Trends within the Food/Beverages market in the Netherlands

Sustainability trends for food and beverage in the Netherlands

The market for sustainable F&B products in the Netherlands has shown significant sustained growth while overall expenditure on F&B items has stagnated. The largest segment of the Dutch sustainable food market is reserved for organic products. Organic F&B sales in 2012 were €934 million, an increase of 14.3 percent on the previous year. Total sustainable F&B sales in 2012 were €2.2 billion, a 25 percent increase on 2011. The Dutch government and industry groups (representing producers, importers and retailers) worked together for several years under the brand Platform Sustainable Food Platform. In 2013, this was replaced by the industry driven Sustainable Food Alliance. The Alliance has developed a plan for growth in sustainable F&B up to 2020. The Dutch government supports moves towards a more sustainable food industry, but sees the primary responsibility as lying with industry and consumers (New Zealand trade & enterprise, March 2014).

Impact of supermarkets as key distribution channels

The Dutch supermarket sector is very competitive with prices among the lowest in Europe. The market is dominated by a small number of large chains (Albert Heijn, Superunie and Jumbo Groep) which exercise strong pressure on suppliers to deliver product at the lowest price. Local media carries regular stories on Dutch suppliers being pressured into reducing prices. The Dutch supermarket industry also expects consistent high volumes of product. For smaller exporters, working with a local agent or wholesaler is recommended (New Zealand trade & enterprise, March 2014).
Confidence in food supply

Surveys conducted in the wake of last year’s ‘horse gate’ scandal indicated that one in five Dutch consumers had altered their meat purchasing habits as a result of lower confidence—11.6 percent of consumers have turned to more organic or sustainable products, while almost 10 percent have either reduced their meat intake or reduced intake of certain sorts of meat. The Dutch government has established a taskforce ‘Food Confidence’ to ensure that Dutch consumers are assured food, in particular meat, is safe and reliable. While this taskforce is primarily focused on Dutch producers, any increased standards or sharpened controls which are developed will also be applied to imported food (New Zealand trade & enterprise, March 2014).

Let’s have a look at the current and emerging trends influencing the dynamics in the Dutch food & beverage industry.

- Currently there are many products that don’t have a strong brand position, driven by a lack of differentiation among brands. Now, more than ever, it is very important to create strong brands. However, differentiation in product branding is expensive and not in line with the current profit demands from financial markets. Therefore, an increasing number of brands will disappear.

- Cost pressures continue to be a trend. Rising input costs relating to the cost of raw materials and demand for them from other countries, is forcing producers to either pass on price increases or find additional operational efficiencies.

- Discounters are currently growing at a fast pace and are starting to expand their product ranges with branded items. This will change the landscape and make the retail market more interesting again for some manufacturers, who no longer feel that selling branded products to a discounter will necessarily damage their relationships with other customers.

- What’s more, retailers have concentrated further, and they are growing in power and influence. The European retail landscape will be dominated by only three or four major players, and a few small ones per country. They develop their sourcing and procurement capabilities as well as their
marketing and product management skills. This has resulted in a hardening of relations between retailers and manufacturers.

- Government regulations for the industry are limiting companies’ “freedom of operation,” particularly with respect to alcoholic beverages. Taxation rates, too, are a concern to some, as countries transition to an EU average. It is not clear how well the Netherlands will fare when EU averaging is in place (Deloitte, February 2013)

Editor:
Consultancy psps consultants & investment services in Den Haag. The agency supports Dutch companies trying to enter foreign markets and – conversely- foreign companies trying to enter the Benelux and German speaking markets.

psps consultants
Het Nobelhuis – Nobelstraat 1c
2513 BC Den Haag
The Netherlands
T: +31 70 3229006
E: america@pspsconsultants.nl
I: www.pspconsultants.nl