



**Holland Potato Day**

**HOW TO GROW THE MARKET**  
*Strategic - Sweet - Potato Partners*

Shanghai, P.R. of China - 28 September 2010



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**Potato - Policy - Partners**

*Strategic - Sweet - Potato Partners*

- Part 1 Potato** The Potato in The Netherlands
- Part 2 Policy** Strategic Outlook & Innovation
- Part 3 Partners** The Netherlands & China: Potato Partners



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*1. The Potato in The Netherlands*

- A. Sector
- B. Processing
- C. Development



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*1.A – The sector*

- Leading country in the world
- Largest supplier of seed and fresh potatoes and potato products
- 52% of land surface is farmland
- Agri- and horticulture: 17% of GNP
- Arable land: 25% potatoes, 25% sugar beets, 25% cereals
- Over 45 ton per hectare (average)
- Excellent quality: Sea location and skilled labor
- 1975 -2007: Share of large farms from 11% to 50%
- Focus: land intensive crops > potatoes
- Consumption potatoes, starch potatoes, seed potatoes



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**1.B – Processing**

- 1961 - First Aviko Processing factory
- Fast food sector + quantity of potatoes increased
- Today: 70% output by leading, international companies:
  - ✓ *Frozen + Chilled - Aviko, Farm Frites, Lamb-Weston, McCain,*
  - ✓ *Snacks / Chips - Frito-Lay*
  - ✓ *Dehydrated Flakes / Granules – Aviko, Nestlé*
  - ✓ *Starch - Avebe*



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**1.B – Processing (cont.)**

**Bio-based processing**

- Strong
- Modified development starch products
- Derivatives: bio-plastics
- Industries: food, beverage, medicine, paper, spinning and adhesives
- Macromolecule Starch Ramification > Competitive



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**1.B – Processing (cont.)**

**Technology**

- 'Food Valley' of potato technology
- International codex, hygiene and environment
- Production facilities and inspection systems
- Close ties with research institutes, suppliers, government
- Strong know-how triangle (chain, technology, education)
- More than 50% of world potato processing equipment:
  - ✓ *Agricultural Machinery, Storage technology*
  - ✓ *Processing systems for chips, fries, starch and other products*
  - ✓ *Packaging Installations and Tracking Technology*



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**1.C – Development**

**Focus on continuous innovation:**

- Invest in new varieties, skilled labor (training), new technology for healthier products
- Improvement of production methods
- Add value through processing
- Export oriented, improvement of logistics





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## 2. Policy

- A. Strategic Outlook
- B. Market versus Technology and Organisation
- C. Innovation



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## 2.A – Strategic Outlook

World	Society
<ul style="list-style-type: none"> <li>▪ Growing Population</li> <li>▪ Food Shortages</li> <li>▪ Water Shortages</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ageing population</li> <li>▪ Growing high(er) income population</li> <li>▪ A wealth of choice</li> <li>▪ Change in lifestyle and dietary patterns have increased the incidence of chronic non-communicable diseases including:               <ul style="list-style-type: none"> <li>✓ Obesity</li> <li>✓ Cardiovascular diseases</li> <li>✓ Hypertension</li> <li>✓ Diabetes mellitus</li> <li>✓ Certain cancers</li> </ul> </li> </ul>



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## 2.A – Strategic Outlook

**The function of food is changing**

- **WHAT**                      Calories → "experience" → nutrition & health, variety
- **WHEN**                     Regular → grazing and snacking
- **WHERE**                    In-home → out-of-home
- **WITH WHOM**            Social → individual
- **HOW PREPARED**      From scratch → ready-to-eat, heat and eat

**A wealth of choice**

- Primary production: year around, global supply
- Food industry: preserved, frozen, chilled, fresh
- Roles of retail and food service



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## 2.A – Strategic Outlook

<p><b>Shift of power to retailers and food service sectors:</b></p> <ul style="list-style-type: none"> <li>▪ Closest to the consumer</li> <li>▪ Multi-channel strategy</li> <li>▪ Vital marketing information</li> <li>▪ 70 - 80% Buying decisions at P.O.P.</li> <li>▪ Co-marketing</li> </ul>	<p><b>Supply management</b></p> <ul style="list-style-type: none"> <li>▪ Continuous replenishment / flow through</li> <li>▪ Changing logistics systems</li> <li>▪ Cross docking, bar coding, consumer focused P.R.</li> <li>▪ Business to Business, biggest opportunity</li> <li>▪ Cutting out middle-man</li> <li>▪ Market led approaches</li> <li>▪ Food supply chain</li> <li>▪ Intelligent automation</li> </ul>
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### 2.B – Market versus Technology

**Market**

**Pressure**

- Purchasing power of retailers
- Very short lead times
- High service levels
- 7 day supply
- Quality / food standards
- Competition

**Requirements**

- Increased use of EDI
- Support wide range of products
- Shorter shelf life products
- Reduction in use of stabilizers / additives
- Product traceability


