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The case study: How Koppert cultivated growth

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The story

When Rob Baan became managing director of Koppert Trading in 2000, it was a small Dutch horticultural company specialising in so-called micro-vegetables such as cresses, which have a strong taste and high vitamin content. He had left a 22-year career at Syngenta, the multinational seed producer, with an ambition to introduce food that is healthy as well as tasty to a wider audience.

The company is based in the Westland region. At the heart of the €15bn Dutch horticultural industry, the region is home to the country's two biggest auction houses, through which growers supply flowers, fruit and vegetables. A sophisticated logistics system has developed to distribute the produce around the world.

The challenge

By 2002, Mr Baan had acquired the business and renamed it Koppert Cress. Although it was renowned for efficiency and quality, had invested in automation and had patented techniques for packaging and sowing, it had ceased to expand.

Mr Baan identified the main obstacle as the auction system. The prices achieved for Koppert cresses and seedlings now reflected little more than the costs of production. The company also faced greater competition – not least from abroad – as well as rising prices for energy, land and labour.

The strategy

Mr Baan realised he had to add value by capturing the imagination of potential users, which would enable him to raise prices and protect the business.

By 2008, the number of cresses it produced had risen from five to 20, featuring varieties with distinctive flavours, shapes and colours from around the world. For instance, Sakura cress tastes hot, while Shiso Green tastes of mint and anis. Mr Baan also added specialities, such as Sechuan Buttons – yellow flowers that make the tongue tingle.

Mr Baan identified chefs as the key to increasing demand. However, they were using cress as a garnish, whereas Koppert wanted them to use it as an integral part of a dish.

He and his team packed up boxes of samples and set off around Europe to drop them off with chefs.

Any chefs who showed an interest in the samples were asked which food specialists or greengrocers supplied their vegetables. Koppert asked these suppliers which distributors they were supplied by and then asked the distributors to identify the exporters who supplied them.

Koppert Cress then sent its produce to these exporters. Seemingly complex because of the number of intermediaries, introducing the cresses at this point in the chain meant they in fact reached the chefs quickly.

Nevertheless, interest must be maintained among chefs. Mr Baan regularly attends horticultural and culinary events overseas. In 2006 he set up Cressperience, where the worlds of horticulture and gastronomy can meet. One of the draws is a modern kitchen including a prestigious Molteni Podium IV stove.

A gastronome himself, Mr Baan also managed to win endorsements from famed chefs such as El Bulli's Ferran Adrià, whom he met through food events.

In addition, Koppert's cresses are grown on a cellulose material so the seedlings are clean and ready to harvest and use, a convenience appreciated by chefs.

The lessons

From turnover of about €9m in 2008, Koppert expects sales to have reached €17m in 2012.

Koppert Cress shows how a company in a traditional industry can create value through innovation. First, it changed the way users thought about its products by transforming simple decorative cresses into premium ingredients.

Second, Koppert Cress created demand by directly approaching chefs and then working back along the distribution chain, instead of supplying to unknown customers through the auction house system, which was based on price competition and volume.

Last, Koppert Cress established relationships with a community of chefs, which enhanced its reputation and branding.

The writers are faculty members at the Rotterdam School of Management, Erasmus University. The full version of the case, Koppert Cress: Creation of New Markets, is available at www.ecch.com

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