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Market Brief

The Netherlands : Update - The Dutch Organic Food Market is Poised for Growth

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THE DUTCH ORGANIC FOOD MARKET IS POISED FOR GROWTH

The Dutch market for organic foods is poised for growth as consumers are becoming increasingly aware of both the environmental and health aspects of organic foods. Supermarkets are responding by taking a serious look at expanding their organic food sections, including Albert Heijn and Konmar, two of the major supermarket chains in the Netherlands.

Health Food Stores are the Primary Sales Outlet Health food stores and reform shops have traditionally accounted for the majority of organic food sales in the Netherlands. According to a study conducted in 1997, health food stores and reform shops account for approximately 75% of total sales, followed by supermarkets at 20%, and other outlets at 5%. However, this situation is changing and supermarkets are expected to account for a larger percentage of total organic food sales in the future.

Fresh products, such as dairy and produce, account for roughly 40% of total organic food sales in the Netherlands. The price premium on these products varies but is estimated at between 15 and 30%. The premium on processed organic foods is considerably higher, ranging from an estimated 20 to 100%, depending on the item.

There are approximately 700 health food stores and reform shops in the Netherlands. Health food stores carry a wide assortment of both fresh and processed organic and natural foods, while reform shops tend to specialize in therapeutic products. Fresh product is particularly important for health food stores accounting for nearly 50% of total turnover. Although most of the reform and health food stores in the Netherlands are independently run, there are two major franchise organizations: Gimsel and Natuurwinkel. Together, they account for approximately 70 stores, all of which are part of the Natural Food Organization, an organization affiliated with Natudis, the largest organic food distributor in the Netherlands.

Although growing, organic food sales in the

Netherlands have not kept pace with sales in other EU markets, especially Denmark, Austria and Sweden. The slower growth is usually attributed to the Dutch consumer who is not willing to pay a premium for organic foods. However, there is evidence that the Dutch consumer attitude toward organic foods is changing. Organic food sales through farmers markets, vegetable home delivery services, and specialty shops are increasing. Supermarkets are also responding with expanded selections of organic products and consumer information campaigns.

Dutch Supermarkets Expand Selection of Organic Foods Many industry analysts believe that the future of organic food sales in the Netherlands hinges on supermarkets and the extent to which they stock organic foods on their shelves. Already accounting for 71% of total food sales, supermarkets will likely continue to gain market share at the expense of specialty shops given the consumer trend toward one-stop shopping.

Dutch supermarkets, unlike some of their counterparts in other European markets, have been reluctant to carry organic foods citing problems with supply, quality and price. However, this is changing. Supermarkets such as Albert Heijn, Konmar, Nieuwe Weme and Coöp are expanding both the number and type of organic foods they carry. In addition to organic foods, natural and environmentally-friendly foods are also showing up on supermarket shelves.

According to a spokesperson for Albert Heijn, the largest supermarket chain in the Netherlands with 650 outlets, the time is ripe for introducing organic foods. Until recently Albert Heijn carried an assortment of just 20 organic items, mainly fresh vegetables and dairy products. (Albert Heijn introduced EKO-potatoes in 1990 and later followed with "The Green Cow" label for organic dairy products.) However, Albert Heijn announced their own private-label brand for organic products in February 1998 called AH Biologisch. Products marketed under this brand include bread (two types), eggs, orange juice, apple juice, wine, coffee, tea,

vinegar, jam, Dutch cookies and poultry meat. Starting with just 30 organic private label products, Albert Heijn now offers nearly 100 different organic products. According to a spokesperson for Albert Heijn, organic food is expected to eventually account for as much as 14 percent of total private-label sales. All of the organic foods sold under the AH Biologisch brand carry the EKO label.

