

## CBI MARKET SURVEY

## The fresh fruit and vegetables market in Austria

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**Introduction**

This CBI market survey provides exporters in developing countries (DCs) with information on the main developments in the fresh fruit and vegetables market in Austria. The information is complementary to the information provided in the CBI market survey, 'The fresh fruit and vegetables market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

**1 Market description: consumption and production****Total consumption**

In 2007, apparent consumption<sup>1</sup> of fresh fruit was 1.2 million tonnes and of fresh vegetables 691 thousand tonnes. With a share of 3% of fruit consumption and 1% of vegetables consumption in the EU, Austria is a mid-sized market. Between 2002 and 2007, fruit consumption increased 11%, an average of 2% per year, while consumption of fresh vegetables increased 3% (0.5% per year). With 146 kg per person, fresh fruit consumption is far above the EU average of 94 kg. Per capita consumption of fresh vegetables was 83 kg, far below the EU average (120 kg). Industrial demand forms a substantial share of the apparent consumption, but the food industry is mainly supplied by domestic production. Industrial demand for fresh fruit and vegetables from DCs is small.

**Household consumption**

In 2007, household consumption of **fresh fruit** was 331 thousand tonnes, with a value of €507 thousand. The most popular fruits were apples (23% of total consumption volume) and pears (5%), followed by bananas (20%), citrus fruits, grapes (6%), melons (5%) and nectarines (4%). Household consumption of **fresh vegetables** amounted to 234 thousand tonnes in 2007, with a value of €452 thousand. The most popular vegetables were tomatoes (15% of total consumption volume), onions (13%), carrots (11%), cucumbers and gherkins (8%), lettuce (10%), cabbage (8%), sweet peppers (7%) and courgettes (3%) (AMA, 2008). Between 2005 and 2006, consumption value of bananas, kiwi fruit and lemons decreased, while sales value of mandarins and nectarines increased. Consumption of exotic fruits is still low, but sales of for example pineapples (3%) increased quickly. Consumption of tomatoes, onions and garlic increased, while consumption of lettuce and cabbage decreased in value.

The average annual growth rate of the GDP in Austria was 2.5% between 2002 and 2007. The market for fresh fruit and vegetables increased more quickly than the total market for food (1.6% per year in value between 2002 and 2005). Per capita consumption volume of fresh fruit and vegetables has increased steadily since 1994. Between 2004 and 2007, consumption volume of both fresh fruits and fresh vegetables decreased 10%. However, consumption value increased 8% for fresh fruits and 12% for vegetables (2.6% and 3.8% per year respectively) (AMA, 2008). Based on an extrapolation of trends consumption volume of fresh fruit and vegetables will not increase much further, but sales value will increase.

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<sup>1</sup> Calculation based on data from Eurostat (2007, 2008) and the Food and Agriculture Organisation (FAO) (2008). Apparent consumption is calculated as production plus imports minus exports and includes industrial and consumer demand. Grape production is not included in the figure, since it is mainly used for production of wine. Imports and exports of grapes, however, used primarily as table grapes, are included.

### Trends in consumption

In addition to general consumer trends, such as those relating to health, convenience and pleasure, described in the CBI market survey 'The fresh fruit and vegetables market in the EU', the following trends are specifically relevant for Austria:

- Traditionally, Austrians are very price conscious. Consumer research shows that price became less important in the choice for food products, while the regional and national origin as well as health aspects of FFV became more relevant factors (Dutch Agency for International Business and Cooperation, EVD, 2008). Nevertheless, price consciousness may increase again, due to the recent recession. In 2009, the GDP growth rate is expected to slow down to 0.6%. The growing demand for luxury fresh fruit and vegetable products can slow down, sales of pre-cut and pre-packed vegetables may not grow as quickly as in the past few years, and less affluent consumers may shift from fresh to preserved fruit and vegetables.
- The market for organic food products is relatively large compared to other EU countries. The standard of living is high in Austria, which results in a strong demand for high-quality and luxury food products. Concern for food safety and health issues is strong in Austria as well.

### Production

In 2007, Austria produced 821 thousand tonnes of **fresh fruit** (excluding grapes), accounting for 2% of EU production. It is the tenth largest EU producer. Apples are the most important fruit crop, accounting for 58% of total fruit production, followed by pears (21%), plums and sloes (8%) and cherries (4%). Between 2002 and 2007, total production increased 16%, equal to an average annual change of 3%. Production of **fresh vegetables** amounted to 541 thousand tonnes, less than 1% of the total EU production. Main crops produced by Austria are cabbages and brassicas (other than cauliflower and broccoli) (18% of the production volume in 2007), onions (18%), carrots (15%) and lettuce (11%). Between 2002 and 2007, vegetable production fluctuated, with an overall decrease of 2% (-0.5% annually) (FAO, 2008).

