agro BRIDGES

"Building bridges between consumers and producers by supporting short food supply chains through a systemic, holistic, multi-actor approach-based Toolbox"

(Grant Agreement 101000788)

Coordination and Support Action

Assessment of the current status of SFSCs in Beacon Regions

Report on the Netherlands

Responsible Partner: Wageningen University

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Main authors	
Name	**Organisation**
Liesbeth Dries	WU

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Contents

1. Introduction

The assessment of the current status of the SFSCs in our 12 beacon regions is one of the different key aspects that jointly conform the agroBRIDGES overall concept. Therefore, it is important to study the existing knowledge and SFSCs in each region, to identify and later stimulate the wide adoption of sustainable SFSC-based business models already existing successfully in one or some of the regions. The traditional/current business models, that will be spotted here, will like the new SFSCs business and marketing models to be developed later, be categorised, and analysed from an economic (with special attention on producer's income), environmental and social point of view. Therefore, we need the below-mentioned information about the existing SFSCs in your region.

This report is for the beacon region The Netherlands. It is based on a desk study, complemented with three interviews. Two interviews focused on the focus sectors dairy and fruits, the third interview did not focus on a specific sector but on the state of SFSC in the Netherlands in general. Interviews were conducted in April-May 2021.

2. Business & Marketing Models

Model #	*1*	Title	*On-farm sales through vending machines*
Overall description of the business and/or marketing model Examples: milk dispenser (dairy) and fruit vending machine (fruits). The milk dispenser and the fruit vending machine are placed on the street side of the farm properties. There is no need for physical interaction between the producer and the consumer but the physical proximity of the vending machines to the farm business allow consumers to see what is going on at the farm and from time to time there may also be interaction between the farmers and the customers. Key elements: sales on the farm property, consumers come to the farm to buy products, sales through vending machines not through farm shop hence sales can happen without interaction with consumers.			
Value proposition		Fresh products Sold directly on the farm and hence consumers can see for themselves where the product is grown or how the animals are being treated.	
Customers		Target audience: people that live nearby, passers-by, people that are biking / walking in the area Channel of delivery: vending machine Communication of value to consumer: folders alongside the vending machine; advertisements in local newspapers; signs on the street; sometimes direct interaction with consumers	

	Management customer relationship: not applicable for occasional passers-by; but more frequent interaction with return customers and also use of Facebook for the milk dispenser
Infrastructure	The farmers' costs relate to investments in the vending machine, sometimes also for providing the utilities to the street-side location of the vending machine. In the case of milk, it may be required that milk is pasteurized before being sold on the farm. This will also require additional investments of the farmer. Vending machines need to be checked and filled regularly. No alliances or subcontracting are needed for this business model. However, in the case of the milk dispenser, the farmer had the intention of cooperating with producers of other products in the neighbourhood to offer also other ingredients and recipes for making a local specialty (pancakes).
Finances	Yes, after the initial investment, there is little cost in running the vending machines (electricity, some labour costs for checking and filling the machines). And prices are higher than in the conventional channel.
Potential	The business model offers an interesting addition to the farmers' incomes. However, the share of the turnover from this business model compared to sales that go through conventional channels is very small (for the interviewed producers less than 5% of total turnover). Nevertheless, little effort is required for running the vending machine and prices are higher than for conventional sales. Hence, a nice addition.

