



# Choosing Appropriate Marketing Channel for European Nations

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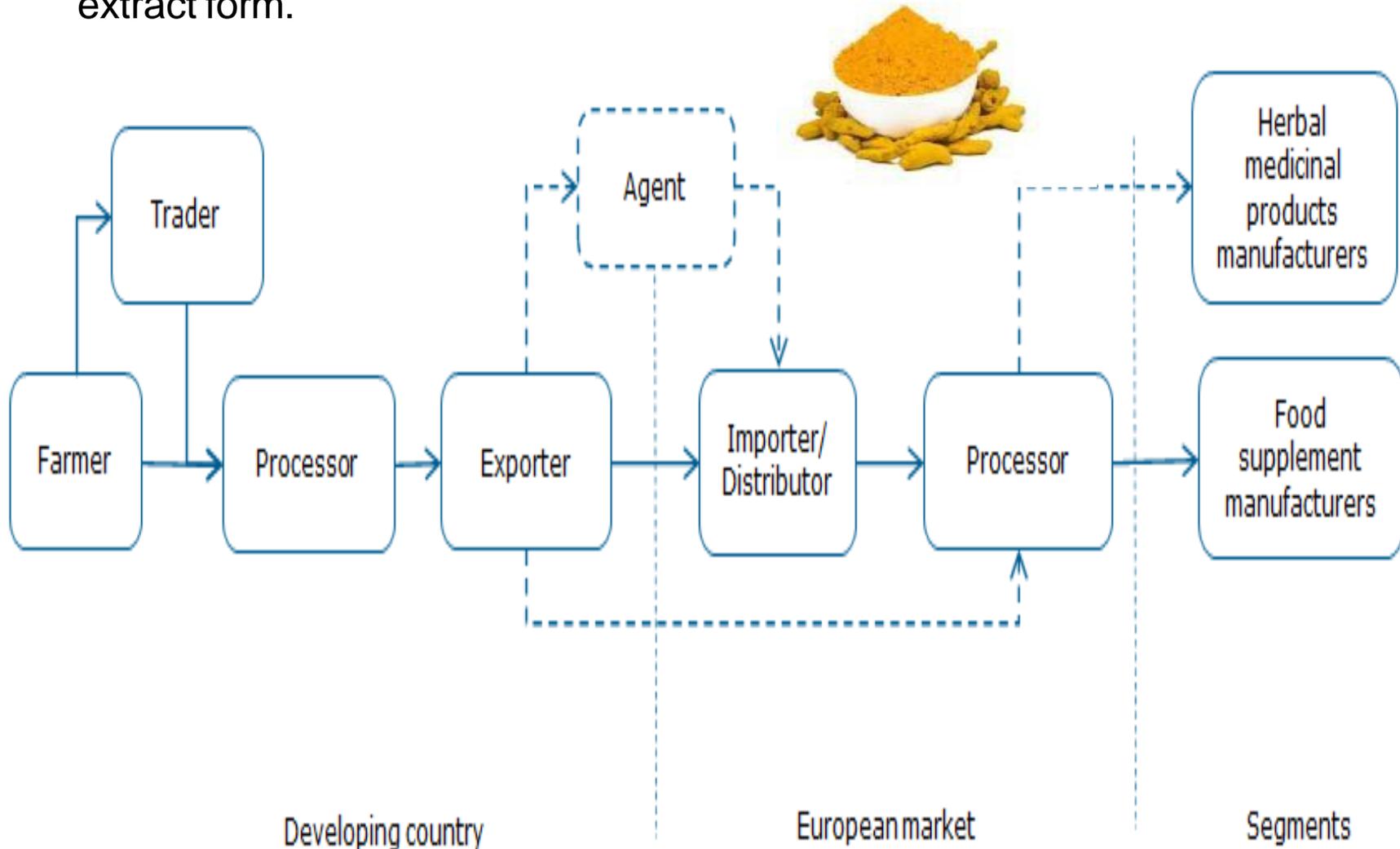
# Turmeric



# Through what channels does turmeric end up on the end-market?

the export value chain for turmeric on its journey to the European market.

Turmeric can enter the European market in a powdered, liquid and curcumin extract form.



## **Importer/Distributor**

As a processor/exporter of turmeric, your main entry points to the European turmeric market are importers/distributors. European importers/distributors often deal in a wide range of natural ingredients. Their expertise is in the global sourcing of natural ingredients, ensuring the quality and documentary and regulatory compliance, along with selling to processors and natural health product manufacturers.

The British company Supplement Factory is a leading importer/distributor of turmeric in Europe. It uses turmeric's curcumin content in its natural health products. Other importers/distributors of turmeric in the European market include Nexira and Forward Farma BV. Some importers/distributors specialise in trading and supplying organic turmeric to European natural health product companies. BioImport is one company doing so.