**Manufacturing**

**Pressure**


- Integrated systems structure
- Variable batch sizes
- Effluent / waste reduction
- Lowest cost production
- Just in time operation

**Requirements**

- Forecasts of requirements
- Reduced dependency on people
- Plant flexibility
- High speed changeovers
- Scheduling of production/ maintenance
- Product recovery systems
- Detailed records of production




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### 2.B – Market versus Organisation

Market	Organization	Product	Information
<b>decisive</b>	<b>flexible</b>	<b>added value</b>	<b>fast</b>
cost reduction time to market product flexibility	head-tail co-development self regulating	product support maintenance control	design tools 3d models configuration management
<b>trends</b>			
<b>needs</b>			
enterprising market-oriented methodic communicative	project engineering marketing / innovation cost engineering it knowledge	life cycle analysis and design design optimization	
<b>problem solving</b>	<b>multi-disciplinary</b>	<b>integralist</b>	
Attitude	Capabilities	Profile	



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## 2.C – Innovation

**It is not possible to list “new products”.**  
**World-wide, every second, a new product is born**

It's however important to understand the conception:

- Vision
- Success
- Performance



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## 2.C – Innovation

**Dutch / European Vision**

- Innovative, novel and improved food products for, and to, national, regional and global markets in line with consumer needs and expectations.
- Positive impact on public health and overall quality of life (*“Adding life to years”*).
- Global business leadership securely based on economic growth, technology transfer, sustainable food production and consumer confidence.

**Technology Platform**



*“Food for Life”*



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## 2.C – Innovation

**Key success factors**

- Improved Innovation System: deliver real products faster;
  - ✓ Impact on lifestyle changes
  - ✓ From products to diet
  
- Preference, Acceptance and Needs of the consumer (pleasure, health, performance) at the heart of the developments: Directs all steps in the food production process. Reverse engineering.
  
- Robustness of New Technologies: applicable to various commodities. SMEs can use local biodiversity to produce and possible export a diversity of niche products.



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## 2.C – Innovation

**World class performance**  
*Integrated and modular controlled innovation, is based on:*

**Common language:**

- IO Standards and Compass

**Know-how exchange:**

- MI Process



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*(More) Intelligent innovation by I.O.*

Prof. P. Malotaux  
A capacity for innovation

Performance  
Prof. J. in 't Veld

Doing Learning Thinking

Learning system Cognitive psychology

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*Coaching innovation by M.I.*

**Phase 1** Determine position    **Phase 2** Design improvements    **Phase 3** Test and measure effects    **Phase 4** Establish importance

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### Know-how circulation for world class performance (WCP)

Integral Design  
Focus on Ambition & Talent



**Development mode**  
Create knowledge  
Develop talent

Subjective  
 $\alpha$

Organisational science

Change science

**Output mode**  
Apply knowledge  
Take advantage of talent

Objective  
 $\beta$




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### Increasing performance in "new products"






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### 3 – China & The Netherlands: Potato Partners

- A. Improvements
- B. Partnerships
- C. Hak&Partners



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### 3.A Improvements

**Focus on continuous improvements:**

**Stimulated by the Chinese government:**

- Chinese government 10<sup>th</sup> 5-year plan:  
Speed up development in agricultural sector
- Chinese government 11<sup>th</sup> 5-year plan:  
Strengthen food security, food safety and development of agro-chains:  
Food Security - Water utilization - Food Safety

**Conclusion:**

- The potato is very important
- **The Sweet Potato is China's Gold !**



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### 3.B Partnerships - examples

**Partnership in potato-chain development**

- Improving varieties WUR / CIP
- Improving logistics
- Improving cultivation practices

**Partnership in potato technology**

- Cooperation GMV Beijing
- Orange Potato Program
- (Handan) Business Park

**Partnership potato Research & Development and Education & Training**

- 2g@there program
- Beijing AcadeMi - IO
- Cooperation WUR - A&F



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### Strategic Partner

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- Cultivation
- Storage (long-term)
- Processing (cooking, frying, dehydration, freezing)
- Packaging
- Marketing





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### Strategic Partner



PEOPLE'S REPUBLIC OF CHINA

**Other references:**  
Europe, USA, Canada, South Africa, Turkey, Lebanon, Egypt

**References in China:**

**Liaoning**  
Health & Honey: distribution, Grading, Packing and (ULO) Storage

**Inner Mongolia**  
Health & Agriculture: processing, storage and BagRack logistics, cultivating, freezing, infusion and dehydration of fruit

**Gansu**  
Health & Agriculture: infusion and dehydration of apples, grading, packing, (ULO) storage & fresh pallet logistics, equipment manufacturing

**Hebei**  
Coordination, development, system procurement and manufacturing

**Beijing**  
Marketing, Sales, PR, Engineering & Coordination, PR - Networking



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### Strategic (potato) Partner – 25 Years joint focus














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Thank you !



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