Model #	*2*	Title	*Direct sales – internet deliveries*
Overall description of the business and/or marketing model Example: Rechtstreex (https://www.rechtstreex.nl/) provides an online platform where consumers can order local agri-food products. After the orders have been collected, local producers are informed and the food products are picked up and transported to the distribution centres from Rechstreex. From there the products are sent to regional pick-up points where consumers can collect their orders. Key elements: online orders by consumers, assortment of fresh food products (large variety of products, from meat and dairy to fresh fruits and vegetables to bakery products and snacks), distribution and logistics coordinated by Rechtstreex, pick-up points in neighbourhoods where orders are placed, deliveries / pick-up by consumers twice per week.			
Value proposition	Local products Local pick-up points Large assortment, allowing for one-stop-shopping for food Online order platform		
Customers	Target audience: people in metropolitan areas (Rechtsreex is currently offering their service only in the cities of Rotterdam and Den Haag) that want to eat fresh and local food Channel of delivery: pick-up points Communication of value to consumer: website Management customer relationship: website, subscriptions are possible		
Infrastructure	Key resources: farmers do not need special investments (except maybe packaging for pick-up by Rechtstreex); Rechtstreex has invested in the online platform and in their distribution centres. There is also labour required for the distribution centres and transport from farmers to distribution centres and from there to the pick-up points. Key activities: online orders by customers; collection of orders and submitting orders to individual producers by Rechtstreex; collection of orders and transport to the distribution centres; preparation of the orders for the customers at the distribution centres; transport to pick-up points; staffing of pick-up points. Does the model imply cooperation, alliances, subcontracting or likewise with others? Yes. Rechtstreex is the intermediary between the producers and the customers. Cooperation and cooperation with the producers is crucial to fulfil the orders in a timely manner.		

Finances	Is the model financially sustainable now and/or in the future? Yes, the model seems successful (at least in the metropolitan areas where they operate currently).
Potential	The model is successful at its current scale. However, one of the interviewees pointed out that it is not easy to scale up this model and to grow. This may be related to the complexity of the distribution and logistics behind the model, and the need to interact and cooperate with a lot of different producers to offer a wide assortment of products.

Model #	*3*	Title	*Sales through retail shops*
Overall description of the business and/or marketing model Example: Streeckgenoten (https://streeckgenoten.nl/) is a quality label that identifies local and specialty food products from local producers. The labelled products are sold in one of the main Dutch supermarket chains (Albert Heijn) and hence has a wide coverage throughout the Netherlands. Key elements: distribution through supermarkets, benefits from existing, centralised distribution network of supermarket chain, labels are used to identify SFSC and producer, promotion through supermarket websites.			
Value proposition	Local products sold in supermarkets allows consumers to buy local while doing one-stop shopping for their household.		
Customers	Target audience: customers that shop in supermarkets; consumers that may not do the effort of shopping at different shops for local products. Channel of delivery: supermarket Communication of value to consumer: packaging of the product includes the name of the producer (butcher / cheesemaker) ; supermarket website Management customer relationship: not applicable, anonymous supermarket shoppers		
Infrastructure	Key resources: a crucial resource of the business model is the centralised logistics and distribution system of the supermarket chain. Key activities: delivery to supermarket distribution centre; centralised distribution system; packaging of products Does the model imply cooperation, alliances, subcontracting or likewise with others? Yes. Cooperation between the supermarket and the producers.		
Finances	Is the model financially sustainable now and/or in the future? Yes. Centralised distribution and logistics of the supermarket bring down costs and allow to offer SFSC products to a large public.		
Potential	How do you assess the development potential for this business/marketing model? This model has great potential for SFSC products. However, not all products may be equally suitable. At the moment mainly cuts meats and cheese are included in Streeckgenoten. It may be more difficult to 'sell the story' of SFSC in a supermarket for fresh fruits and vegetables. Price differences between SFSC fruits and vegetables and conventional chain		

	products may be too large and the selling points of freshness / right from the field / no cold storage... will not be plausible in a supermarket setting.

<table>
<tr><th>Model #</th><th>4</th><th>Title</th><th>Pick your own – Community-based agriculture</th></tr>
<tr><td colspan="4">Overall description of the business and/or marketing model

Example: De Nieuwe Ronde (https://www.denieuwe ronde.nl/) is a vegetable farm in Wageningen. The farm owners work with subscriptions: people can subscribe to become a member and this gives them the right to enter the fields and harvest vegetables on their own, provided that they only pick what is ripe and only for household use. Members do not have to work on the farm, all the field preparation, sowing, weeding and management is done by the farm owners and workers.

