common place in the market, whereas others are much less known. Tropical fruits which are very little known in the European market are for instance, rambutan, durian, mangosteen, dragon fruit and pomelo. Although they are well known in the producing countries, they are not generally known to European consumers, and are therefore referred to as exotic tropical fruit. From the study, the consumers highlighted the frequent use of starfruit, dragon fruits and pineapple in food and table decoration to increase the value of meals for premium pricing. This is also due to the limited supplies, thus it creates the uniqueness of the fruits that is not common for daily consumption as compared to apples and oranges.

Malaysia is the main producer of star fruits in the European market. However, the volume of export is still relatively small. This is due to the low consumer awareness and consumption as a result of insufficient promotional activities. Star fruit is mainly used for decorative purposes rather than consumption. As such, there is a need for intensive promotional campaign and effective market positioning to generate higher demand among the European consumers. There should also be a concerted effort to maintain its strength especially the positive association of star fruit and Malaysia as the sourcing country. To increase consumption, there is a need to educate the consumers on the usage and nutritional value of the fruit. However, it is important to continue targeting the premium market and leverage the familiarity of the fruit to create a market niche among high-end consumers. In order to remain competitive it is very important to get the fruits to reach The Netherlands markets on time particularly during the festive months of December and January.

Jackfruit, mangosteen, durian, rambutan, pomelo, and dragon fruit are presently seen as “exotic” fruits and the level of awareness and knowledge of the fruits is still very low. Therefore, there is a need to increase the awareness and to

educate the consumers so as to convert the non-users to users. There is also a need to sell fruits like jackfruit, durian and pomelo that have been pre-packed in ready-to-eat form for ease of consumption. Mangosteen and rambutan can be freshly sold and also has the potential to be sold in canned or processed form due to its high perishability. As for mango, there is a need to concentrate investments in positioning the Malaysian mangoes for profitable segments, probably specialty stores, airlines, hotels, banquets as well as the high-end markets, by promoting Malaysian mangoes as tastier and tender. In terms of volume, Malaysian pineapple (Josephine variety) cannot compete with Dole or Del Monte, but has potential if positioned in the premium market in terms of sweetness in taste. Therefore, there is a need for appropriate positioning for specific buyer segments.

For Malaysian suppliers to be able to compete in the international market particularly exporting of tropical fruits to European countries, Malaysian suppliers must enhance its product quality and price competitiveness. Malaysian fruit growers and exporters should also invest in research and development to find ways to improve the quality and shelf life of the fruits. In addition, more promotional and marketing activities are needed, as a pulling effect, especially to the supermarket chain stores to attract end-consumers. Apart from promoting the fruits as ready-to-eat and as garnishments, new fruit consumption concepts should be introduced. These include using fruits as gifts, as an ingredient in making desserts and cakes and as punch drinks. Consistency in supply with significant quantity is crucial in order to attract big foreign buyers.

## **6.0 Conclusion**

This is an exploratory study that aims at assessing the market potential of selected tropical fruits in The Netherlands. Interviews were conducted with industry players comprising importers, wholesalers, retailers and distributors. Results indicate that there is a great potential for Malaysian tropical fruits particularly carambola, pomelo and dragon fruit. Although fruits like pineapple, mango and papaya are highly demanded, competition is stiff. Consumers in developed countries in Europe have a high disposable income and are developing a taste for healthy and natural products. This provides many opportunities for Malaysian producers and exporters to penetrate the market and make premium earnings by supplying niche segments of the market. However, successful penetration can only be done through proper targeting and positioning. Fruit growers and exporters should implement quality control system together with sustainable farming and harvesting practices that would enable them to clearly position themselves as world class provider of tropical fruits, not only in terms of quality but also consistency and safety. Besides, it is very important that they establish a true point of difference in relation to other major fruit producers around

the world. This strategy calls for the market players to promote, showcase and market in a collective and consistent manner. This can be done through joint funding display space at tropical fruit shows, international advertising, distribution of glossy and informative brochures, etc. Apart from that, players in the tropical fruits industry should invest significant time and resources into researching the European market in order to gain new insights as to how Malaysian tropical fruits are valued and, more importantly, on how the fruits can be best presented for sale. It is very clear from the study that each of the key market segment presents their own set of issues and problems that must be understood and overcome if Malaysia is to successfully penetrate and increase exports. Malaysia fruit producers and exporters should also establish contacts and build good relationships with key buyers in order to explore value added opportunities.

## 7.0 Suggested Future Research

This study suggests that there is a great potential for tropical fruits in The Netherlands and European markets. However, the European consumers' perception and consumption of tropical fruits is yet to be fully understood. Thus, assessing the market potential and conducting a consumer awareness study is important to gather accurate information. On the other hand, knowledge of competitors' marketing practices especially close competitors' market activities are of importance in order to gain relative competitive advantage. Close competitors of Malaysian tropical fruits such as suppliers and industry players from Thailand and Indonesia must be closely observed to identify the differences and similarities in market offerings as well as their marketing practices in terms of packaging, branding, quality assurance, and pricing.

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