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## Agents

An export agent is a firm or an individual that undertakes most of the exporting activities on behalf of an exporter, usually for a commission. In contrast to importers/distributors, agents do not buy products themselves but contact potential customers on your behalf to sell your products to. Agents can be found in developing countries as well as in Europe. However, it is not that common for companies to use agents in the European market. As an exporter from a developing country, you can work with agents who represent and act on your behalf on the European market.

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## **Processors**

Europe has a large processing industry. Processors mainly buy their raw materials from importers and distributors. Processing varies from basic processing to isolation and modification of specific molecules. Processors sell ingredients to the end-product manufacturers of herbal medicinal products and food supplements, sometimes via ingredients distributors.

However, processors and end-product manufacturers are increasingly sourcing key ingredients directly, instead of via importers. They do this to guarantee quality, price and a reliable supply over time for ingredients with high supply risks. These can be ingredients that are used in high-volume end-products, ingredients with a high-risk supply situation or ingredients with a crucial active component.

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If you have the human resources/staff available, you could supply processors or end-product manufacturers directly and get a better price. You must have impeccable company and product documentation, and you need to ensure a consistent quality and quantity. Moreover, you will need high-quality logistics systems so you can deliver smaller quantities at short notice. You also need to convince manufacturers to add another supplier instead of using an existing supplier, which will be difficult. If you are a small supplier, it may be easier for you to trade through smaller processors. They often require lower quantities and are still important to the industry.

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**Tips:**

Be prepared to send high-quality samples to prospective buyers, who will test your samples to assess whether you are a credible exporter of turmeric. Doing so will give you an advantage when you are seeking to enter the European market.

Consider expanding your turmeric product range, for example by adding organic turmeric. This will probably increase your chances of entering the European market, as some importer/distributors only import organic products.

Be prepared to meet prospective buyers who are interested in purchasing larger volumes if you are in a position to do so.

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## **What is the most interesting channel for you?**

As an exporter of turmeric in a developing country, importers/distributors are the most interesting channel. Dutch company Trading Organic is a leading importer of organic turmeric in Europe. Other importers of turmeric on the European market include Dr. Behr GmbH (Germany) and Curcumaxx (France).

The European finished natural health products market is another interesting channel for exporters. For example, Ayusri Health Products is an Indian company exporting finished curcumin capsules to the European market.