Key elements: community-based agriculture, consumers harvest vegetables themselves for their own use, monitoring (to prevent theft, or destruction of fields) is done by the members as they can enter the fields when they want any time of day and any day, system is based on trust among members and owners.</td></tr>
<tr><td colspan="2">Value proposition</td><td colspan="2">Customers harvest their own vegetables and are therefore certain of their freshness

Fields are nearby to where customers live, they can experience and observe how vegetables are grown

Community-feeling</td></tr>
<tr><td colspan="2">Customers</td><td colspan="2">Target audience: people that live close to the farm

Channel of delivery: consumers pick their own

Communication of value to consumer: meetings at the farm; experience by consumers

Management customer relationship: meetings at the farm, website, face-to-face interaction on the farm</td></tr>
<tr><td colspan="2">Infrastructure</td><td colspan="2">Key resources: farm fields for growing the vegetables; labour for working the fields; trust between members and owners

Key activities: preparing and working the fields (owners and workers); harvesting (members)

Does the model imply cooperation, alliances, subcontracting or likewise with others? Yes. Cooperation between the owners and the members that harvest; and between the members so that there is no over-harvesting or destruction of the fields / crops.</td></tr>
</table>

Finances	Is the model financially sustainable now and/or in the future? Yes, the farm has to refuse new members each year because of its popularity and the limitations of the fields.
Potential	How do you assess the development potential for this business/marketing model? Development and growth potential are restricted by the size of the fields of the farm. But the business model can grow if other farms adopt the model. Expected market size of this business model remains limited because of the drastic change over from farming for sales to community-based agriculture.

Model #	5	Title	*Direct sales – deliveries to consumers*
Overall description of the business and/or marketing model Example: Tuinderij de Stroom (https://www.tuinderijdestroom.nl/) is a 3ha organic fruits and vegetables farm in the province of Gelderland. Consumers can subscribe to the Tuinderij and can then choose to receive, on a weekly basis, either a fruit bag, a vegetable bag or a mixed bag. Bags include different kinds of fruits and/or vegetables and the mix will change depending on the seasons. Consumers collect their bags from collection points. These collection points are located in people's homes, in shops or at universities. Key elements: box scheme, collection points, weekly deliveries, organic and seasonal			
Value proposition		Fresh, seasonal and organic fruits and vegetables Pick-up points nearby Weekly assortment	
Customers		Target audience: people nearby, with a preference for sustainable production and consumption choices Channel of delivery: pick-up points Communication of value to consumer: website Management customer relationship: website	
Infrastructure		Key resources: farm fields and truck for transporting fruits and vegetables bags to the pick-up points (this is done by the producer); reusable bags for deliveries of the products. Key activities: preparing the bags; transport of the bags to the pick-up points; customers collect the bags from the pick-up points (that they have indicated beforehand) Does the model imply cooperation, alliances, subcontracting or likewise with others? Yes. Cooperation between the producer and the pick-up points (individuals, shops)	
Finances		Is the model financially sustainable now and/or in the future? Yes, the model is successful.	
Potential		How do you assess the development potential for this business/marketing model? Growth on an individual basis is restricted by the size of the farm. The business model can grow if other farms adopt it. There are several other examples of this business model, especially in the fruits and vegetables	

	sector. Overall, the growth potential may be limited because of the large effort in distribution and logistics on the part of the producer.

3. Main Regional Drivers

Main Regional Drivers	According to Tacken et al. (2021), supermarkets are the main sales channel for SFSC products in the Netherlands. Other important channels are Hotels, Restaurants and Cafes (HoReCa) and farm shops. For supermarkets, the reasons for offering SFSC products in their assortment are: because they align with their sustainability policy; to lower costs by reducing the number of intermediaries in the chain; to position themselves compared to other supermarkets; to provide 'a face' to otherwise anonymous products; and to stress the freshness of products (Tacken et al., 2021). For entrepreneurs in the HoReCa business, SFSC products offer the opportunity to distinguish themselves from competitors. Entrepreneurs may find it important to buy local and sometimes customers also ask for this. In the catering business, SFSC products are mainly offered because of the demand from customers (often public authorities) (Tacken et al., 2021).

