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Organic

Albert Heijn Goes Organic

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Report Highlights:

The largest supermarket in the Netherlands (with 650 stores) is introducing a wide range of private label organic products. The Following article appeared in a leading Dutch Newspaper.

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ALBERT HEIJN GOES ORGANIC

All of a sudden biological food is coming out of the black books and is conquering the supermarkets. Albert Heijn now carries an extensive selection of biological products and some of the vegetables one buys at Dekamarkt are only biological. Milk is milk, but yet Campina joins in. 'We are talking about twelve million liters.'

Dairy giant Campina Melkunie is sometimes happy about the market for biological milk. 'If we in the mornings switch on the machines and immediately switch them off again, we have enough milk to meet the demand for biological milk,' so said Bas de Lange, member of the Campina Board of Directors. 'And I am not joking. It is an extremely small segment of the market.'

Yet last month Campina bought De Zwaluw, a biological milk factory in Udenhout. Another biological dairy factory that is on Campina's wish list is Zuiver Zuivel in Limmen.

'Our customers, the supermarkets, are asking for it. We want to meet the demand', according to De Lange. For years the consumer could only buy biological potatoes, onions, winter carrots, and sauerkraut. But the expansion of the range of ecological products, untouched by herbicides and fertilizers, is unprecedented. Every self-respecting supermarket now carries biological mushrooms, milk, custard, yoghurt, cheese, buttermilk, bread, and eggs. And if they don't, they are working hard to get these products on the shelves.

Recently market leader Albert Heijn moved forward fast by launching a large number of ecological products in the non-fresh selection, such as jam, vinegar, coffee, chicken, cookies, tea, apple juice, and orange juice. Has the sales of biological products after years of dragging suddenly started a definite breakthrough?

'Definitely', said Jan Wieringa of the Biologica Foundation. This is an organization that sees to the interest of biological farmers and biological trade. 'I am sure that an increasing number of supermarkets will follow Albert Heijn's example and will start offering a large selection of products that carry the 'Eco' hallmark.'

Wieringa refers to Denmark, where the market for biological dairy grew from 1 percent to 15 percent in four years, after the market leader had changed tack. 'That might happen here also. I call that a breakthrough. Just imagine, the number of biological farmers increasing by 15 percent!'

Campina doesn't believe in this. 'Milk remains milk', sneered De Lange. 'Biological milk is in no way different from normal milk, so why would the consumer buy biological milk if the taste is the same, but the product is more expensive? It must then be because the consumer prefers the way that milk was produced. Well, I predict that only a very small percentage of the consumers will do this. It won't be more than five out of a hundred, if that.'

The Albert Heijn biological product manager, Leontine Gast, agrees. 'Of course the taste of the product is important to the consumer. But ultimately it is a combination of several factors that makes the consumer choose for ecologically friendly products.' Gast remarked that ecological products are less damaging to animals and the environment, are healthier for human beings because there are no remnants of herbicides or antibiotics in it. And taste is indisputable. The other day I heard a customer say that he *could* taste if the *cow had been grazing on a richer grass-land.*'

Biological milk and normal milk may be like peas in a pod, but many other biological products are different in taste, so emphasized Biologica. 'The winter carrots are sweeter, the spinach shrinks less, ecological meat

contains less water, and the potatoes are richer in taste. What's more, the customers associate biologically produced food with pure and clean and good for this world. It is a combination of factors.'

The cost of biological cultivation is high. That is why as a rule biological products are more expensive. For instance, there is a 20 to 30 cents difference in price on coffee and tea. 'We will check for each separate product what is feasible and what is not', so said Gast.

The Commodity Board for Cattle and Meat has no faith whatsoever in customers paying a lot of money in order to spare the environment and to promote the welfare of animals. 'You won't believe the things we have done to promote the free-range pig', sighed a spokesman, 'but it didn't make the slightest difference.'

'That is a completely different issue', according to Jan Wieringa of Biologica. 'Free-range meat is an indistinct product. There is still antibiotics in the feed, but less now. It is more agreeable to the animal and less damaging to the environment, but these arguments are too diffuse.'

'The <ecological> hallmark on the other hand is recognizable for the consumer. It wins people over. The hallmark guarantees that no herbicides, no fertilizer, and no chemical flavoring are used, that the environment is not damaged, and that the welfare of animals is safe-guarded.' The <ecological> hallmark is furthermore reliable, because an independent organization (SKAL), appointed by the government, checks it thoroughly and on an international level as well.

