

**Organic Food Subscription Schemes  
in Germany, Denmark, The Netherlands  
and The United Kingdom.  
Definitions and Patterns of Development in an  
International Context<sup>©</sup>.**

MBA-Dissertation 2004 at the Aston Business School

Birmingham, United Kingdom

Vers.2

By

Hanns-Michael Haldy

**NOTE:**

The full version of the dissertation is available at:  
[www.kmc-consult.com](http://www.kmc-consult.com)

*“All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of Hanns-Michael Haldy. While every effort has been made to ensure the accuracy of the facts and data contained in this dissertation, no responsibility can be accepted by the author for errors or omissions or their consequences.”*

© Copyright by Hanns-Michael Haldy, June 2004

[www.kmc-consult.com](http://www.kmc-consult.com)

| <b>Contents</b>              |   | page           |
|------------------------------|---|----------------|
| i                            | List of Tables                                  | 007            |
| ii                           | List of Figures                                 | 009            |
| iii                          | List of Pictures                                | 010            |
| iv                           | List of Abbreviations                           | 011            |
| <br><b>Executive Summary</b> |   | <br><b>012</b> |
| <br><b>1.0</b>               | <br><b>Introduction</b>                         | <br>014        |
| 1.1                          | Overview of Dissertation                        | 014            |
| 1.2                          | Context of the Research Topic                   | 015            |
| 1.3.                         | Aims and Objectives of this Research            | 019            |
| 1.4.                         | Personal Background                             | 020            |
| 1.5                          | Summary   | 020            |
| <br><b>2.0</b>               | <br><b>Critical Literature Review</b>           | <br><b>021</b> |
| 2.1                          | Literature on Organic Food Subscription Schemes | 021            |
| 2.2                          | Data of the Organic Food Market                 | 024            |
| 2.3                          | The Market Life Concept                         | 025            |
| 2.4                          | Marketing and Management of SMEs                | 031            |
| 2.4.1                        | Added-Value Marketing                           | 031            |
| 2.4.2                        | Decision Making in SME Marketing                | 034            |
| 2.4.3                        | Network Marketing                               | 036            |
| 2.5                          | Summary of Literature Review                    | 037            |
| <br><b>3.0</b>               | <br><b>Material and Methods</b>                 | <br><b>039</b> |
| 3.1                          | Research Philosophy                             | 039            |
| 3.2                          | Structure of the Research                       | 040            |
| 3.3                          | Literature Review                               | 042            |
| 3.4                          | Methodology of Field Research                   | 043            |

|            |  |            |
|------------|--|------------|
| 3.4.1      | Company Interviews                         | 043        |
| 3.4.2      | Selection of Interview Sample              | 044        |
| 3.4.3      | Schedule of Interviews                     | 045        |
| 3.5        | Limitations and Credibility of Methodology | 047        |
| <b>4.0</b> | <b>Background of the OFFS Industry</b>     | <b>048</b> |
| <b>5.0</b> | <b>Case Study Findings</b>                 | <b>053</b> |
| 5.1        | Introduction                               | 053        |
| 5.2        | Case Study of Germany                      | 056        |
| 5.2.1      | History                                    | 057        |
| 5.2.2      | Market Information                         | 057        |
| 5.2.3      | Operational and Marketing Patterns of OFSS | 060        |
| 5.2.4      | Customer Trends                            | 062        |
| 5.2.5      | Emerging Themes from In-depth Interviews   | 063        |
| 5.3        | Case Study of Denmark                      | 065        |
| 5.3.1      | History                                    | 065        |
| 5.3.2      | Market Information                         | 066        |
| 5.3.3      | Operational and Marketing Patterns of OFSS | 066        |
| 5.3.4      | Customer Trends                            | 067        |
| 5.3.5      | Emerging Themes from In-depth Interviews   | 068        |
| 5.4        | Case Study of The Netherlands              | 070        |
| 5.4.1      | History                                    | 070        |
| 5.4.2      | Market Information                         | 071        |
| 5.4.3      | Operational and Marketing Patterns of OFSS | 073        |
| 5.4.4      | Customer Trends                            | 074        |
| 5.4.5      | Emerging Themes from In-depth Interviews   | 075        |
| 5.5        | Case Study of the United Kingdom           | 078        |
| 5.5.1      | History                                    | 079        |
| 5.5.2      | Market Information                         | 079        |
| 5.5.3      | Operational and Marketing Patterns of OFSS | 080        |
| 5.5.4      | Customer Trends                            | 082        |
| 5.5.5      | Emerging Themes from In-depth Interviews   | 083        |

