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CASE STUDY: THE ORGANIC PRODUCTS CHALLENGE: AARSTIDERNE

Abstract

Aarstiderne is a Danish Internet-based company which delivers a wide range of organic products from its own farms and other Danish and international farms directly to the consumer. Aarstiderne manages 25,000 on-line orders per week through its website and supplies 35,000 consumers in Denmark. The introduction of the website and of a business system that manages the end-to-end supply chain has increased sales, allowing more efficient coordination between the company and its customers.

Case Characteristics	
Location of the company	DK-7150 Barrit, Denmark
Company size (no. of employees)	90
Turnover in last financial year	20 Million euro
Primary customers	Consumers
E-Business Focus	
E-commerce	***
URL of the company	www.aarstiderne.com
* = in implementation stage; ** = used in day-to-day business; *** = critical business function	

Background and objectives

Aarstiderne is a Danish Internet-based company that delivers a wide range of organic products from its own farms and other Danish and international farms directly to the consumer. The company began in 1999 by growing vegetables at a farm in Barritskov, in western Denmark. The farm supplied fresh vegetables for about 100 local households. With the launch of Aarstiderne's website in January 1999, the company took an important step towards full interactivity with its customers. Organic expenditure in Denmark and Internet penetration have allowed Aarstiderne to develop from a simple farm to become a virtual supermarket, selling and delivering groceries to approximately 35,000 online customers. The company employs 90 people and provides a sales channel for organic farmers. In 2001, Aarstiderne accounted for around 7% of total organic turnover in Denmark.

In July 2001, the Triodos Venture Capital Fund became a financial partner in the company, with a 20% stake in Aarstiderne. Triodos loaned the firm 3 Million euros for two years to develop company potential and extend the Aarstiderne concept to Sweden

and other neighbouring countries. Triodos Bank, which is based in Holland, controls one of Europe's largest funds for investment in green companies.

Activities

Aarstiderne supplies 600 varieties of organic food products via a wide range of subscription schemes. The products are provided with recipes and grower, production, farm, company and food product history and quality information. The products, which customers order on the website at Aarstiderne.com, are provided in wooden returnable boxes that are packed by hand with the week's seasonal produce and delivered to the customers together with recipes, on a weekly basis. During the on-line tour, visitors are offered the opportunity to subscribe to a range of ecological groceries. The company offers around 30 pre-packed boxes and then the visitor may order additional content or remove certain items according to taste. Customers pay for the boxes one month before receiving them. Products are delivered by contracted courier companies.

The firm is specialised in fresh fruit, vegetables, meat, fish, bread, cheese, wine and various other food products.

Company activity was initially managed through a call centre that collected consumer orders. Consumers could only order one kind of box and could not choose the products it contained. In 1999, a limited version of the website was launched, which was subsequently improved and developed in 2002. The current system, which cost a total of 2,000,000 krona (268,647 euros), is the result of several modifications. The introduction of the current system was problematic due to the complexity of the software used at that time. However, the software was improved until when it fitted Aarstiderne's needs.

Technical issues

In order to manage the end-to-end supply chain, Aarstiderne implemented a Sitecore Content Management System (CMS), integrated with a Microsoft Business Solutions Navision System. The CMS automatically collects product information in the Navision product database. Customers accessing Aarstiderne website can thus see which products may be purchased and what there is in his or her basket. Sitecore can also retrieve delivery information for the customer and automatically add orders in the Navision system, where they are processed automatically. This is enabled through the full integration of Sitecore with the Navision system, which is completely invisible to the customers. Aarstiderne has found that the introduction of its website and of its current business system enables a more efficient coordination between the company and its customers. The system is used by almost 35,000 online customers.

Customers log on to the Navision system automatically when they log on to Aarstiderne.com. Orders are therefore processed directly by Navision. Customers are able to carry out the same processes that employees do manually, but in real time and when it suits them. The fast and effective communication between Sitecore and Navision is possible because certain data on Aarstiderne.com is extracted directly from the Navision databases. This data is fully integrated in the design of the company website, so data integration on the two databases is completely transparent.

