



An Innovative Short Chain in the Netherlands: Willem&Drees

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Willem and Drees. Photo by Willem&Drees

Willem&Drees (W&D) is a grocery wholesaler specifically dedicated to short-chain delivery. W&D started in June 2009 by supplying locally grown vegetables, potatoes and fruits to shops and supermarkets. Currently, W&D supplies supermarkets, catering companies and other out-of-home consumption points throughout the Netherlands with products from selected farmers located as close as possible to the point of sale. The innovative and unique character of W&D is that it offers the mainstream shopper the possibility of buying seasonal products from their own region.

Short-chain delivery is usually bound to logistics outside of the mainstream food business. Box schemes, online shops, organic supermarkets, farmers' markets – all of these are themselves chains not connected to mainstream chains. As this automatically means many consumers do not have access to local produce, W&D developed a way to integrate local food into mainstream logistics. The business is a typical development that fits within current sustainable food trends: W&D serves the hybrid consumers who make an ad-hoc decision about their buying behaviour. The W&D consumer sometimes buys online, sometimes in an organic shop, other times at the market but also at conventional supermarkets. W&D is a child of our time: offering sustain-

able local products to the convenience shopper, making it easy to choose sustainable and local.

At the start in 2009, W&D maintained a strict maximum range of 40 km from farmer to consumer. However, as the business developed its team applied the concept of "locality" in a more dynamic way. Their philosophy is "as near to the

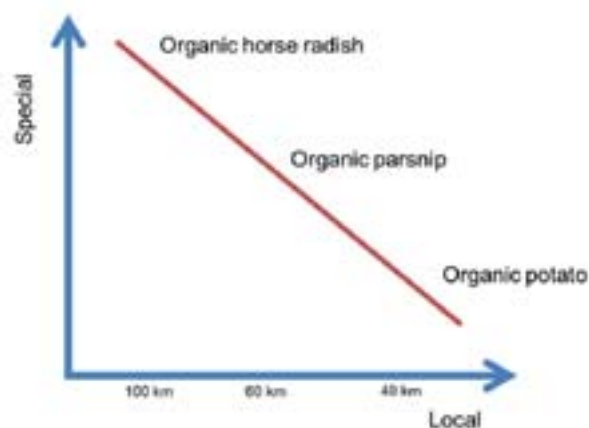
Business model

W&D is a social enterprise financed by private equity. The financers support the philosophy and business approach of W&D. From the start it has been clear that profit has to be made but not at any cost. Profit is not the core aim of the company; changing our food system is. This creates a different approach to doing business and opens up room for innovation and creativity. Since the start in 2009, W&D has been unable to make any profit. They are, however, doing well and growing exponentially. Increasingly, they are visible in the media in the Netherlands, and a discussion about our food system without at least a quote from Willem or Drees is not taken seriously. W&D is becoming a brand. Once a brand is established, various possibilities open up for further innovation. Who knows...maybe even a W&D outside of the Netherlands?

consumer as possible". W&D developed their own ICT tool to determine the distance of each product in stock to a possible point of sale. The ICT tool compares the postal codes (PC) of the products in stock to the PC of the retailer, then automatically chooses the product with the closest PC. The main reasons for switching from a fixed distance to a more dynamic approach to locality involve sustainability and product range.

The issue of sustainability is germane because keeping to a strict distance can result in food items being transported in half-empty trucks, especially perishable produce that cannot be kept in stock for very long. The W&D product range has expanded dramatically since the company began. Working with a fixed distance works, for example, for potatoes, which are widely available throughout the Netherlands. However, it becomes more difficult in the case of organic horse radish that is only grown in certain parts of the country. In other words, the wider the assortment of W&D with more unique varieties, the more logical and rational it becomes to allow greater travel distances for products. W&D's definition of "local" is expressed in the diagram below. It should be noted that produce never comes from outside the Netherlands: the national borders are also the boundaries for W&D.

W&D started small, from one town in the centre of the Netherlands. It grew slowly, region by region, from the standpoint of both suppliers and delivery. In 2013, W&D began serving the entire country, and in 2014 they grew to include a full assortment in each region. All products travel from their origin to the W&D central distribution centre before being distributed. At farm level the products are packaged, they are stickered at the distribution centre. The sticker contains information about the product origin and the name of the farm, and sometimes a picture of the farmer to further personalise the product. W&D put a great deal of effort into "telling the story of the farmer, of the origin of the product". Each week one farmer is highlighted with a story and/or video on the firm's website. Through various media, W&D tries to minimise the distance between consumer and producer, especially because this is often impossible in physical terms. In the supermarkets W&D has a special area within the fresh fruit and vegetable section. The products are offered in branded wooden crates where possible in order to focus attention on their products. Often consumers are attracted to this natural-looking section and decide to



Farmer

"I am very proud to be part of W&D as a farmer. It is not very profitable for me at the moment, but that's okay. The way W&D gives attention to local products, and to the farmers who produce these products, engenders a feeling of respect. I am once again a person in the chain, not just some anonymous producer. In turn this creates a greater sense of responsibility in me, to achieve and to produce beautiful, unique, tasty vegetables."

try something.

