

## China can become largest avocado market if industry gets it right - Mr. Avocado

China could one day become the world's largest avocado import market, but it is imperative that the industry works hard across the whole supply chain to make that happen, World Avocado Congress attendees heard last month.

Representatives of the companies that form the joint venture Mr. Avocado - Mission Produce, Lantao and Pagoda - spoke on the development taking place in the rapidly growing market and the key areas that need to be worked on.

Tommy Padilla, senior director of export sales at Mission Produce, said the company had taken a "leap of faith" when a team traveled to China nine years ago to explore opportunities. Many people even said they were "crazy" for being there, he recalled.

Back then there were very limited supplies of avocados available, with Mexican the only origin, he said.

But as more origins became available - Peru, Chile and more recently New Zealand - the market has seen strong year-on-year growth and is expected to play an important role in the future.


According to John Wang, CEO of importer Lantao, imports to China have soared from just 31 metric tons (MT) in 2011 to 48,000MT last year.

However, getting to this point has not been simple.

Chinese avocado market challenges

"With those new origins, challenges came up. We saw origins sending too much fruit to China, logistical problems, long transit times, and the lack of education in China of avocados," Padilla said.

Tommy Padilla, senior director of export sales at Mission Produce



"We saw multiple weeks over the last five years where 50 to 100 loads were arriving in China. But the Chinese had never had any experience handling avocados, so when the avocados got there, with two weeks' worth of supply, they couldn't move it like they were moving the cherries or the citrus."

One of the biggest issues has been the difficulty of maintaining the cold chain in China, according to the speakers.

Much of the fruit is sold at open-air wholesale markets, which hurts the fruit quality and ultimately the consumer experience, Padilla said.

Temperatures in these markets often reach around 35°C (95°F), a lot of fruit has gone to waste as a result, Wang added.

Another problem is the abundance of fruit with low dry matter.

"This happens a lot with the early-season fruit. Some crazy people have been sending avocados with 17%, 18% dry matter to China. After two or three weeks, it's still as hard as a rock," Wang said.

And when Chinese first-time consumers buy an avocado and it's of poor quality or inedible, often they can be turned off the fruit for good, he said.

Importance of professionalism in avocado supply chain

Wang therefore emphasized the importance of professionalism across the avocado supply chain for the Chinese market - from grower to handler, importer, distributor and retailer.

John Wang, CEO of Lantao

Padilla pointed at that when demand for a product grows so quickly in such a short space of time, is it easy for that brand to be destroyed if there are too many irresponsible shippers and handlers.

"It's important to give the Chinese people faith in this product," he said.

Mr. Avocado has proved to be a huge success in this regard. By building its open



ripening centers, it has been possible to maintain the cold chain and supply ready-to-eat avocados directly to retailers, Padilla explained.

"The results of that have been good so far. We're seeing better quality of the fruit coming from Mexico, the Peruvians have done a great job, and the Chileans have come in and done a great job," he said.

"We think the future of China will follow this method. If we can control the cold chain and logistics, we can increase consumption. A lot of people have high hopes for China, but I think that there's got to be a big effort to focus on controlling the quality."

#### A bright future

Wang expected this model to become more widespread in the future, predicting that soon ready-to-eat avocados would make up the vast majority of the market.

Peter Zhu, vice president of fruit retailer Pagoda, said that if the industry works hard to supply only high-quality fruit, consumption in China could increase "every year by at least 40%-50%".

To complement to supply growth, it will also be important to develop marketing and educational programs to let Chinese consumers know what avocados are and how to eat them, he said.

In addition, Padilla noted that the availability of new supply countries would help to lift consumption.

"New countries of origin China - Kenya, Colombia, South Africa - are only going to improve the quality and help the receivers keep that standard up. Right now with gaps in our supply chain do affect us," he said.

If the industry gets everything right, Wang predicts that the Chinese avocado market could grow immensely.

"I predict that there will be 700 containers per week arriving in a few years ... and 15 years later, if growers, packers, shippers, importers and distributors are professional, then it will probably become the number-one avocado importer in the world."





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