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dried ginger

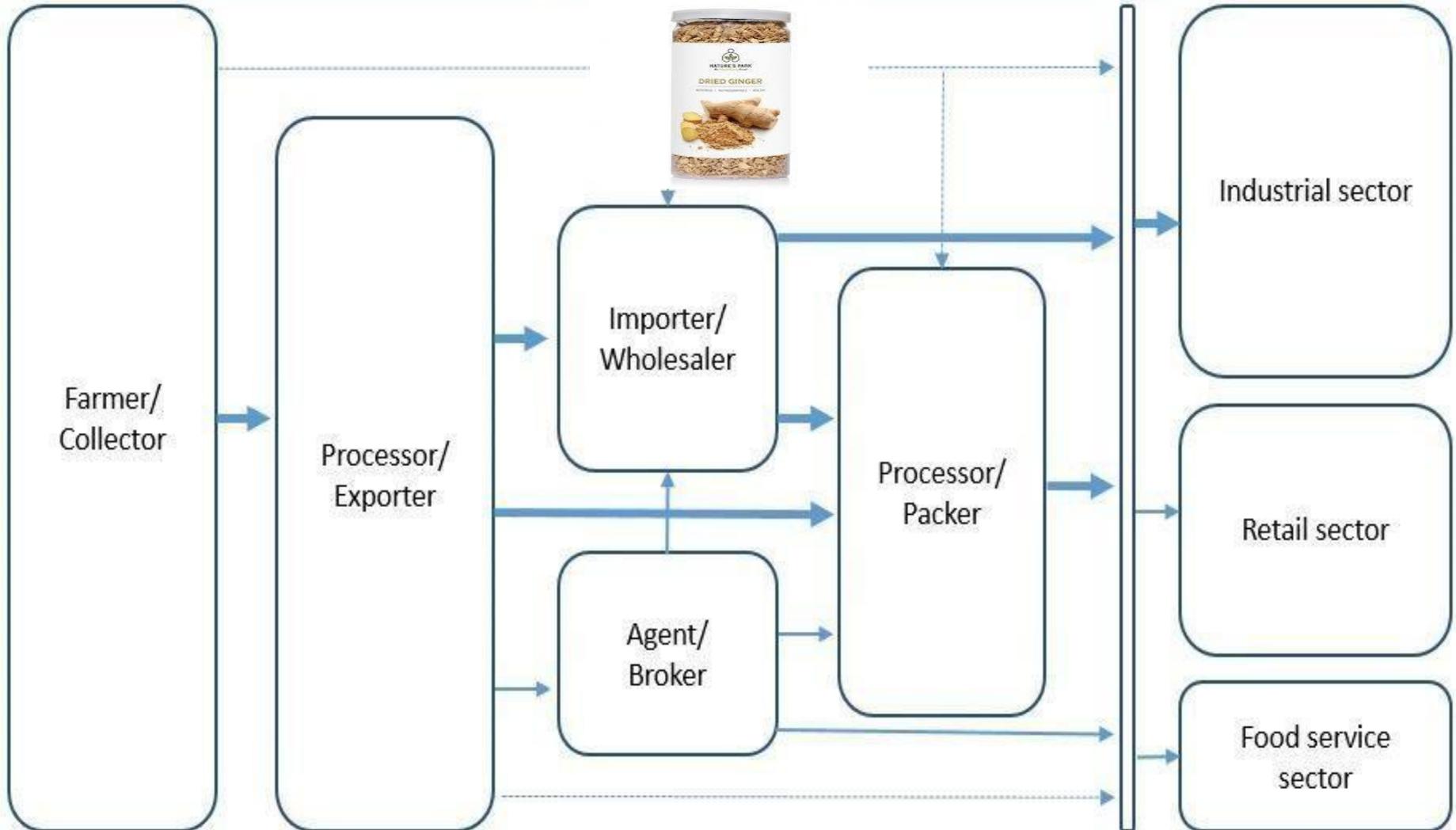


# Trade channels for dried ginger in Europe

Developing countries

European market

Industries



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## **Food-processing industry**

The food and drinks processing industry is roughly estimated to use 75-90% of all dried ginger on the European market. The largest users within this segment include spice mixture producers, convenience food and snacks, culinary, bakery products, the sauces, seasonings and soups industry, the drinks and beverages industry, and the confectionary and chocolate industry.

Spice mixture producers are companies specialised in production of spices and seasonings for different applications. Those companies are constantly investing in research to develop custom formulations for food-processing companies and help launching new attractive tastes. They produce either dried or liquid spice ingredients. Some examples of such companies in Europe are AVO (German producer with also a factory in Poland and in France), Meat Cracks, Kerry Ingredients, Frutarom (part of IFF), Farevelli Group, Food Ingredients Group, Kalsec, EHL Ingredients or Ion Mos.

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The meat industry is an important user of dried ginger but very often not supplied directly but through spice and food ingredient companies. However, larger groups of companies may import dried ginger directly. An example of such a group includes OSI Food Solutions.

The European sauces, seasonings and soups industry is also an important user of dried ginger. However, this market is dominated by international brands such as Kraft Heinz, McCormick, and Maggi (Nestle).

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## **Retail**

The retail and food-service segments for spices and herbs are dominated by European (often national) spice brands/companies, such as Fuchs in Germany, Verstegen and Euroma in the Netherlands, Santa Maria, part of the Paulig Group (Scandinavian countries) and multinational brands such as McCormick, Kraft Heinz, etc. For example, the Dutch spice specialist Silvo is part of McCormick since 2004. Also, some strong brands are developing in south Eastern Europe, such as Prymat Group. These spice companies import spices directly from all over the world and have in-house processing and R&D facilities.

Private label (supermarket) brands are important as well. European spice packers and blenders conduct production for all these brands. Since supermarkets often require large quantities and have very specific requirements regarding packaging, it is very difficult to supply them directly from outside Europe. Products already packed in origin countries are mainly found in European ethnic supermarkets, open-air markets, and web shops.

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- The retail sector can also be segmented into supermarkets, independent grocers and specialty shops. Most retailers sell individually packed spices or herbs and also a range of specific mixtures. Overall, tailored spice and herb mixtures are becoming more popular in the retail segment, partly due to the increasing interest in ethnic food but also due to the growing demand for convenience.
  - Leading supermarket chains in Europe include Tesco, Carrefour, Lidl, Metro, Aldi, Delhaize, Rewe, Edeka, Auchan and Albert Heijn.
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- **Food service**