Of all Austrian agricultural production, 90% is destined for the domestic market. Industrial demand is important. For an overview of the main players in the food processing industry for DC exporters, please refer to the CBI market survey 'The preserved fruit and vegetables market in Austria', which can be downloaded from <http://www.cbi.eu/marketinfo>.

### Trends in production

- Production of fruit is increasing quickly, and pears, plums and cherries are gaining share in production, at the expense of the production of apples. Overall, the production of vegetables is decreasing. Production of cabbages, onions and cucumbers and gherkins decreased, while the production of carrots and turnips, tomatoes, green peas and chillies and peppers increased. Weather conditions during the growing season strongly influence the volume of fruit and vegetable production.
- With 15% of the available agricultural land being used for organic production, Austria has the highest share of organic agriculture in the EU. Organic production is well developed, and Austrian consumers and producers are generally not in favour of genetically modified food.
- General production trends are described in the CBI market survey 'The fresh fruit and vegetables market in the EU'.

### Opportunities and threats

- + Consumption value of fresh fruit and vegetables is increasing more quickly than the overall economy, while consumption volume decreased. Fruit production is increasing more quickly than consumption, but imports will remain necessary, especially for tropical fruits.
- + Sales of pineapples, mandarins and garlic have increased quickly in value.
- + The rising demand for high-quality and luxury foods provides opportunities for specific fresh fruit and vegetables that cater to these demands. There are good opportunities, for example, for organic fresh fruit and vegetables, especially those not produced in the EU.

- ± Austrians greatly appreciate traditional and local food products, especially vegetables and meat. This preference limits the offer of exotic fruits, but Austrians are becoming more familiar with eating exotic fruits and consumption is expected to grow.

For more information on opportunities and threats, see Chapter 7 of the CBI market survey 'The fresh fruit and vegetables market in the EU'.

## 2 Trade channels for market entry

Fresh fruit and vegetables are mainly sold through large supermarket chains and discount stores. The five largest multiple retail chains in Austria account for about 80% of the food retail market in Austria. Food retailing in Austria is dominated by German-based supermarket chains, except for Spar, which is Dutch. The largest multiple retailers are:

- Rewe Austria (supermarkets and discount stores) – <http://www.rewe-group.com>;
- Spar International (supermarkets and hypermarkets) – <http://www.spar.at>;
- Hofer (discount stores, part of Aldi Group) – <http://www.hofer.at>;
- Zev Markant – [www.markant.co.at](http://www.markant.co.at);
- Metro Group – <http://www.metrogroup.de>.

The best way of entering the Austrian market is through importers or agents specialised in fresh fruit and vegetables, who may be independent or related to supermarket chains. Retailers typically buy their fresh fruit and vegetables from importers or preferred suppliers. Supermarkets either have their own import facilities or imports are organised by the mother company, which is often German based. Exporters, who cannot meet the high volume demands from large purchasing organisations, should search for specialised importers. To find an Austrian business partner or to get information on importers, you may contact:

- Austrian Trade – <http://www.advantageaustria.org>.
- The Austrian Association of Commercial Agents: <http://www.commercial-agent.at>;
- The website "Wer liefert was?" <http://www.wlw.at>.

There is fierce competition between retailers, and price wars are characteristic for the Austrian market. This aggressive pricing results in low consumer prices and limits the value growth in the Austrian retail market. It puts pressure on producer, wholesale and export prices. While non-discount retailers are introducing lower priced products and private-label products, discounters improve their quality image by offering more fresh products, including organic food. There is a strong trend towards larger shops. Supermarkets with about 500 m<sup>2</sup> and hypermarkets with about 2,000 m<sup>2</sup> sales area are generally most successful. In contrast to the general trend of one-stop shopping in the EU, Austrians on average buy food 3.5 times a week, while 25% buy food every day and 40% at least twice a week (Grassmueck, 2007).

Margins vary greatly depending on the type and quality of product, the distribution channel, the continual changes in supply and demand and resulting price fluctuations. It is estimated that European importers on average apply a trade margin of 5-10%. More information on margins can be found in section 3.2 of the CBI market survey 'The fresh fruit and vegetables market in the EU'. More information on the market for food can be found at <http://www.lebensmittelhandel.at>.

