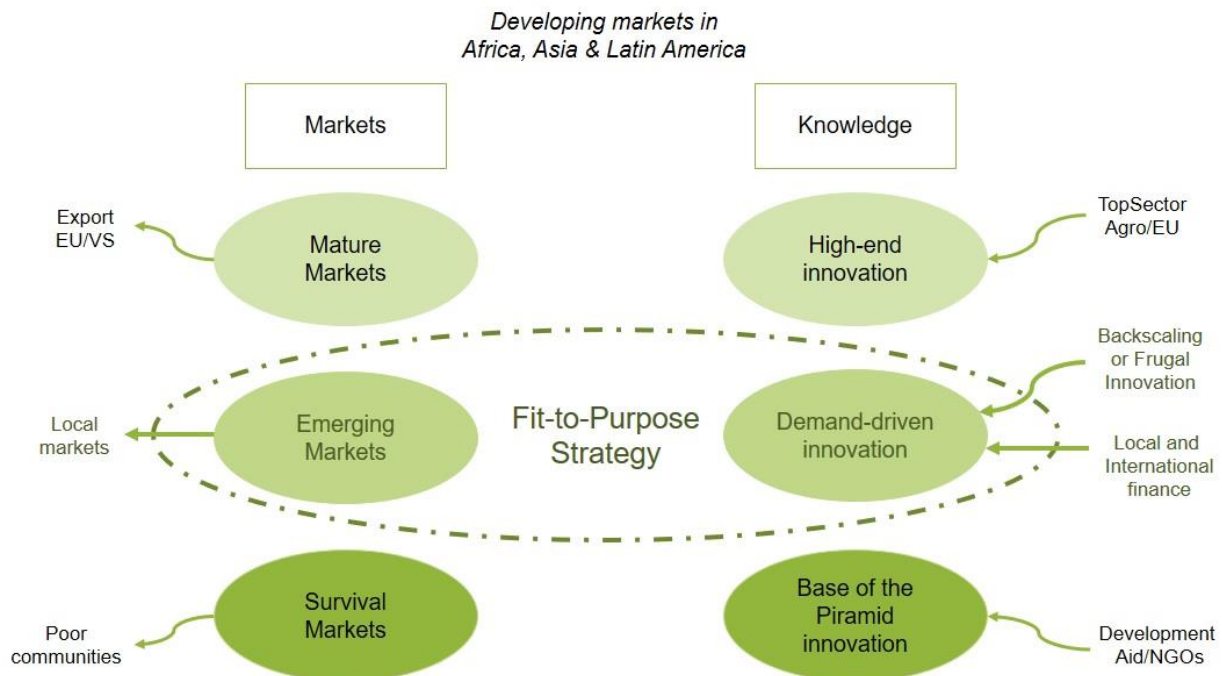


Fit-to-Purpose in Agri & Food – Position Paper

Fit-to-Purpose strategy in Agri & Food by Dutch companies



Introduction of awareness

Due to a wide range of high-end innovations by Dutch companies, large volumes of fruits and vegetables are produced. Therefore the Dutch agri & food sector is one of the most innovative industries in the world. Not only its production techniques, but also its innovative supply chains are famous.

Dutch agri & food companies supply their products and services to the fruits and vegetables sector in the Netherlands, but also to other European countries or to worldwide markets that are export-oriented.

Other markets like Asia, Africa and Latin America are much less likely to import products and knowledge of these high-end innovative Dutch companies, because they simply cannot afford to buy them (especially if they produce for the local market) or because the Dutch companies think that those markets and supply chains cannot handle the innovative technologies, products and services.

Nonetheless, the demand for higher quality fresh food rises. Especially in countries with high economic growth rates, a growing middle class and where people move to large cities. Also the knowledge level in these countries is increasing.

This implies that the local agri & food supply chains have to become more robust and quality driven. These supply chains must focus on producing healthy and sustainable products, with less waste, less energy and less water usage per product.

The challenge for Dutch companies is to look at these developing markets as a strategic business opportunity. This might require rethinking their strategy towards these markets. Their products and services have to fit for the purpose of the new market demand, instead of “pushing” their products into the market without a redesign. A successful strategy can therefore be seen as “Fit-to-Purpose”.

Description Fit-to-Purpose idea

Fit-to-Purpose in agri & food means:

- That a company implements a strategy whereby existing high-end products or services are adjusted or redesigned to specific local market situations; and/or
- That a company develops new products or services based on existing knowledge;
- So that the products or services realize a “fit” to the demand in developing countries and that they can be used without specific knowledge and/or (extensive) training;
- And that this results in economic and sustainable growth for business, industry and the countries.

Important Fit-to-Purpose principles

Drivers for a Fit-to-Purpose strategy are:

A. Demand-driven in development countries

There is a growing demand in developing countries for more and better quality (fresh) food. This growing demand is driven by economic growth, urbanization and a growing middleclass with increasing purchasing power. In addition a large group of less wealthy people (Base of the Pyramid) also calls for better access to (nutritious) food.

B. Focus on new and local markets

Developing countries want to be less dependent on food imports. Policies are being developed that emphasize the need for local agri & food production and markets.

C. Upscaling instead of downscaling

These local markets and local supply chains are not yet equipped to work with the high-end innovative techniques of many Dutch agri & food companies. So the challenge for Dutch agri & food companies is to achieve a better fit. The supply of Dutch products and services must be redesigned to fit the demand of the local market where there is a different level of knowledge and expertise (this is sometimes referred to as frugal innovation or reverse innovation). A good understanding of local demand and the local situation is needed before developing or redesigning products or services.

D. New collaborations in the value chain

The development and implementation of a local-oriented strategy often means that a new supply chain has to be developed. Including new partnerships with local and international organizations. Dutch businesses must be willing to organize new business models, with new (and sometimes large) forms of cooperation, ownership and knowledge sharing on an equivalent level.

E. Business-driven strategic orientations

Dutch companies looking for business opportunities want to develop and implement (new) products / concepts in developing countries with the aim to contribute to the sustainable (economic) development. An important part of the introduction of a new concept is the “learning process” of understanding the local demand. Only then it is possible to contribute to the local product and supply chain developments that generate a structural contribution to the local markets while also generating sufficient returns on investment.

More information

For more information about the lessons learned from developing a Fit-to-Purpose strategy and concept, please contact the Food & Business Knowledge Platform at info@knowledge4food.net or Coen Faber at coenfaber@purebirds.com.