- The foodservice channel (hotels, restaurants and catering) is usually supplied by specialised importers or wholesalers. These companies are sometimes the same as the brands that supply the retail segment. The foodservice segment often requires larger packaging sizes of dried ginger, e.g. cans from 300 to 500 grams or sacks of a few kg.
  - World cuisines, healthy food and food enjoyment are the major driving forces in the foodservice channel in Europe. The fastest-growing business types are likely to be new (healthier) fast food, street food, pop up restaurants, international cuisines and sandwich bars.
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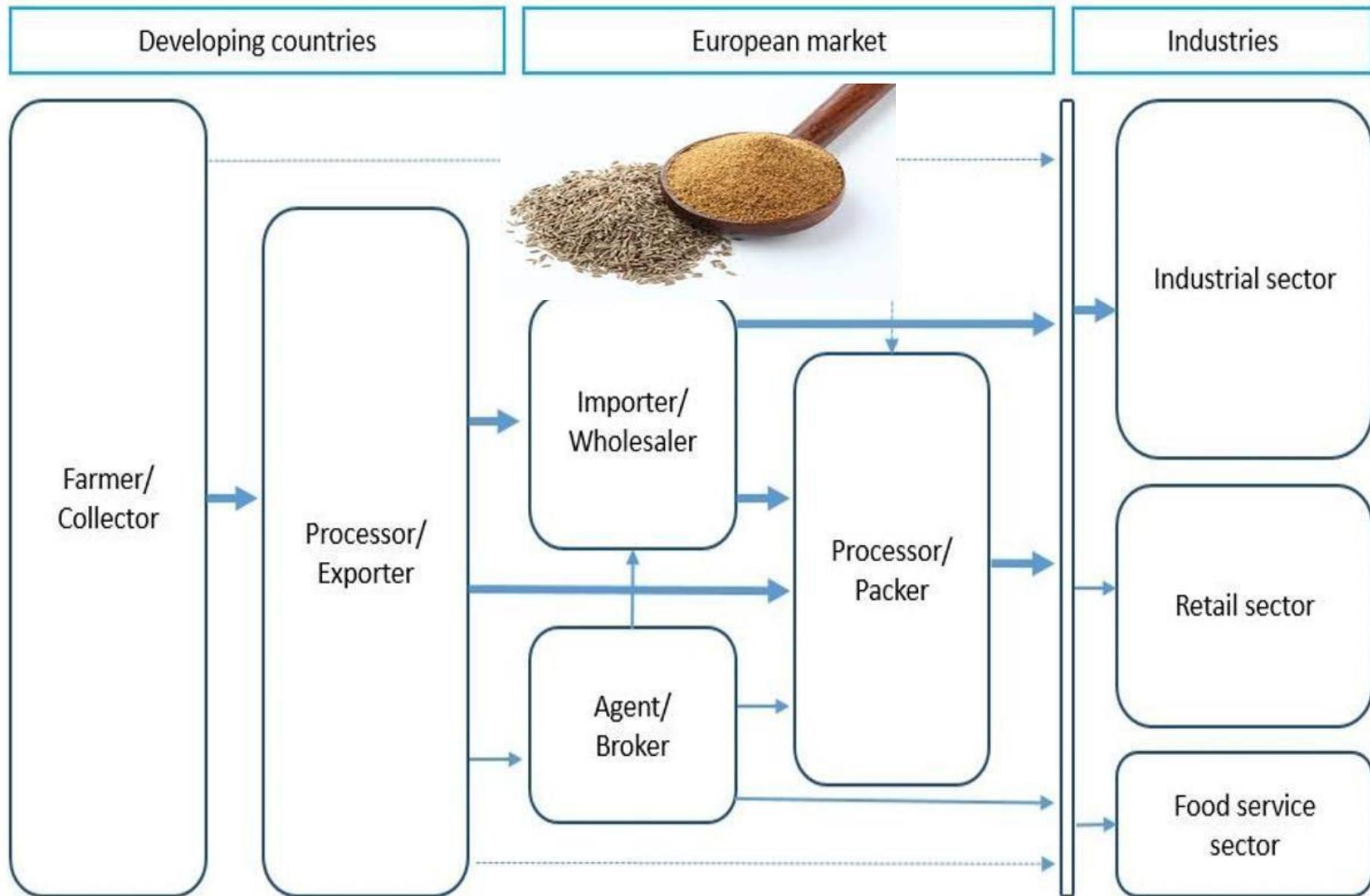
## ■ **Ingredients industry**

- The ingredients industry is composed by ingredient formulators that serve various end-using industries such as food, cosmetics and health care. Ingredient formulators are often large-scale companies operating globally, like Givaudan, Firmenich (now part of DSM), Symrise, Naturex and Oterra. These companies focus on cutting-edge technology and usually source from various global suppliers. They have very strict sourcing protocols for quality control and consistency, as well as sustainability.
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cumin seeds



# Trade channels for cumin seeds in Europe



## ■ Agents and brokers

- Brokers and agents are intermediaries that bring buyers and sellers together. They charge a commission for their services. Agents and brokers are an interesting option if you have a special product, such as high-quality or sustainable cumin seeds, for which buyers are harder to find. The role of the agent is slowly diminishing due to the increased transparency demanded by the market. Another role agents play is to participate in tenders launched by European retailers. In this case, agents can help exporters to place cumin seeds directly in the European retail segment.

