

As incomes rise in export-oriented horticultural countries in South America, more consumers are demanding better quality produce and they want it all year. At the Produce Marketing Association's (PMA) Fresh Connections Chile event yesterday, representatives from two of the continent's largest retailers spoke about their buying trends and plans for the future. Cencosud general manager Rodrigo Tapia said this meant a 20% rise in sales for fruit that was either of export quality or imported, while Pão de Açúcar commercial director Leonardo Miyao emphasized a consumer preference for innovation.

Chilean retailer Cencosud has forged a change of policy in its produce strategy, which Tapia hopes to emulate across the company's outlets in Colombia, Peru, Brazil and Argentina in due course.

"For our Jumbo chain we've basically raised the standard of our fruit. Before we'd buy fruit that was from the discards, not bad, but not something that was chosen for export," he told www.freshfruitportal.com.



Rodrigo Tapia

"Today we are buying fruit that is export quality for our premium chain Jumbo; we are buying top quality fruit, the same fruit that goes to the United States or Asia.

"Clients are now more sophisticated, demanding fruit 52 weeks a year - apples for example - so we bet on national products of a very high quality and the counterseasonal supply to bring in from the Northern Hemisphere."

He said this shift has been assisted by the low value of the U.S. dollar, making Chilean growers less competitive in international markets and more willing to sell domestically.

"Another point that favors us at the moment is that the payment period is much less in Chile, and that is an effect a lot of growers are seeing," he said.

"A lot of exporters comment to me that national supermarkets are giving the cash flow over a much shorter payment period than in Asia, Europe or the United States."

He said the trend towards higher quality export fruit and imported produce was clear in Peru, Colombia and Brazil, while Argentina was a bit more difficult.

"The Argentine market however is a little bit more restrictive in terms of the issue of

importation and exports - Argentina has import requirements where you have to have a balance of payments and that's not easy to manage.

"But yes Argentina is interested in imports of apples, kiwifruit, mandarins, navel oranges."

Miyao said innovation had become more important for Brazilian consumers with a greater emphasis on the variety of supply.

"You take a look five years ago and if you had a gold Zespri kiwifruit from New Zealand, it was kind of an exotic product. Nowadays, you have to have gold kiwifruit. This is a really good example," he told www.freshfruitportal.com.

"The customer is looking for innovation, and their message is 'I can pay for innovation'. We need to have these kinds of products every day; not just for a party or special occasions. It's a really good opportunity for us.

"Our assortment has improved a lot in these last five years and we have reviewed our clusters of stores, moving to a focus on the medium customer, who is a big part of our market."

How different suppliers have fared in South America

When asked about specific products that have achieved success across Cencosud's chains in South America, Tapia mentioned several key items and countries from the Americas.

"We have a tremendous demand in Chile for pineapples from Ecuador and Costa Rica, and bananas from Ecuador mainly," he said.

"A few years ago Chile was importing a container of pineapples per week as that was all that could move, but today Chilean consumers buy tropical fruits from overseas and six or seven containers of pineapples are coming in each week - they've been growing in the last three years at around 50-70% easily.


Leonardo Miyao

"Apples, pears and citrus from the United States are super important for us too, from California mainly and Washington state for apples. They are products with a substantial amount of potential.

He said apples and pears from the U.S. had witnessed an annual growth rate of around 30%

in recent years.

In his talk, Tapia also cited a growth of 35% in avocado consumption and a growing consumer preference for ready-to-eat fruit. To the north in Peru, he highlighted there was increasing room for products either not grown there or that were out of season.

"Peru buys Chilean apples for example, and as salaries rise consumers are becoming sophisticated.

"They also started to have growing demand for lemons and limes. In Chile for example, people consume yellow lemons, but in Peru they mainly eat limes; for Peru to consume lemons and limes year round, the Northern Hemisphere has to take that on."

Miyao said Argentina was currently the largest supplier to the Brazilian fruit market at 28%, followed by Portugal (23%), Chile (18%), China (14%), Spain (7%) and Italy (6%).

However, trade disputes between Brazil and Argentina have led Pão de Açúcar to increasingly look to Chile for a more stable supply.

"We started to move our program to Chile, because maybe next month some regulation between Argentina and Brazil will mean we have to stop for one or two weeks.

"It's because the governments are discussing issues relating to other categories that are not produce, but that affects us."

He said Chile's status in the Brazilian apple market had grown while cherry imports from the Andean country had also risen, at a rate of around 400% in the last five years.

"If you take a look at Brazilian apples it's not that the price is less than for the imported product. Nowadays, it's quite the same price.

"In some cases, I have programs that are bigger for Chilean apples than for apples from Brazil for the internal market. This is an incredible change."

Miyao's interview finished with a mention that Portuguese pears had pipped the U.S. competition to the post in the Brazilian market; a point that is ever more relevant in light of a recent [fruit trade memorandum signed between Brazil and Portugal](#).

"The Portuguese Rocha pear is a very good fruit. They have taken the place of the U.S. pears.

"It's the same window, the same season, and they have invested a lot with us, and we changed our mindset.

The customer has been really receptive because the flavor is right for Brazil, the quality is right for Brazil."

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