Konmar, an important regional supermarket chain, is striving to have an organic or environmentally-friendly alternative in virtually every product group, from applesauce to wine. Currently, the larger Konmar stores (up to 6,000 square meters) offer as many as 100 organic products, with fresh fruits and vegetables being the single largest category. Other organic items typically found in Konmar stores include pasta, jam, butter, milk and bread. The price premium for organic products in Konmar stores ranges from between 10% and 100%, depending on the item. Although organic products account for a very small percentage of Konmar's sales, store managers report increasing consumer interest in organic products.

Supermarkets reportedly follow flexible policies when it comes to organic foods. For instance, if organic products do not meet sales targets, Konmar will give the product an "extra chance" and not drop it immediately from the shelf. To stimulate sales, one Albert Heijn franchise limits the price differential between organic and non-organic products to 50%.

Along with supermarket willingness to carry organic foods, supply availability is an important factor that will determine the growth of organic food sales. Konmar reportedly experienced difficulty in obtaining supply agreements with some of the larger organic and natural food suppliers because these suppliers didn't want to jeopardize their relationship with their traditional customers, the natural food stores and reform shops. To solve the problem, Konmar developed their own brands: Ecogrande for processed foods, and Natuurzuivel for dairy products.

In addition to supply, price is an important factor that will influence sales growth. The Dutch consumer is notorious for being price conscious. Industry analysts

believe that high volume sales through supermarkets are critical in order to reduce price premiums on organic foods.

EU Organic Regulations and Exporting Organic certification is an important issue for any U.S. company targeting the European organic market. In the European Union, the production, sale and labeling of organic foods (from plant origin) are governed by EU regulation 2092/91. This regulation requires imported organic products to be produced, processed and labeled under conditions "equivalent" to those in the EU. This means that any organic food product imported from the United States must meet EU production, processing and labeling standards.

The Dutch Government has designated Skal Inspection and Certification, a private international inspection organization, to approve and monitor the use of organic labeling on food products, including imported foods. Skal Inspection and Certification is the only organization permitted to grant the EKO Quality symbol - the organic symbol recognized by the Dutch consumer - in the Netherlands.

Consumers Are Aware of the EKO Symbol

Although the EKO symbol is not mandatory, many Dutch organic food importers and retailers believe it is an important marketing tool for organic food products. An estimated 5% of Dutch consumers purchase organic foods on a regular basis. Studies show that an additional 40% of Dutch consumers are familiar with the EKO quality symbol and can be regarded as potential customers.

The EKO symbol guarantees that a minimum of 95 percent of a product's ingredients come from inspected organic farms produced and processed in accordance with EU regulation 2092/91. Because this regulation applies only to plant and plant derived products, Skal has developed its own standards for animal and animal derived products.

Exporting Organic Foods to the Netherlands

For a U.S. company interested in exporting organic food products to the Netherlands, the first step is to have the

importer apply for an import authorization from LAZER - the division within the Dutch Ministry of Agriculture responsible for granting import authorizations for organic foods. Under EU regulation 2092/91, the U.S. exporter is not permitted to apply for an import authorization directly. The application must come from a Dutch importer registered with Skal.

In order to receive an import authorization, the importer must provide LAZER with fairly extensive information. For example, the importer must provide documentation on the organic production standards and inspection system of the country of origin, as well as information regarding the processor and the exporter. Typically, Skal collects this information on a fee-for-service basis for the Dutch importer. Skal, in turn, works with many of the U.S. organic inspection organizations to obtain the required information.

LASER grants import authorizations on a product by product basis. Once received, a particular authorization is valid for a specific product, inspected by a specified U.S. inspection organization, and exported by a specified exporter. Under EU regulation 2092/91, import authorizations are valid until the year 2002. If a U.S. company wants to export an additional product with different ingredients, another import authorization must be obtained by the Dutch importer. The Dutch importer must also apply for a new import authorization if either the U.S. inspection organization or the U.S. exporter of the product changes. Every year, Skal reviews import records and checks labels to ensure that they are in compliance with Dutch import regulations.

Import Certification is Required Organic food imports must be accompanied by a certificate of inspection issued by an approved certifier in the United States. The inspection certificate must guarantee that the production and processing methods used comply with EU regulation 2092/91.