The integration of the two systems allows Aarstiderne to optimise workflow. Previously, all orders and delivery information had to be entered manually by employees, resulting in significant time loss. The new system enables employees to focus on sales activity.

All employees have full access to the system, allowing them to visualise all company and customers' order information.

Aarstiderne has also implemented an ad hoc financial management system based on Navision and intends to integrate this system with the CMS to make the order handling

smoother. The Sitecore Content Management System makes updating the website easier and helps ensure that the site is user-friendly.

Since the implementation of the website, Aarstiderne has redesigned its Customer Services. What was previously a call centre has become a “*Conversation Centre*” – that gives a wide range of information both about products characteristics, about Aarstiderne’s history and about the online order procedure. It handles 6,500 phone calls and more than 10,000 e-mails per month.

Innovative marketing at Aarstiderne

Aarstiderne commercial policy relies heavily on word of mouth, on customers’ involvement and on the implementation of a number of short education programmes in Barritskov that aims at educating people in organic farming, teaching how to cook with organic products and sharing the concept behind Aarstiderne.

The introduction of Aarstiderne’s website has given the company much broader visibility, whilst encouraging new ideas. The Aarstiderne website contains a dedicated area where customers can express their opinions, comment on those of other consumers and receive information regarding products and services. This constant interaction allows Aarstiderne to monitor customer satisfaction, understand consumer trends and improve its offer.

Lessons learned

The introduction of the website and the implementation of an efficient e-commerce system have allowed Aarstiderne to grow quickly and increase profitability. The system’s transparency and accessibility save time and provide a clearer vision of company activity. The system also facilitates financial reporting by the constant generation of data about Aarstiderne’s activity.

Operating in a context of sustainable and eco-friendly development, the company has managed to actively promote the idea of connecting customers with the natural world. This aspect is linked to increasing customer demand for more natural and healthier food products.

Key success factors for Aarstiderne are:

- **The creation of a sustainable business model:** working for sustainability has meant sharing the risks with farmers and customers and it was possible thanks to prepayment. Initially customers were required to pay for the product boxes three months in advance. This advance payment was later reduced to one month and the company has now set up a micro payment option. These advanced payments allowed the financing of company’s growth. Moreover, the “long-term relationship” between customers and company also allowed Aarstiderne to plan the long-term contents of each box themselves and has made it possible to plan the financial growth of the company.
- **The creation of a communication channel** between producers and consumers. This helps farmers to get a better picture of what consumers want and, at the same time, improves consumer understanding of season changes and weather-related issues. Aarstiderne has found that customers subscribing to the box scheme are changing their eating habits: using all produce in the weekly box has become a habit for consumers.
- **The cooperation between farms** to allow an efficient use of resources (such as soil) and to share experience and willingness. Working together has meant the possibility to achieve higher efficiency in the production of organic products and visibility among consumers.

- **The possibility for consumers to find products** they had not seen for a long time and organic food that they can buy online when they prefer. The attention to recipes aspects differentiates Aarstiderne by a mere food producer.

Sources and references

This case study was conducted by Databank on behalf of the *e-Business W@tch*.

References:

- Telephone interview with Annette Hartvig Larsen, Managing Director Aarstiderne, 04/03/2005
- Aarstiderne website
- Web-based desk research

Contact

For further information about this topic or about the *e-Business W@tch*, please contact:



e-Business W@tch
c/o empirica GmbH
Oxfordstr. 2, DE-53111 Bonn
Germany
Fax: (49-228) 98530-12
info@ebusiness-watch.org



European Commission
Enterprise & Industry Directorate-General
Unit D4 'Technology for Innovation / ICT Industries
and e-Business'
Fax: (32-2) 2967019
entr-innov-ict-ebiz@cec.eu.int