## 3 Trade: imports and exports

### Imports of fresh fruit

In 2007, Austria imported 606 thousand tonnes of fresh fruit, with a value of €526 million (Eurostat, 2007, 2008). With 2.5% of the total EU import value of fresh fruit, Austria was the tenth largest importer. This is higher than its share in the EU population of 1.7%. Imports consisted of stone fruit (20% of the import value in 2007), citrus fruit (19%), bananas (15%), berries (15%), grapes (11%), apples, pears and quinces (10%), exotic fruits (7%), and melons (4%). Between 2003 and 2007, total imports increased 14% in value and 6% in volume.

The average annual change of the import value was 3.3%, below the EU average of 4.9%. Turkey is the main supplier to Austria, with 25% of total import value in 2007, followed by Germany (22%), Italy (14%), Spain (13%) and the Netherlands (10%).

DCs accounted for 28% of the import value in 2007, below the EU average of 37%. Between 2003 and 2007, imports from DCs increased 22% in value, but decreased 0.2% in volume. DCs are gaining market share: imports from other EU countries increased only 11% in value, while imports from other countries outside the EU decreased strongly. The most important products imported from DCs are cherries (41% of the import value in 2007), grapes (13%), lemons (6%), grapefruit (6%), figs (5%) and mandarins (4%). Turkey, the main supplier among the DCs, supplies mainly stone fruits, citrus fruits and table grapes, and is followed by Serbia (2%, mainly berries). Between 2003 and 2007, imports from DCs of grapes, apples and pears, apricots, oranges and passion fruit, carambola and pitahaya from DCs decreased. Imports of lemons, grapefruit, figs, dates, watermelons, bananas, mango, papaya, pineapples, tamarinds, cashew apples, jackfruit, lychees and sapodilla showed above average growth. A major part of the Austrian demand for products from DCs is supplied through other EU countries. Typically, bananas and other exotics are procured from Germany, Belgium and the Netherlands.

### Imports of fresh vegetables

In 2007, Austria imported 298 thousand tonnes of fresh vegetables, with a value of €355 million (Eurostat, 2007, 2008). Austria accounts for 3% of the total EU import value of fresh vegetables and is the eighth largest importer. Imports consisted of miscellaneous vegetables (44% of the import value in 2007), tomatoes (20%), lettuce and chicory (12%), alliaceous vegetables (8%), cucumbers and gherkins (7%), brassicas (4%), edible roots (3%) and peas and beans (1%). Between 2003 and 2007, total imports increased 19% in value and 7% in volume. The average annual change of the import value was 4%, below the EU average of 6%. Germany is the main supplier to Austria, with 18% of total import value in 2007, followed by Italy (18%), Turkey (17%), Spain (12%) and the Netherlands (11%).

DCs accounted for 20% of the import value of fresh vegetables in 2007, above the EU average of 13%. Imports from DCs increased 35% in value and 14% in volume compared to 2003. This is higher than the growth in imports from other EU countries (+15% in value and +5% in volume). The most important products imported from DCs are sweet peppers (28% of the import value in 2007), chilly peppers (17%), tomatoes (14%), miscellaneous mushrooms<sup>2</sup> (10%), onions (6%) and cucumbers (6%). Turkey is the main supplier among the DCs (17% of total import value, mainly tomatoes, sweet peppers, cucumbers and onions), followed by Serbia (1%, mainly miscellaneous mushrooms). Between 2003 and 2007, imports from DCs of tomatoes, leeks, gherkins, cabbage and lettuce and asparagus decreased in value and volume. Imports from DCs of onions, carrots, garlic, peas, shallots and chard showed above-average growth. Part of the Austrian demand for products from DCs is supplied by other EU countries.

### Exports

In 2007, Austria exported 213 thousand tonnes of **fresh fruit**, with a value of €215 million (Eurostat, 2007, 2008). This is 1.5% of the total EU export value. Between 2003 and 2007, exports increased 36% in value and 15% in volume. Exports consisted of stone fruit (32% of total export value in 2007), apples, pear and quinces (27%), citrus fruit (13%), grapes (8%), berries and other minor fruit (7%), bananas (5%), exotic fruit (5%) and melons (3%). Germany is the main destination, with 53% of the export value, followed by Hungary (8%), Belgium (6%), the Netherlands (6%), and Slovenia (4%). Between 2003 and 2007, exports of bananas, citrus fruits, berries and exotic fruits grew more quickly than the total import market. Austria is a small re-exporter of fresh fruit originating from DCs, mainly to neighbouring countries, including Switzerland, but also to the Netherlands.

