

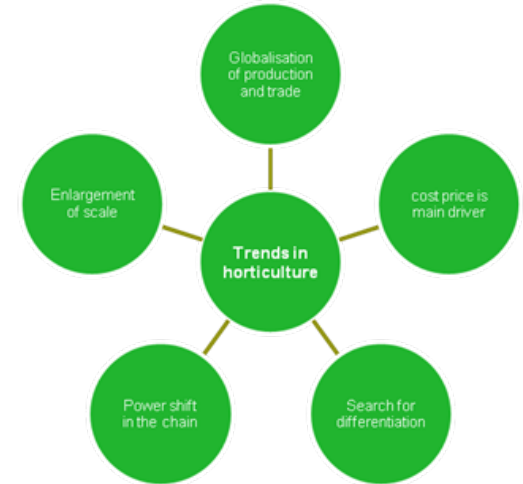
Martijn Laar - Berenschot

*“modern solutions for changing realities –
lessons from other industries”*

Changing realities in horticulture

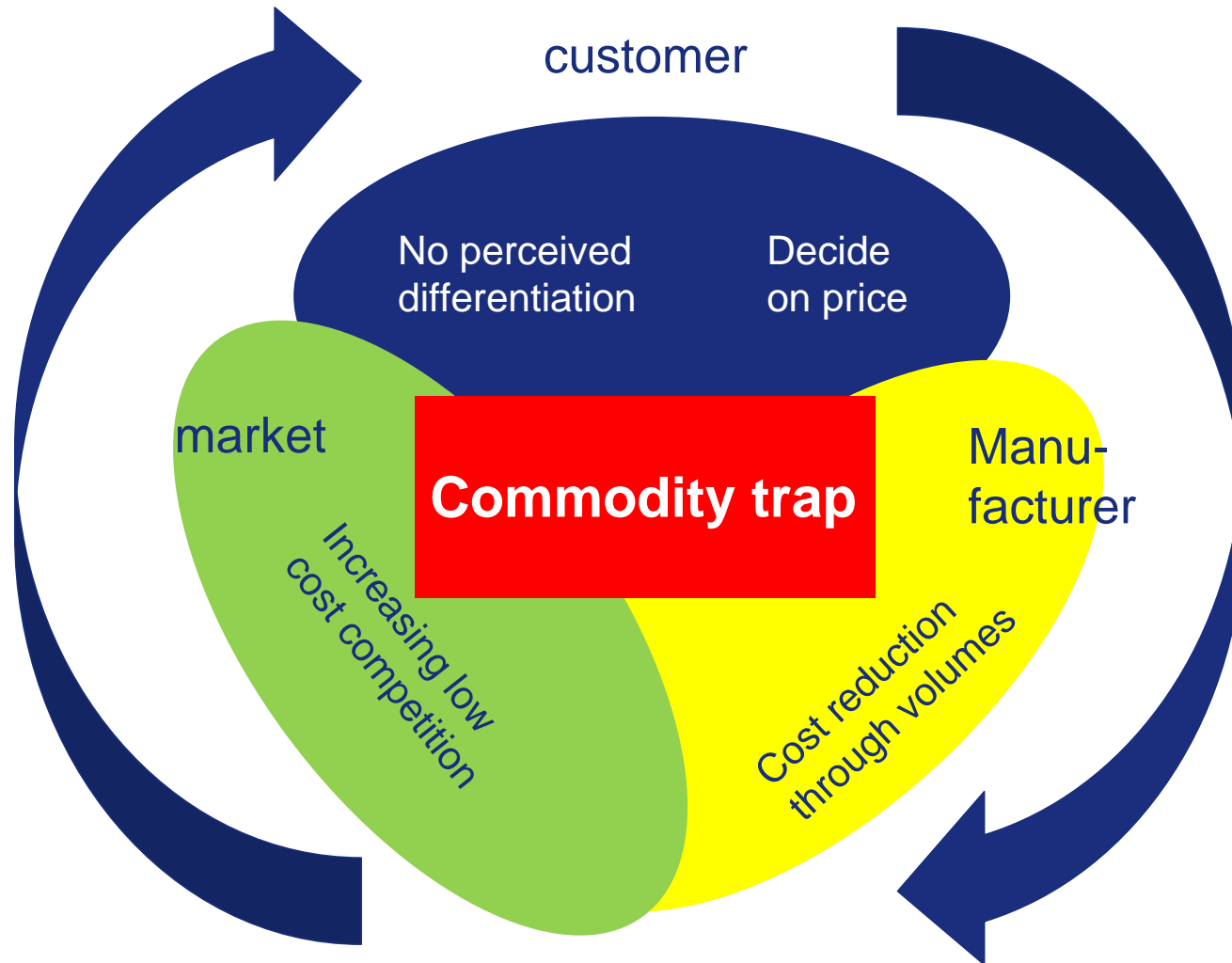
Structural patterns in the supply chain

- Increase in area and productivity in production in greenhouses
- increasing costs disadvantages (energy, environment, labour)
- Market power of retail chains still growing
- Export markets under pressure (currency, volume and prices)