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- The retail sector can be further segmented into several subcategories like described below.
  - Retail chains - Increasing the market share of their private labels is the main development for leading retail chains. Companies that hold the largest market shares in Europe are Schwartz Gruppe (Lidl and Kaufland brands), Carrefour, Tesco, Aldi, Edeka, Leclerc, Metro Group, Rewe Group, Auchan, Intermarché, and Ahold (Delhaize or Albert Heijn). Examples of ethnic retail chains selling cumin seeds are Asian (Wah Nam Hong or Go Asia) or Turkish (Marmara or Eurogida) stores.
  - Independent ethnic grocers – Cumin seeds are often sold by specialised ethnic shops such as Indian, Pakistani, Turkish, North African and Middle Eastern shops. The UK has a particularly high presence of ethnic shops selling cumin seeds. Some examples are Taj Stores (Bangladeshi with range of international offers), Indian Spice Shop (Indian) or the Asian Cookshop (Asian). In Germany, there is also a large number of Turkish grocery shops selling cumin seeds, some of them have already grown into supermarket chains.
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- Specialised spice shops – Spice shops usually belong to the high-end market segment and offer a wide range of spices from different origins. They commonly sell spices measured by weight but also have their own branded products. Some of them have grown into specialised chains such as Alfons Schuhbeck, named after the Germany celebrity chef, with many shops across Germany. Examples of specialised spice shops in Europe include Jacob Hooy (the Netherlands), Épices Rœllinger (France) or Spice Mountain (UK).
  - Specialised organic and health food shops – Specifically relevant for suppliers of organic certified cumin seeds. Many organic shops are part of specialised organic food retail chains, especially in Germany. Examples are Biomarkt, DM and Alnatura. Organic food, including cumin, is also sold in specialised health food stores together with food supplements, herbal teas and other health products (for example by Holland & Barrett in the UK, Ireland, the Netherlands and Belgium). Some organic retailers import directly.
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- Online retail – Online retail is currently dominated by the leading retail chains. Specialised online retailers selling food exclusively online are still rare, with the UK based Ocado being the most notable example. The Covid-19 pandemic and the measures imposed as a result in many countries in Europe have dramatically increased online retail orders in Europe. There are examples of Asian shops selling spices, including cumin, such as Red Rickshaw, the Asian Cookshop or Spices of India.
- Street markets – Although the market share of street markets has decreased significantly over the last decade, street markets are still a popular place for food shopping in Europe. Across Europe, street markets are operational on certain days of the week and sellers often move from city to city to offer their products. Examples are Quinn's Market and Southall market in London.

## ■ **Food processing segment**

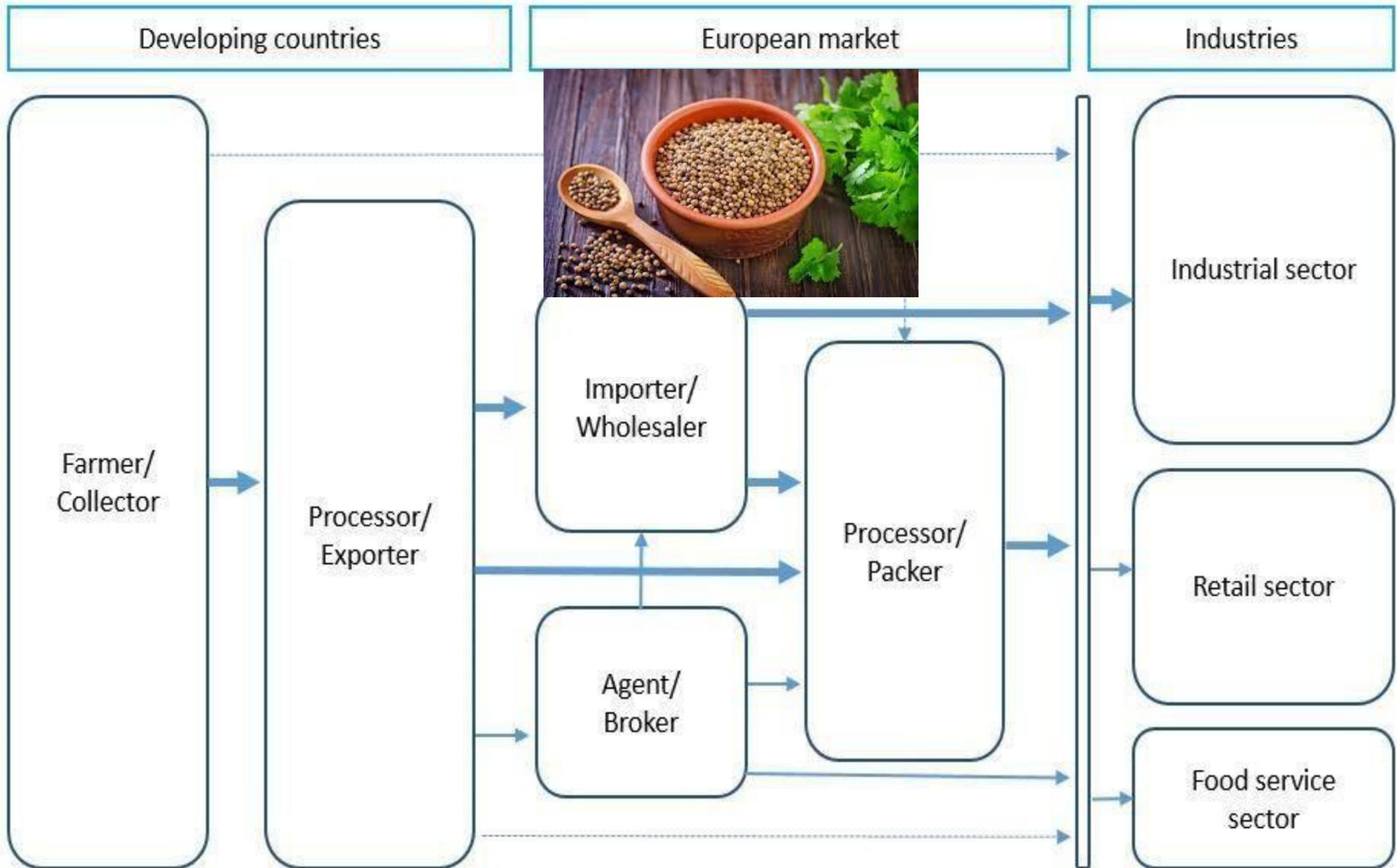
- Spice mixture and ingredient producers – These producers specialise in the production of spices and seasonings for different applications. They are constantly investing in research to develop custom formulations for the food processing industry and help launch new attractive tastes. Examples of these companies include leading spice companies already mentioned in the retail chapter above. Aside from curry and other Asian, Turkish, North African and Middle Eastern spice mixes, cumin powder is an important ingredient in chilli powders, in addition to chilli peppers.
- Apart from spice companies, several other producers make customised (dried or liquid) spice solutions for specific industry needs. Examples of spice mixtures and ingredients companies include OSI Food Solutions, AVO (German producer, part of the European group), Meat Cracks, Colin Ingredients, Kerry Ingredients, Solina Group, Frutarom, Farevelli Group, Food Ingredients Group, Kalsec, EHL Ingredients, and Ion Mos

