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Marketing Fresh Fruit and Vegetable Imports in the United States: Status, Challenges and Opportunities

by

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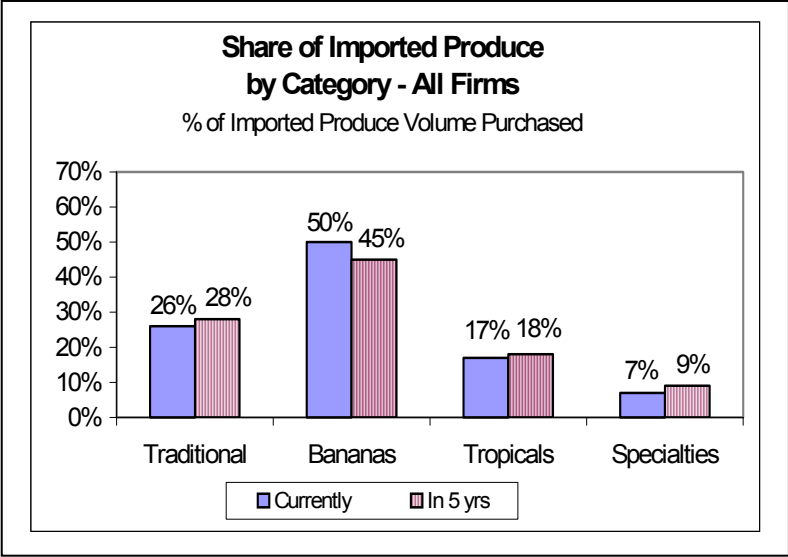
Per capita consumption of fresh fruits and vegetables in the United States increased from 254 lbs. in 1980 to 328 lbs. in 2000. At the same time, imports of fruits and vegetables into the U.S. market have increased at an annual growth rate of 7.8% for fruits and 8.1% for vegetables between 1990 and 2000, and imports' share of consumption went from 24% to 40% for fruits and from 5% to 11% for vegetables between 1980 and 1999. In the current state of consolidation and fierce competition in the retail industry, the produce department is a major contributor to sales and profits in supermarkets. Imported products are gaining attention because of their increasing importance in the produce department.

This article reviews results from surveys conducted with retailers over the internet and personal surveys administered to importers and foreign exporters during the 2001 PMA Convention in Philadelphia. A total of 13 retailers, 9 importers and 9 exporters participated in the study. The objectives of this exploratory research project were to identify the current status of imported fruits and vegetables at retail, characterize the business practices of different participants involved in the supply chain of imported fruits and vegetables

(retailers, importers and exporters), and identify opportunities and challenges faced by these participants in marketing imported produce in the U.S. market.

Imports account for 27% of the volume of produce currently sold by supermarkets and will increase to one-third in 5 years. Four categories of imported fruits and vegetables were examined in this study – traditional (mainstream or common fruits and vegetables), banana, tropical and specialties (exotic fruits, vegetables, roots and tubers). Bananas account for half of imports’ volume but its share is expected to decrease, while shares for traditional, tropical and specialties are expected to increase in the next 5 years. Traditional imported products are carried mainly to increase sales, bananas to increase both sales and profits, tropicals to target ethnic consumers, and specialties as a way to differentiate, diversify and target ethnic consumers. Main sources of imported produce for retailers are importers, followed by US grower/shippers and wholesalers. US grower/shippers play a significant role as a source of many of these products, particularly in providing tropicals and specialties to retailers.

Key current issues in marketing the four categories of imported fruits and vegetables among retailers are assuring food safety, reducing transportation costs, and improving eating quality. Reducing shrink and ensuring year-round availability are important in all but specialties. In the future,



retailers anticipate that the application of irradiation, adding value to products and introducing new varieties will become key issues.

Seventy-five percent of participating importers source their products by purchasing them directly from foreign grower/shippers. Major retail chains are their main customers (55%), followed by wholesalers (14%) and full-line general wholesalers (13%). Current

key issues faced by importers in marketing imported fruits and vegetables include improving eating quality, assuring food safety, improving packaging and providing product traceability.

The main source of products exported by participating exporters is their own produce and produce purchased from other growers. Their main marketing channel is wholesalers in the United States. Current key issues faced by exporters in marketing their products include improving packaging, adding value to products and assuring food safety.

Implications and Outlook

As current consumption trends in the US continue, retailers' business in produce is likely to continue to grow. The increasing variety and availability of imported fruits and vegetables will continue to contribute to retailers' produce business. It is in the retailers' best interest, therefore, to better coordinate efforts with their suppliers in addressing both current and future issues related to marketing imported fruits and vegetables. Likewise, it is in the best interest of suppliers (importers and exporters) to better focus on their target market needs and to coordinate with their customers the efforts needed to address those marketing issues.

"Smart Marketing" is a monthly marketing newsletter for extension publication in local newsletters and for placement in local media. It reviews the elements critical to successful marketing in the food and agricultural industry. Articles are written by faculty members in the Department of Applied Economics and Management at Cornell University.

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