Dutch Government Supports Organic Products The Dutch Government announced a Dfl 60 million (approximately \$32 million) action plan on November 28, 1996 to stimulate production, distribution and sales of organic foods. Along with

increased domestic production, an important goal of the plan is to improve the sales and distribution network for organic foods and increase the number and type of retail outlets that offer organic foods. In order to achieve this objective, a significant percentage of the funding (approximately Dfl 10 million or \$5.5 million) is being used for consumer education campaigns, television advertising, restaurant promotions, and generic supermarket promotions.

Under EU legislation, the Dutch Government is prohibited from using any of this funding to support promotions of branded items. U.S. companies can "piggy-back" on this generic promotion campaign by doing their own branded promotions. Funding to offset the cost of international promotional activities is available from the U.S. Department of Agriculture under the Market Access Program. (For additional information on this program, contact your state department of agriculture or the AgExport Service Division of the Foreign Agricultural Service, USDA at (202-720-6343.)

Although the Agriculture Ministry does not have an official target, it is reportedly aiming at increasing the market share of organic products to 6-10% of total food sales, up from an estimated 1%.

Opportunities to Supply the Dutch Market Although organic export statistics are not available, Dutch imports of U.S. organic foods are growing. In 1996, 34% of the 82 import authorizations issued by LAZER were for U.S. products.

Many U.S. organic products are imported in bulk and repacked in the Netherlands, while others are imported for use as inputs in the Dutch food processing industry. Examples include wheat, pulses (lentils, navy beans, azuki beans and mung beans), glutenous and basmati rice, wild rice, soybeans, amaranth, buckwheat, millet, tomato concentrate, dried fruits (raisins, prunes, apples), popcorn, almonds, sunflower seeds, alfalfa seeds, flax seed, animal feed and maple syrup.

Although limited, U.S. brands of organic and natural foods can be found on Dutch retail food shelves including dehydrated soups, tortilla chips, rice milk and salad dressings.

U.S. exporters who can provide a steady supply of high quality organic products at competitive prices should explore export opportunities to the Netherlands. Because production of organic foods is still relatively limited in Holland, importers could supply some of the growing market demand, especially for processed and new-to-market organic products. Easy-to-prepare foods that minimize time spent in the kitchen, but are still perceived as healthy, should do particularly well in the Dutch market.

Mr. Wim Engels, a consultant for the organic and natural food industry, recommends that for any U.S. company interested in exporting to the Netherlands, the first step is to learn about the market. This means looking at competing products and relative price and quality levels. A potential importer also needs to assess whether the health food or supermarket sector offers the most potential because the distribution channels for these two sectors are different.

Exports to the Netherlands typically mean access to other EU markets as well. In addition to supplying domestic demand, Dutch traders are important suppliers of organic products to other growing markets in Europe. Approximately 30% of EU import authorizations for organic products are issued in the Netherlands.

Major Dutch Organic Food Importers

Eosta	<i>Fresh Produce</i>
Postbus 132 3980 CC Bunnik Ph: (31) 30-656-6000 Fax: (31) 30-656-6040	
*C&C Fine Foods	<i>Candy, Chips, Pasta</i>
Mr. A.M.M. Ammers Postbus 240 1850 AE Heiloo Ph: (31) 72-533-6738 Fax: (31) 72-533-8371	
Natuproducs B.V	<i>Full Range of Products (Imports for Natudis)</i>
Postbus 376 3840 AJ Harderwijk Ph: (31) 34-146-4211 Fax: (31) 34-143-1589	

***Tradin Agriculture International B.V.**

Mr. W. Rabbie
Huizermaatweg 17 *Grains & Pulses*
1273 NA Huizen
Ph: (31) 35-528-7000
Fax: (31) 35-524-3666

***Doens & Vermue B.V.**

Mr. W. J. Doens *Cereal Products*
Oranjestraat 40a
4515 CA Ijzendijke
Ph: (31) 117-30-2020
Fax: (31) 117-30-1166