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- Food service segment
  - Specialised distributors supply the food service channel, which includes hotels, restaurants, catering, and institutions. These distributors can import cumin seeds directly, but they often buy from wholesale bulk importers. The food service segment often requires specific packaging of cumin seeds, which is different from bulk or retail packaging, for example, from 300 g to 1 kg packs. Examples of distributors supplying the food service segment with cumin seeds are Metro Cash & Carry and Brake Brothers.
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coriander seeds



# Trade channels for coriander seeds in Europe



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## **Several sub-types of coriander seed importers include the following:**

Bulk spice importers – In Europe, this category includes wholesale traders and owners of retail brands. Many of these brand owners have already been mentioned in the market analysis of this study. Several other bulk importers and wholesalers include Barnes Williams (United Kingdom), AKO (Germany), Husarich (Germany), Nedspice (Netherlands), Euroma (Netherlands), European Spice Services (Netherlands), Saran Enterprises (Poland), and ISFI Spices (Belgium).

Ethnic food importers – These importers specialise in supplying to the ethnic food service segment and ethnic shops. Very often, these traders import branded products or packs which are smaller than typical bulk packs, such as 1 kg–5 kg. Examples include Fudco (United Kingdom), Ahmed Bros (United Kingdom), and Kreyenhop & Kluge (Germany). Some of them specialise in supplying to specific industries, such as the meat processing industry, for example, Germany's Scheid.

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**Spice mixes and ingredient suppliers** – These traders specialise in supplying to a wide range of food industries. This category includes businesses such as Kerry Ingredients (Ireland), Worlée (Germany), Culinar (Sweden), Epos (Netherlands), and Colin Ingredients (France).

Flavour and fragrances suppliers – These companies import and process coriander seeds for the food and non-foods industries, such as cosmetics. Sometimes they also import coriander seed essential oil in bulk. Examples include IFF and Kerry Ingredients & Flavours.

**Suppliers to the food supplements industry** – This segment includes companies that source raw materials to produce extracts, capsules, pills, etc. Some examples include Buckton Scott, Capsumed (Germany), and Evolution.