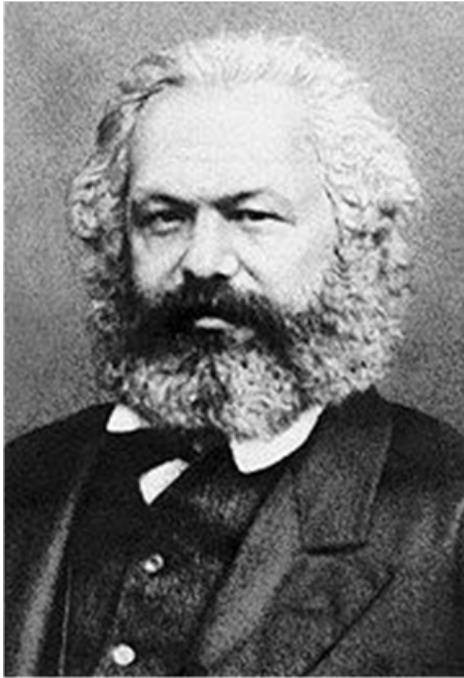


The present crisis makes the structural weaknesses even more visible

The commodity trap



You are not the first...



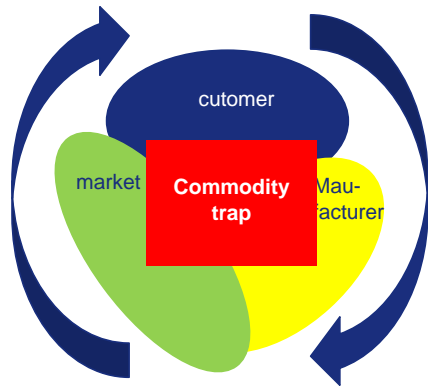
“Manufacturers will commoditize all input and outputs of production around the common denominators of low cost and acceptable quality”

You are not the only one...



There only two ways out..

Cost effectiveness : industrialize the chain



Innovation : look beyond the product

You are an industrialist



.. and should therefore think

- scale
- high quality and service, low prices
- value chain integration
- concentration
- TQM
- transparency

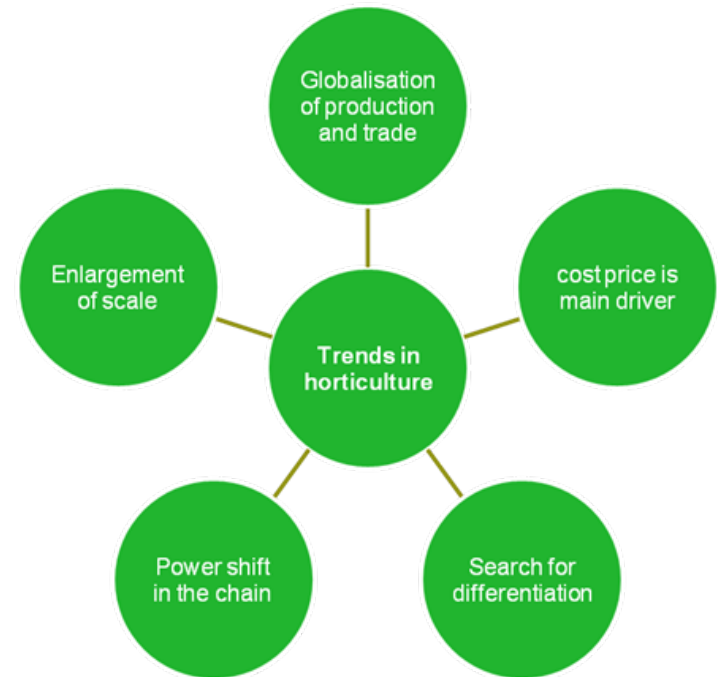
example: VION



PASSION FOR BETTER FOOD

changing realities

- concentration of retail
- increasing demands for transparency
- increasing production and imports low cost countries



example: VION



PASSION FOR BETTER FOOD

changing realities

- concentration of retail
- increasing demands for transparency
- increasing production and imports low cost countries



Can the local craftsman survive?

Modern solution : industrialize...