***DO IT**

Mr. R. Cornelisse *Grains, Nuts, Fats & Oils*
Prins Hendrikweg 19
3771 AK Barneveld
Ph: (31) 34-242-3119
Fax: (31) 34-242-3571

***Horizon Natuurvoeding B.V.** *Processed Foods*

Mr. G. Smit
Lagedijk 20a
3401 AG IJsselstein
Ph: (31) 30-688-7730
Fax: (31) 30-688-7142

***Trouw B.V.**

Mr. D. Kik *Grain Products*
Piekstraat 63-65 *(Primarily buckwheat)*
3071 EL Rotterdam
Ph: (31) 10-486-6332
Fax: (31) 10-486-0928

***Pelmolenn B.V.**

Mr. H. Tijdens *Cereal Products*
Havenweg 69
4671 ZM Dinteloord
Ph: (31) 167-521-000
Fax: (31) 167-524-383

***Maris International-One Nature** *Full Range of Products*

Mr. K. Maris
 Drietoerensweg 6
 8307 PD Ens
 Ph: (31) 0090-2324 221364
 Fax: (31) 0090-2324 219923

Simon Levelt Koffie and Theehandel

A. Hofmanweg 3 *Coffee & Tea*
 2031 BH Haarlem
 Ph: (31) 23-512-2522
 Fax: (31) 23-512-2525

Spack Chemie B.V. *Sunflower, Sesame and Olive Oils, Raw Materials*

Moriaanseweg 96
 3223 AK Hellevoetsluis
 Ph: (31) 181-31-8379
 Fax: (31) 181-31-2219

***Euro Herb Bio B.V.** *Spices*

Ms. L. Scheeres
 Dynamostraat 12
 3903 LM Veenendaal
 Ph: (31) 318-54-3288
 Fax: (31) 318-54-2458

***Odin Holland** *Fresh Produce*

Mr. K. Bakker
 Postbus 225
 4191 GV Geldermalsen
 Ph: (31) 345-57-7133
 Fax: (31) 345-57-6848

***TerraSana Natuurvoeding**

Mr. K Barnhard *Chips and Specialty Items*
 Waaier 10
 2451 VV Leimuiden
 Ph: (31) 172-503-344
 Fax: (31) 172-503-355

Madal Bal B.V. *Specialty Teas and Gourmet Food*

Cort van der Lindenstraat 17
 2288 EV Rijswijk
 Ph: (31) 70-413-7070
 Fax: (31) 70-413-7071

Postbus 112
 1850 AC Heiloo
 Ph: (31) 72-533-0481
 Fax: (31) 72-533-8371

Masteco B.V.

Koelemei 2 *Essential Oils*
 4816 JD Breda
 Ph: (31) 76-571-9199
 Fax: (31) 76-581-0260

De Traay

Platinastraat 50 *Honey*
 8211 AR Lelystad
 Ph.: (31) 320-282-928
 Fax: (31) 320-282-928

Eurolaunch

Postbus 1045 *Specialty Foods*
 3800 BA Amersfoort
 Ph: (31) 33-469-9970
 Fax: (31) 33-469-9963

* Received an import authorization to import organic products from the U.S. in 1998.

Major Dutch Organic Food Distributors**Natudis**

Fahrenheitstraat 18 *Largest Distributor in the Netherlands*
 Postbus 376
 3840 AJ Harderwijk
 Ph: (31) 341-464-211
 Fax: (31) 341-425-704

De Nieuwe Band

Noorderringweg 12 *Full Range of Products*
 9363 TC Marum
 Ph: (31) 59-464-3355
 Fax: (31) 59-464-3385

L.P. Van den Boogaard

Postbus 479 *Dairy Products*
 54003800 BA Amersfoort
 Ph: (31) 33-469-9970
 Fax: (31) 33-469-9963