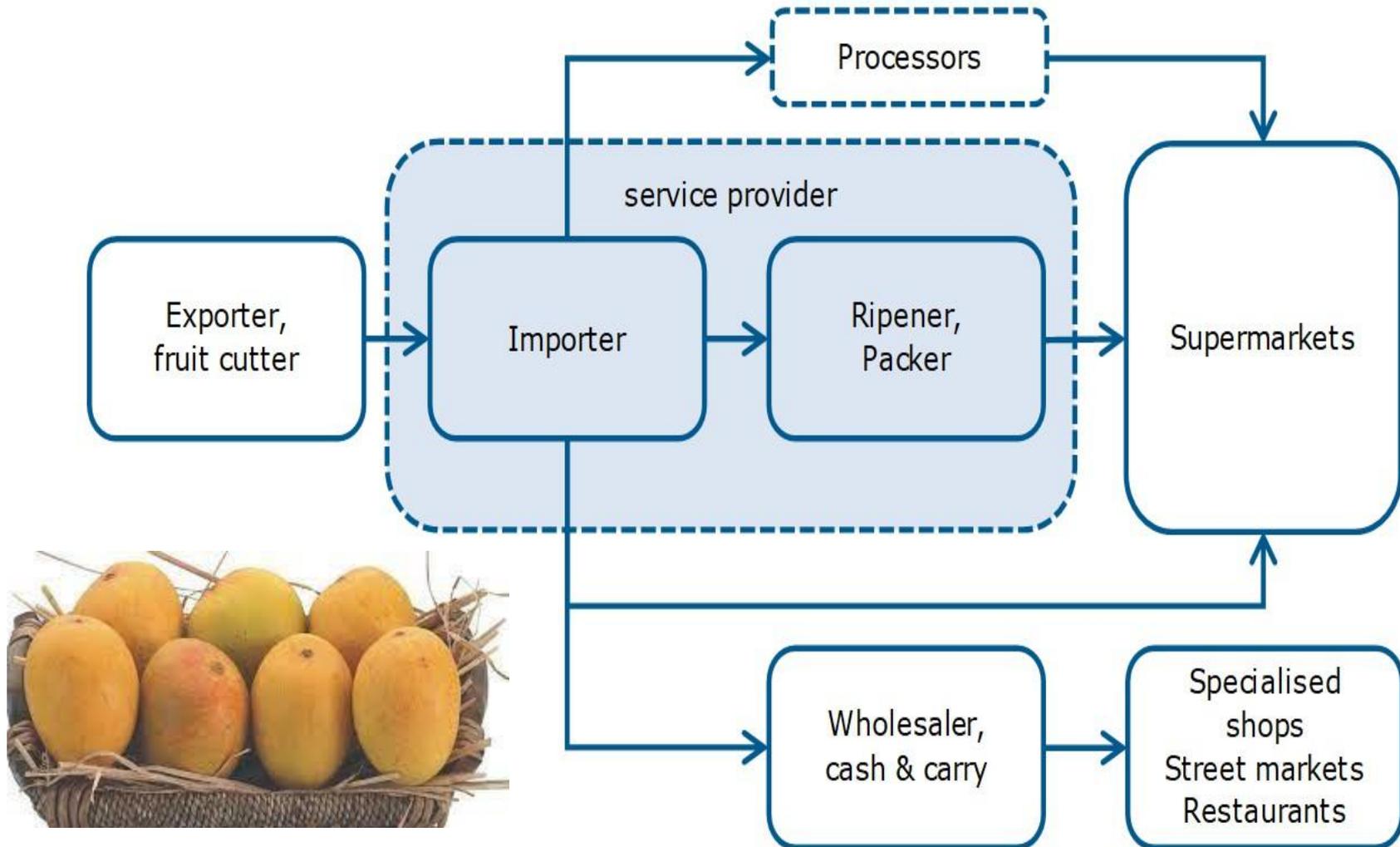
Suppliers of botanicals for alcoholic drinks – This industry includes examples such as Beacon Commodities, Star Spice, and Seasoned Pioneers.

**General importers** – Importers in this segment also import several other types of products in addition to coriander seeds. Examples include Velji Bhovan & Sons (United Kingdom), Eric Bur (France), and Kündig Group (Germany).

# Mango



# Market channels for mangoes



## **Supermarket programmes**

Most mangoes are sold through supermarkets, which become increasingly involved in sourcing. This is relatively easy when mangoes are sourced from Spain. For example, German supermarket Rewe established Eurogroup in Spain to oversee production and sourcing.

However, overseas mango imports during the rest of the season is often complicated. Fluctuations in price, volumes and quality continue to provide opportunities for independent traders. Supply contracts for mango are often combined with purchases on the spot market.

## **Wholesalers (spot market)**

Traditional fruit wholesalers cover the spot market, moving according to trade fluctuations. They supply to specialised shops, street merchants, restaurants and hotel chains. Sometimes these companies combine import and wholesale activities, but a traditional wholesaler does not take many risks with importing long-distance mangoes – with the exception of ethnic mango varieties which are flown in. Typical wholesale markets include Rungis in Paris and Mercabarna in Barcelona.