PASSION FOR BETTER FOOD

cost reduction through scale

- international take overs
- forward and backward integration
- concentration of production
- standardization of logistics and ICT
- total value policy of the 'raw material'
- TQM and supplier control
- cooperation with chain partners to optimize the flow



18 mln



2 mln



1,5 mln



... but innovate at the same time



PASSION FOR BETTER FOOD

Demand driven chain

- demands of the large retailers are leading
- demand driven products and logictics
- volume driven branding policy
- spin-off value products and complementary niche products
- total solution provider



ecoson



What's next?



Resultaten:

- TO + 250%, EBIT + 50% despite price pressure of >5% / year
- Issues : debt and image (vs trend in bio, local, honest food)

Many good initiatives, but no real industrialization of the value chain

- coöperatives concentrate supply but not demand
- pig cycle in production still highly applicable
(management of overproduction)
- growers join forces through associations and APO's
- (closed) supply chain simplification
- monitoring and rating of suppliers
- tracking and tracing of products
- advances in steerability
- flow production and just in time delivery
- category management initiatives



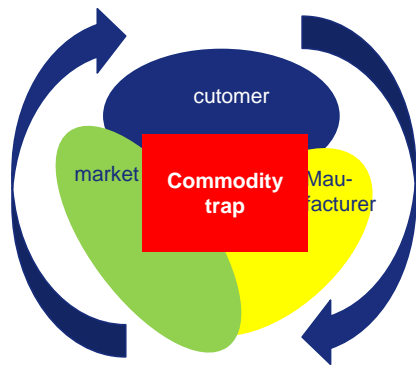
Learnings for horticulture : eat or be eaten

1. Mentality change : industrialize together
2. Take charge : do not improve, industrialize
3. Speed : industrialize now



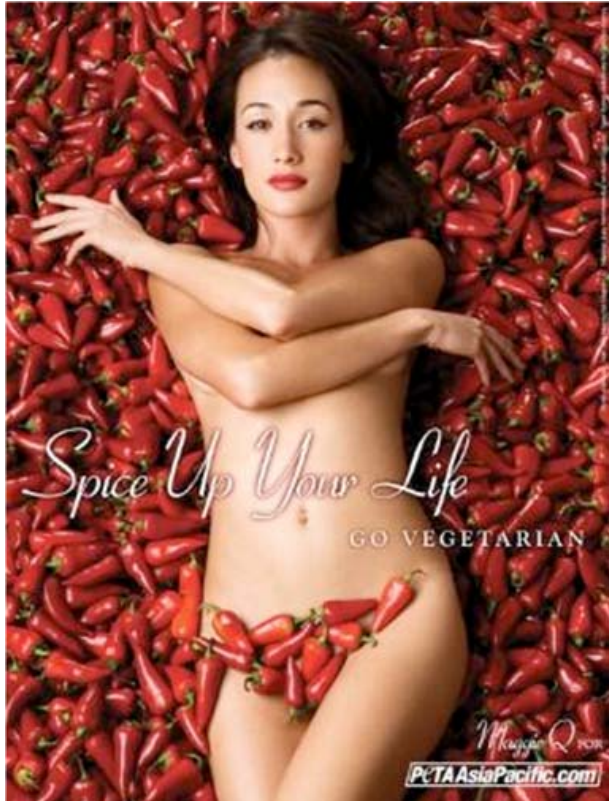
There only two ways out..

Cost effectiveness : industrialize the chain



Innovation : look beyond the product

You are a marketer...



..and should think

- strategic focus
- clear positioning
- earning models
- marketing innovation
- front end – back end
- accountability

Example : Mosa ceramic tiles

Changing realities

- low prices imports reduce market share
- clients are not willing to pay for product quality
- export markets under pressure
- retailers concentrate and dominate
- pressure from environmental groups and EU laws



Modern solution: business innovation



	from	To
Strategy	Dutch leader in consumer ceramics	European leader in kitchen and bathroom enjoyment
Positioning Marketing focus	Quality tiles retail	Design leader projects
Assortment	Wide	Deep
Pricing	Cost +	Value pricing

Innovate how you do business, not just the product



- disciplined front end
- flexible back end : industrialize!
- transparency and accountability
- walk the talk (no window dressing)

Horticulture has innovation leaders, but especially at the back end

- Holland world market leader in know-how
 - greenhouse innovations
 - environmental innovations
 - advanced steerability
 - logistic innovations
 - product innovations
- but:
- little marketing, business and people innovation



Learnings for growers : innovate how you do business with whom

- be clear on who you want to be for whom
- get to know the 'whom'
- empower marketing
- do not pimp the car, pimp the driver



When realities are changing....



Doing more with
less per m² ...
in a better way



Consumers have
preferences ...
and they change



Making € ...
given the changing
power fields

industrialize the chain



innovate beyond the product



and...

When realities are changing....



Impossible is nothing!