4. Market sectors and size

Before going into the specifics of the focus sectors, we will give an idea of the overall size of the SFSC market in the Netherlands. If SFSC are defined in the narrow sense (no more than one intermediary between producer and consumer), the market share of SFSC in the Dutch agri-food sector is only 1%. If a broader definition is used (a food chain with a limited number of intermediaries that strive towards cooperation, local economic development, close social and geographical connections and where the producer is recognizable by the consumer), then the market share is estimated at 3% to 4% (Tacken et al., 2021).

CBS (2021) estimate that between April 2019 and April 2020, Dutch farms realised around 1.5 billion euros from SFSC products. The share of farms that were active in SFSC increased from 10.5% in 2017 to 13.7% in 2020. In total, 7234 farms are involved in SFSC sales in 2020.

Focal Sector 1 • Fruits and vegetables	Information based on CBS (2021): **IMPORTANT**: These numbers only include farms that ARE active in SFSC sales, this is not the total sector turnover!

	Total turnover: 1166 mio euros, o.w. 398 mio euros from SFSC, i.e. 34% SFSC sales mainly occur through one intermediary (83%); direct sales to consumers occur for 17% of the SFSC market Information based on Venema et al. (2021): **IMPORTANT**: These numbers are for the horticultural sector as a whole. In the Netherlands this includes a large share of floricultural products (so not only fruits and vegetables)! Number of producers: 2069 (out of 6920) Total production value SFSC: 2691 million euro
Focal Sector 2 • Dairy	Information based on CBS (2021): **IMPORTANT**: These numbers only include farms that ARE active in SFSC sales, this is not the total sector turnover! Total turnover: 520 mio euros, o.w. 182 mio euros from SFSC, i.e. 35% SFSC sales mainly occur through one intermediary (81%); direct sales to consumers occur for 19% of the SFSC market Information based on Venema et al. (2021): Number of producers: 1146 (out of 14,542) Total production value SFSC: 196 million euro

5. Environmental, Economic, and social Aspect

Environmental aspects	Are there any environmental-related regulation affecting the establishment or operation of SFSCs? There are increasingly stringent regulations in the Netherlands in relation to nutrients (fertilizers, nitrogen, phosphate) use and discharge. This is creating severe restrictions especially on the animal husbandry sectors. This requires investments from farmers on the one hand and potential reductions in yields on the other. These developments, combined with low prices in conventional sales channels, can provide incentives for producers to move towards SFSC, where price premiums may be higher, environmentally friendly production may be sold as part of the story of the SFSC product and lower yields may be compensated by the higher prices.

	Does the (potential) positive effect on environment from SFSCs play a role in the operation of the SFSCs in the region? Yes, environmentally friendly production is an attribute that is often sold as part of the SFSC product's story. There are also many examples of SFSC in combination with, e.g., organic production.
Economic aspects	Are there any special economic challenges or opportunities in the region that has affected the SFSC? The Netherlands is a wealthy and densely populated country. This provides ample opportunities for the development of SFSC.
Social aspects	Does the SFSCs play an important role in local societies in the region? If so, please describe in what way (e.g. employment, settlement, educational). This is very dependent on the sector, business model and region. For instance, community based agriculture is by definition based on social coherence in a locality; the example of the Rechtstreex business model has created employment opportunities in the management of the online platform and the distribution centre as well as in logistics.

Overall status	SFSC are already well-developed in the Netherlands and growing. Benefits of SFSC for farmers include higher prices and an alternative sales channel compared to the conventional chain, which creates opportunities for entrepreneurship and creativity and direct interaction with consumers. Opportunities arise from the demand for SFSC also in supermarkets, HoReCa and catering. This demand is expected to rise even more in the future. More opportunities for growth exist, especially where SFSC could be integrated in conventional chains to benefit from efficient distribution and logistics channels; and digital tools that have already been developed for conventional chains. More regional coordination across provinces would also be beneficial. For instance, each province (and within the provinces, a multitude of municipalities) is supporting SFSC in some way or another. Efficiency can be gained by sharing knowledge but also by joining, for instance, digital platforms that are now developed separately for each province.

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