Green Chili

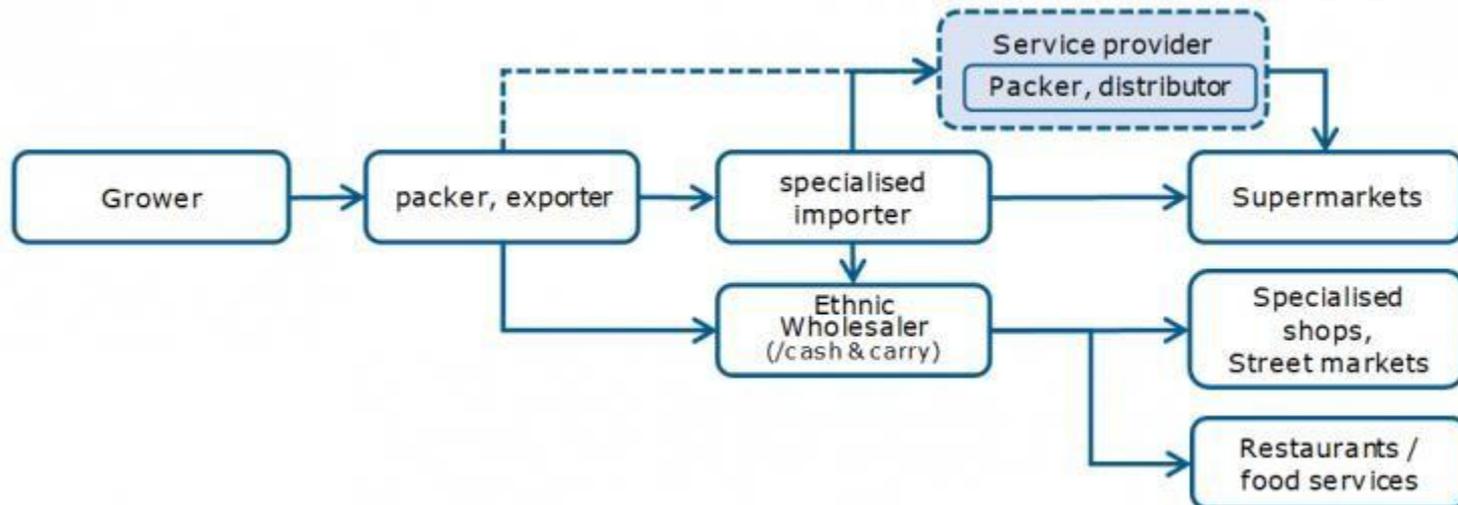
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Through what channels does a product end up on the end-market?

A large part of the chilli pepper demand is fulfilled by grower groups and service providers. For the more exotic varieties, the market depends on specialised importers and importing wholesalers.



European market channels for fresh chilli peppers



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- **Specialised importers form the main channel for chilli peppers**
  - The main entrance to Europe is importers that specialise in exotic or ethnic vegetables. They have an important responsibility in fulfilling the demand for different types of chilli peppers, from common off-season chillies to the most exotic chilli peppers.
  - Importers manage supply chains from different origins and perform quality control. They are familiar with all the requirements of end clients and distribute to different European markets.
  - There is a wide variety of chilli pepper importers, in size, segment and product assortment. There are exotic specialists with chilli peppers such as BUD Holland and Roveg in the Netherlands, CMR Group in Spain, and Neta in France. Other importers have a stronger ethnic focus such as Tropifruit in the UK or Belimpex in the Netherlands.
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- **Service providers provide access to supermarkets**
- In general, supermarkets want to buy as close to the source as possible, but they also want to be unburdened. The companies that have a direct relation with large supermarket chains, often present themselves as service providers. They organise the supply chain according to the needs of their clients, from sourcing to (re-)packing and branding. These service providers either source directly from the origin, or select specialised importers to find specific chilli pepper varieties. You can become part of this supply chain if you are able to offer the quality and logistics that a service provider requires.
- **Wholesalers (spot market)**
- The wholesale channels are crucial for the distribution of different chilli pepper varieties. Wholesalers often supply smaller quantities of exotic chillies to hospitality and food services, specialised fruit retailers and street markets. Ethnic wholesalers can have their own import and international contacts, such as Punjab Exotic Foods and Sunnyfield Veg. Other wholesalers depend on a network of experienced importers. Typical wholesale markets include Rungis in Paris, New Spitalfields Market in London and Marcabarna in Barcelona.

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# Visit wholesale markets (when possible)

- Rungismarket (Paris, France): the most famous wholesale market in France;
  - Mercamadrid (Madrid, Spain): one of the main wholesale markets in Spain;
  - Mercabarna (Barcelona, Spain): one of the main wholesale markets in Spain;
  - Grossmarkt Hamburg (Hamburg, Germany): close to the port of Hamburg;
  - SogeMi Mercato Agroalimentare Milano (Milan, Italy): one of the largest wholesale markets for fresh fruit and vegetables in Italy;
  - New Spitalfields Market or New Covent Garden Market (the United Kingdom): 2 wholesale markets for fresh products in London.
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