W&D focuses on selling seasonal products. This means that people have access to varieties of vegetables and fruits otherwise not within easy reach, such as rainbow carrots, parsnip, cabbages, special varieties of potatoes or strawberries. Although supermarkets offer the same product range throughout the year, seasonality is largely lost; W&D restores this connection by offering products only in season. Recently, the range of niche products has grown considerably. The company is now offering varieties of the same product (e.g.,

Short chains are all about soft indicators

Drees Peter van den Bosch is one of the two owners of W&D. Together with Willem Treep he is on a mission to change our food system. The road to this mission is sometimes a rough one, with difficult choices to make but also with interesting new insights gained and lessons learned. "I was involved in a project called SUPURBFOOD and I really wanted the researchers to find out for me how we were performing in terms of hard indicators such as CO2 emissions. I wanted scientific proof for what we are doing, to show other people that what Willem and I are telling them is true. The project was a big struggle at times, as we could not find a way to deal with the complexity of the benefits of our local chain. Slowly, I realised that assessing our local chain with the tools of conventional chains is just not fair and that assessment should not be done that way. What we are doing is so much more than reducing emissions or improving product life cycles. We are redefining our food system with all its aspects, including cultural, social, ethical and human characteristics that are not included in assessments or that are indirect results difficult to measure. The project made me realise that it is not about these hard indicators, but rather about soft indicators whose value becomes clear only through telling the story of our company and the story of our farmers."

Jinghe online farm

In China in recent years, a number of serious health scandals have erupted among urban consumers due to many reported incidences with unsafe food. As a response, membership farms in the big cities of that country were started up and have grown rapidly. Consumers feel they can better trust and control the food they eat if they have more information, and if they are in direct contact with the farms producing their food.

Two kinds of models exist for these membership farms: the community supported farm and the online farm. Jinghe is an example of an online farm from which members can order their packet of vegetables.

In 2013, with the support of the local government, Jinghe developed an online virtual platform that functions as an online marketplace. It is run by the Sunlong group which, with its 15 employees, is in charge of the packaging, distribution and website maintenance. The platform is linked to

many cooperatives and other producers responsible for delivering the requested products to the consumers.

Jinghe started by selling only vegetables to their consumers, but is now exploring such other products as fruit, meat, eggs, milk, poultry, grain and oil. People can also buy imported fruits and seasonal vegetables through the expanding system. Through an online tracking system for each product, people can track the products from the fields of origin. Indeed, this ensures that people feel more confident about quality and safety standards being met. Jinghe also organises consumer visits to the food enterprises and farmer cooperatives, to give people more information on the process of farming and food production.

What W&D and Jinghe have in common, although with a different geographical approach, is the aim to inform their consumers about the origin of their food. They also both function as a platform and distribution hub between producers and consumers.

not just red beetroots but six different kinds) and special seasonal bags with different products (e.g., all you need for a winter soup). The impetus for expanding the product range comes from both farmers and from W&D itself. Sometimes farmers send W&D a package of a special variety they grow. On other occasions the W&D team observes that there is room in the market for a certain product (e.g., round courgettes) and they ask one or more farmers to start cultivating them. Farmers experiment with these new varieties or products themselves, W&D does not offer them anything in advance. This typifies the W&D farmer: innovative and looking for another way of growing and doing business rather than anonymous mainstream production.

W&D works with approximately 130 farmers throughout the season, and most of the farmers deliver products to W&D during a certain part of the year (e.g., a cherry farmer supplies only 3 months of the year). None of the farmers supplies exclusively to W&D; neither the farmer nor W&D wants to create such a dependency. The maximum amount W&D buys is approximately 50% – in most cases less than 20% – of a farmer's total production. The number of farmers is expanding less rapidly than the number of customers, and W&D is able to buy more from the growers they already have on their list. Farmers can become W&D farmers when they adhere to certain W&D standards. This does not necessarily include organic growing, though in practice 90% of the produce sold is certified organic. W&D works with a sustainability philosophy that is not aligned with an official certification – rather, it is based on trust and on close cooperation with the farmers. Most are small-scale farmers and share fully the W&D vision and mission; the possibility of working with W&D gives them the opportunity to embody their ideals. W&D farmers are just a touch more innovative and

progressive in their farming techniques and crop choice. W&D does not guarantee the farmer any sales, but they do guarantee a certain price for the farmer's produce that is considerably higher than mainstream. This price is never imposed on the farmers but is always based on a mutual agreement. If a farmer thinks a price is too low, W&D cooperates in finding a price that works for everyone. Interestingly, this works very well, especially since farmers are part of the process. Farmers are given responsibility for the price set, as they are shown what happens if the gap between mainstream and the W&D price is too big. In other words: if the price gap is too large, people will buy less and this means less revenues for the farmer. In general, farmers enjoy this way of working, as they feel appreciated and valued for their expertise.

Another interesting aspect of setting the price is that all farmers know the price the other farmers are getting: there are no secrets. Again this illustrates the W&D philosophy: relationships are based on trust and transparency. As mentioned above, W&D holds no certificate or label, the business works solely on the basis of trust. Clearly, the trust cannot be betrayed and only works with complete transparency. In other words, W&D has found a way to integrate local food into mainstream logistics while possessing the unique features of short chains: trust and transparency.

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