Urtha B.V.
Grain Products

Major Dutch Organic Food Manufacturers

Nutricia (Zonnatura) *Baby food, Museli,
Processed Foods*
Postbus 1
2700 MA Zoetermeer
Ph: (31) 79-353-9574
Fax: (31) 79-353-9643

***TerraSana Natuurvoeding** *Gourmet Food/Chips*
Mr. K Barnhard
Waaier 10 *(Imports Chips/Distributes
Some Products)*
2451 VV Leimuiden
Ph: (31) 172-503-344
Fax: (31) 172-503-355

Golden Temple Natural Products *Tea*
Den Texstraat 46 *(Imports Ingredients)*
1017 ZC Amsterdam
Ph: (31) 20-420-7734
Fax: (31) 20-624-2253

***C&C Fine Foods** *Candy, Chips, Pasta*
Mr. A.M.M. Ammers
Postbus 240
1850 AE Heiloo
Ph: (31) 72-533-6738
Fax: (31) 72-533-8371

Johannesmolen *Specialty Flours*
Postbus 646
6500 AP Nijmegen
Ph: (31) 485-330-600
Fax: (31) 485-330-609

Oerlemans Diepvries Centrale BV
Archimedesweg 19
5928 PP Venlo *Frozen Vegetables*
Tel: (31) 77-389-5895
Fax: (31) 77-382-1448

*Number one in organic vegetables and potato products with
an 80% share of the European retail and catering markets.*

Selected Retail Stores

Albert Heijn B.V. *(largest supermarket chain in the
Netherlands)*
Provincialeweg 11
1506 MA Zaandam
Tel: (31) 75-659-9111
Fax: (31) 75-631-3030

De Groene Passage (Gimsel) *(largest organic food
store in the Netherlands)*
Mariniersweg 1-31
3011 NB/NC Rotterdam
Tel: (31) 10-233-1933

Konmar *(regional supermarket chain
with a fairly wide selection of
organic products)*
De Werf 13
2544 EH Den Haag
Tel: (31) 70-321-5121
Fax: (31) 70-321-1174

Market Research Companies

Eurolaunch
Mr. Wim Engels
Bisschopsweg 202
3816 BA Amersfoort
Ph: (31) 33-470-0920
Fax: (31) 33-470-0920

Information Sources

Stichting Biologica (Organic Food Association)
P.O.Box 12048
3501 AA Utrecht
Ph: (31) 30-230-0713
Fax: (31) 30-230-4423

*(The above organization has a list of all the importers,
distributors, handlers and manufacturers of organic foods
in the Netherlands.)*

Vereniging Biologische Producenten
(Union of Organic Processors and Wholesalers)
Delfzijlstraat 14
6835 CP Arnhem
Ph: (31) 26-323-4876
Fax: (31) 26-323-4306
(Membership: 60)

Slachthuisstraat 71
P.O.Box 965
6040 AZ Roermond
Ph: (31) 475-355-444
Fax: (31) 475-318-939

SKAL
Stationsplein 5
P.O.Box 384
8000 AJ Zwolle
Ph: 31-38-426-8181
Fax: 31-38-421-3063

Platform for Organic Agriculture
Nieuwegracht 15
3512 LC Utrecht
Ph: 31-30-231-3430
Fax: 31-30-230-4423

The Good Food Foundation
Postbus 219
3580 AE Ermelo
Ph: (31) 341-56-0210
Fax: (31) 341-56-2913
(This organization specializes in overseas projects for the development of organic agriculture.)

Organic and Health Food Shows in Europe

Show: BioFach
Location: Frankfurt, Germany
Organizer: Sunder + Rottner
von-Vollmar-Str. 4
D-91154 Roth, Germany
Ph: (49) 9171- 4011
Fax: (49) 9171- 4016

BioFach is a leading international trade fair for ecological consumer goods. Over 18,000 people attended the show in 1996, up from 16,300 in 1995. There were 1004 exhibitors at the show in 1996, up from 913 the previous year.

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