|            |   |            |
|------------|---|------------|
| <b>6.0</b> | <b>Cross Case Analysis of International Findings</b>          | <b>086</b> |
| 6.1        | Definitions of the Organic Food Subscription Schemes          | 086        |
| 6.1.1      | Delivery Services and the OFSS                                | 087        |
| 6.1.2      | Commercial and Supportive OFSS                                | 087        |
| 6.1.3      | Box-schemes and Bag-schemes                                   | 089        |
| 6.1.4      | Summary of Definitions  | 089        |
| 6.2        | Customer Benefits within the Life Cycle                       | 090        |
| 6.2.1      | Definition of Benefits  | 091        |
| 6.2.2      | Order Winners and Qualifiers                                  | 092        |
| 6.2.3      | Tangible Aspects and Service Features of the OFSS             | 093        |
| 6.2.4      | Issues of Quality of<br>the Organic Food Subscription Schemes | 094        |
| 6.3        | Clusters of Organic Food Subscription Schemes                 | 095        |
| 6.3.1      | Cluster OFSS <2.000 Box-schemes                               | 096        |
| 6.3.2      | Cluster OFSS >10.000 Box-schemes                              | 096        |
| 6.3.3      | Cluster Bag-Schemes Companies                                 | 097        |
| 6.3.4      | Summary of Clustering   | 098        |
| 6.4        | The Box-Scheme Development Model                              | 098        |
| 6.4.1      | Customer Trends of European OFSS <2000                        | 099        |
| 6.4.2      | Stages of Development of Box-Schemes OFSS <2.000              | 102        |
| 6.4.3      | The Box-Scheme Development Model<br>and Discussion of Theory  | 105        |
| 6.4.4      | Operational Issues of the Development Model                   | 107        |
| 6.5        | Estimations on OFFS Market data                               | 111        |
| 6.5.1      | Germany   | 112        |
| 6.5.2      | Denmark   | 112        |
| 6.5.3      | The Netherlands   | 113        |
| 6.5.4      | The United Kingdom  | 113        |
| 6.5.5      | Summary   | 114        |

|            |  |            |
|------------|--|------------|
| <b>7.0</b> | <b>Conclusion</b>  | <b>115</b> |
| 7.1        | The Research Topic   | 115        |
| 7.2        | Reflections on OFSS  | 116        |
| 7.3        | Conclusions  | 117        |
| 7.3.1      | General Conclusions  | 117        |
| 7.3.2      | Conclusions to Research Objective 1                            | 118        |
| 7.3.3      | Conclusions to Research Objective 2                            | 119        |
| 7.3.4      | Conclusions to Research Objective 3                            | 119        |
| 7.4        | Implications for Theory  | 120        |
| 7.4.1      | Implications for the MLC/PLC Concept                           | 120        |
| 7.4.2      | Implications for the SME Theory                                | 121        |
| 7.5        | Managerial Implications  | 121        |
| 7.6        | Limitations of the Research                                    | 122        |
| 7.7        | Implications for Future Research                               | 123        |
| 7.7.1      | Further Research on OFSS >10.000                               | 124        |
| 7.7.2      | International Research on<br>Bag-Schemes Companies             | 124        |
| 7.7.3      | Research on OFFS in the<br>Context of Emerging Organic Markets | 125        |
| 7.7.4      | Basic Quantitative Research                                    | 126        |
|            | <b>References</b>  | <b>127</b> |
|            | <b>Attachments</b>   | <b>133</b> |

## Executive Summary

This research investigates the phenomenon of organic food subscription schemes in four European countries. It aims to provide an international developmental framework for Organic Food Subscription Schemes (OFFS). It identifies driving forces of the organic food subscription markets and describes and defines different types of OFSS by their development and by their most important operational features.

Their importance for the organic food markets is expressed in the following table 0.1:

**Table 0.1 “Market figures on Organic Food Subscription Schemes 2003”**

|                                   | <b>GER</b> | <b>DK</b> | <b>NL</b> | <b>UK</b> |
|-----------------------------------|------------|-----------|-----------|-----------|
| Number OFSS Companies             | 300        | 15        | 55        | 300       |
| Orders per week in k orders       | 124        | 20        | 41        | 82        |
| Turnover in mEUR                  | 370        | 11        | 17        | 42        |
| National Turnover in bnEUR (2002) | 3          | 0,35      | 0,35      | 1,44      |
| Estimated Market Share in 2004*   | 8%-12%     | 2%-3%     | 3,5%-4,5% | 2,5%-3%   |

Source: this research, see chapter 6.5. All figures are estimations.

\*MS estimations are lower due to prudence

Based on a database of 800 OFSS companies, twenty in-depth, semi-structured interviews and company visits have been conducted during January and March 2004 in Germany, Denmark, The Netherlands and The United Kingdom. Market information from experts, strategic suppliers, consumers and consultants has been gathered through interviews.

The outcomes were analysed in four national case studies, arriving at important conclusions for the national markets and the development of the OFSS. Common patterns have been identified through an international cross-case analysis. The outcome has been threefold:

- Firstly, distinctive definitions of the organic food subscription schemes, distinguishing OFSS from shops, and the diversification of OFSS into box-schemes, bag-schemes and supportive-schemes

- Secondly, three clusters of OFSS with common features have been identified as
  - OFSS with up to 2.000 orders per week
  - OFSS with more than 10.000 orders weekly
  - OFSS, which operate a B2B system
- Thirdly, a Development Model for the first group, representing more than 80% of the OFSS companies has been suggested.

The Box-Scheme Development Model describes how companies will develop their movement towards individualisation of the subscription through five sequential stages indicated by issues of marketing and operations. The most important aspect is seen as the benefit to the customer. It has been identified and discussed from a consumer perspective by the added value concept, and was supplemented by an operational perspective. The product and service features were analysed according to their tangible and intangible parts, their importance for purchase (Order winner & Qualifier) and the perception of customers (Quality).

This paper enables practitioners to anticipate their company's position in the stage of market development by their operational features and their customer demands, and to predict likely future developments.

- Gaps of knowledge and have been found and further research is suggested in order to:
  - Understand the growth of OFSS companies with more than 10.000 orders weekly
  - Decide on the success factors of bag-schemes and new developments in an international context
  - Extend the Box-Scheme Development Model towards supportive OFSS in emerging markets
  - Collect basic quantitative data of the OFFS companies, customers and market figures.