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<sup>2</sup> Mushrooms other than truffles and Agaricus mushrooms

In 2007, Austria exported 148 thousand tonnes of *fresh vegetables*, with a value of €117 million (Eurostat, 2007, 2008). This is 1% of the total EU export value. Between 2003 and 2007, exports increased 10% in value, but decreased 8% in volume. Exports consisted of miscellaneous vegetables (45% of total export value in 2007), alliaceous vegetables (17%), tomatoes (12%), edible roots (9%), cucumbers and gherkins (7%), brassicas (5%), lettuce and chicory (4%) and peas and beans (1%). Germany is the main destination, with 56% of the export value, followed by Slovenia (8%), the Netherlands (6%) and Italy (6%). Based on the import and export data, Austria is not an important re-exporter of fresh vegetables, but it may re-export small volumes of fresh vegetables from DCs, such as sweet peppers, chilly peppers, miscellaneous mushrooms and aubergines.

### Opportunities and threats

- + Austrian imports are increasing quickly, at an average 3.3% per year in value for fresh fruits, and an average 4% per year for vegetables, although volumes increased at about half these rates.
- Austria is a land-locked country that imports most of its exotic and off-season fruit and vegetables from other EU countries, mainly Germany and the Netherlands. Turkey and Serbia are by far the largest DC suppliers, thanks to their proximity to the market.
- ± Imports of fresh fruits from DCs are below the EU average, and imports of fresh vegetables from DCs are higher than the EU average. Imports from DCS are increasing quickly, and DCs are gaining market share in imports.
- + Imports from DCs of lemons, grapefruit, figs, dates, watermelons, bananas, mango, papaya, pineapples, tamarinds, cashew apples, jackfruit, lychees and sapodilla, and of onions, carrots and turnips, garlic, peas, shallots and chard showed above average growth.

Exporters from DCs who want to access the Austrian market, are advised to look at those EU countries that supply fresh fruit and vegetables to Austria, in addition to looking for Austrian importers. The main Austrian trading partners that re-export products from DCs are Germany, the Netherlands and Belgium. For more information on opportunities and threats, see Chapter 7 of the CBI market survey 'The fresh fruit and vegetables market in the EU'.

### Useful sources

- EU Expanding Exports Helpdesk – <http://exporthelp.europa.eu>;
- Eurostat – official statistical office of the EU – <http://epp.eurostat.ec.europa.eu>;
- Understanding eurostat: Quick guide to easy comext → [http://epp.eurostat.ec.europa.eu/newxtweb/assets/User\\_guide\\_Easy\\_Comext\\_20080117.pdf](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf).

## 4 Price developments

The CBI market survey 'The fresh fruit and vegetables market in the EU' gives information on price levels of fresh fruit and vegetables in the EU. Prices in the Austrian market will not differ much from the EU level. Prices of fresh fruit and vegetables are the result of negotiations between the seller and the buyer. In the negotiation process, many factors influence the final price. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

The average price for fresh fruit increased from €1.28 per kg in 2004, to €1.53 per kg in 2007, an increase of almost 20%. The average price for fresh vegetables increased from €1.57 per kg in 2004, to €1.93 per kg in 2007, an increase of 23% (AMA, 2008). More detailed information on prices in Austria may be obtained from:

- AMA Agrar Markt Austria – <http://www.ama.at>;
- Statistics Austria – <http://www.statistik.at>, publishes consumer price indices;
- Importers and agents are other valuable sources of information.

## 5 Market access requirements

Manufacturers in DCs preparing to access markets in Austria should be aware of the market access requirements of the Austrian and EU governments and of potential trading partners. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select the market sector and Austria in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found on the International Trade Centre (ITC) website on export packaging: <http://www.intracen.org/ep/packit.htm>.

There are EU import tariffs and entry prices for fresh fruit and vegetables. They range from 0% for exotics such as papaya and passion fruits to 17.6% for nectarines. More information on tariffs and quotas can be found at <http://exporthelp.europa.eu>. Imports from DCs often benefit from preferential or zero import duties.

For fresh fruit and vegetables in Austria, the reduced value added tax rate (VAT) of 10% applies.

## 6 Doing business

Information on doing business, including approaching potential business partners, building up a relationship, drawing up an offer, methods of payment, terms of delivery, handling the contract and cultural differences, can be found in the CBI export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> – go to search publications.

For more information on doing business in Austria, visit the following websites:

- Austrian Foreign Trade Promotion Organisation – <http://www.advantageaustria.org>;
- International Chamber of Commerce Austria – <http://www.icc-austria.org>;
- Austrian Economic Chamber (in German only) – <http://portal.wko.at>;
- For a list of trade shows in Austria – <http://www.biztradeshows.com/austria> or <http://www.messe.at/en/index.html>;
- For information on business culture and practices – <http://www.kwintessential.co.uk>.

This survey was compiled for CBI by Mercadero, in collaboration with Piet Schotel.

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