The <ecological> hallmark is perfect for customer relations, according to Dekamarkt purchasing agent Cor Smit. The Dekamarkt has sixty chain stores in North Holland. It is the only supermarket where the beets, the cabbages, and some other vegetables are always biological, so the customer has no choice here. 'If you offer popular and biological, you will mostly have to wrap the biological variation- That is not environmentally sound and it drives prices up explained Smit.

Dekamarkt sells both popular and biological winter carrots and onions. But the ecological carrot is gaining ground quickly with a 70 percent increase per year. One third of the winter carrots sold is ecological. The sale of ecological onions goes up with 60 percent per year. One quarter of the onions sold is now ecological. 'Incredible', so said Smit.

Since Dekamarkt has been selling of some vegetables has gone up. "For years we saw the market for beets and cabbages collapse, but since we offer ecological vegetables the tide has turned. Last year I sold twice as many beets as I do normally. Perhaps the vegetables taste better, I don't know, because I don't like beets, but actually I can't explain it.'

Sales go up quickly, as Albert Heijn confirmed as well. They were not willing to give statistics though. But, spread out over all of the product groups, the market share of biological products does not exceed 1 percent. Now is that interesting to the big-time grocer? 'We want to offer a wide variety to the consumer. Biological products are part of that', so said Leontien Gast.

east says all kinds of customers buy biological products. They are mothers with young children, students, well-educated people, and older people who are searching for the taste of the old days. They are all customers who wouldn't easily go to a organic food store, but who do wish to buy biologic products every now and then.

Recent research, carried out by the central Bureau for Food (CBL), showed that 6 percent of the consumers buy

biological products either often or always. Half of the consumers do so every now and then. Almost 20 percent expect to buy more ecological products in the future. 'Of course Albert Heijn can't just ignore this demand', so is the opinion of Wieringa. 'But I do think that Albert Heijn yielded more to the pressure from social organizations and the government than from the consumer.'

'The environmentalists, the animal protection societies, and the Ministries of Agriculture and environment, as well as the Biologica Foundation asked the big-time grocer perpetually to sell more ecological products.'

Pressured from several angles, they decided to put biological carrots and potatoes on the shelves, and only when these products became an overwhelming success Albert Heijn gave in.'

'I don't quite agree with that', responded Leontine Gast. 'The consumer demand is always most important. In 1969 this group was particularly small, but it grew over the years and will continue to grow.'

Albert Heijn wants to make biologically cultivated products as ordinary as possible. They are not displayed in a special corner. 'We don't want the customer illegible, the products as ordinary as possible. 'We sweeten the ecological jam and cookies with normal sugar, so that the taste is still recognizable. In organic food stores they usually use malt syrup to sweeten their products, because sugar has a negative connotation in those circles. The result is that cookies and jam from organic food stores taste completely different. We want to avoid that.'

The fact that the sales of biological products doesn't exceed one percent of the total is not as much due to the consumer, according to Albert Heijn and Dekamarkt, but rather due to the limited supply.

'Last year I wanted to sell biological carrots only throughout the season, but there simply isn't that amount of carrots on the market. That is the problem. And that holds true for nine out of ten vegetables', according to Smit.

The much larger Albert Heijn faces these bounds much sooner. 'When we launch a product, it must be launched all over The Netherlands in approximately 600 branch stores. And not just once. We demand a continuous supply of a continuous quality. In many a case biological agriculture can't give this guarantee (yet).'

The supply side is underdeveloped. Only 0.9 percent of the Dutch agricultural land is used for biological farming. Yet biological agriculture is undeniably on its way up. The number of farmers of biological products increased last year by 25 percent and the Rabobank granted 50 million guilders credit in this sector compared to 8 million guilders last year.

It is not just idealism that makes farmers switch to biological cultivation. Research by the Agricultural Economic Institute (LEI) showed that farmers who produce biological products earn more than farmers who produce popular products. Also the traditional resistance from the side of 'ordinary' farmers' organizations versus their alternative colleagues is diminishing. That is why last week LTO Netherlands opted for close cooperation with the Federation of Biological Farmers.

Jan Wieringa from Biologica expects the ultimate stimulus from The Hague. 'All political parties are reflecting on the question how to reach a helping hand to biological agriculture. I hope that they will then perhaps remember that all this started with unleaded gas. The market share of unleaded gas rose to nearly 100 percent just by putting an extra tax on leaded gas. Why can't we do the same with biologically cultivated products?'

Campina in Zaltbommel doesn't believe it will come to that~ Then why does this dairy giant want to buy two biological dairy factories? 'Only one percent of all milk is biologically cultivated milk, but one percent of 1.2 billion liters of mil~ does add up to 12 million liters of milk. And that in itself is quite a puddle.'