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AH Biologisch: The introduction and follow up

IFOAM 2000 - the World Grows Organic
2nd international seminar "Organics in the supermarket",
August 24

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Manager Organic Products & Corporate Responsibility



Albert Heijn

- 680 stores (including 175 Franchise)
- average of 15.000 Sku per store
- 53.600 associates
- magazine AllerHande = 2.3 million (free monthly copy)

- Part of the Ahold Group
 - leading international multi-channel food provider
 - Europe, USA, Latin America and Asia
 - 1999 sales of 33.6 billion Euro
 - 300.000 associates
 - 30 million customers weekly



AHOLD FOOD PYRAMID



SOURCE:
-UNILEVER 1999
-INTERNATIONAL LIFE
SCIENCE INSTITUTE 1999



Product policy of Albert Heijn

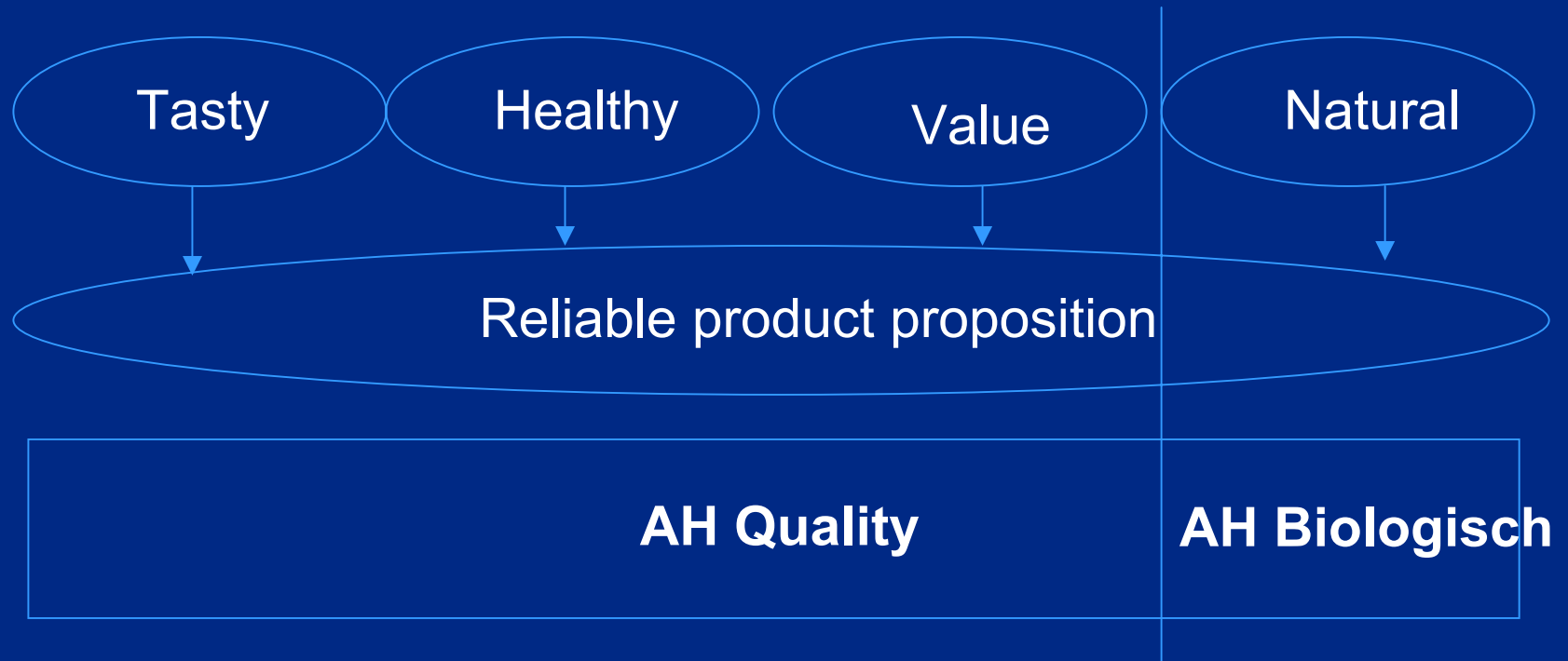
Background:

- Since early 1990 Albert Heijn has initiated Integrated Crop Management as a care-system for its fresh produce
- own responsibility for quality and environmental issues
- 2000: EUREP/GAP will play an increasing important role

- Two-Track Product Concept
 - Basic quality of fresh products without increase of consumer price
 - Organic product line



TWO-TRACK PRODUCT CONCEPT





Growing interest for the organic concept

Triggers to change:

- More consumer demand for organic products
- Customers become more critical/ higher educated and conscious of food related problems
- Healthy food for compensation
- Taste becomes important again
- Consumers expect choice

The personal benefits (health, taste, without GMO) are main triggers to purchase



The development of “organic” consumers

(from: the Hartman Group, Washington)

	Motivation for trial purchase	Motivation for repeat buying
Classic organic consumer	The wish to change the world	Moral duty to protect the environment
New organic consumer	The wish to protect your family and yourself	<i>Lifestlyle /trend as commitment to health and wellness</i>



Why create a private label in an undeveloped market?

- Private label is our forum for innovation
- We demonstrate our commitment to create this market
- Direct access to (PL) suppliers for quality control
- Better insight in the chains

- Consumer confidence in the Albert Heijn brand lowers the trial barrier and generates initial purchase
- Broad communication opportunities



Presentation

AH Biologisch is integrated in regular category presentation

- Commitment to access the wider public
- Easy / open to compare with other options
- Organic food offered as a choice for that product for that moment
- Don't stigmatise



Visibility on shelf level needs continuous attention

Product based design for integration



AH Biologisch: the organic private label of Albert Heijn

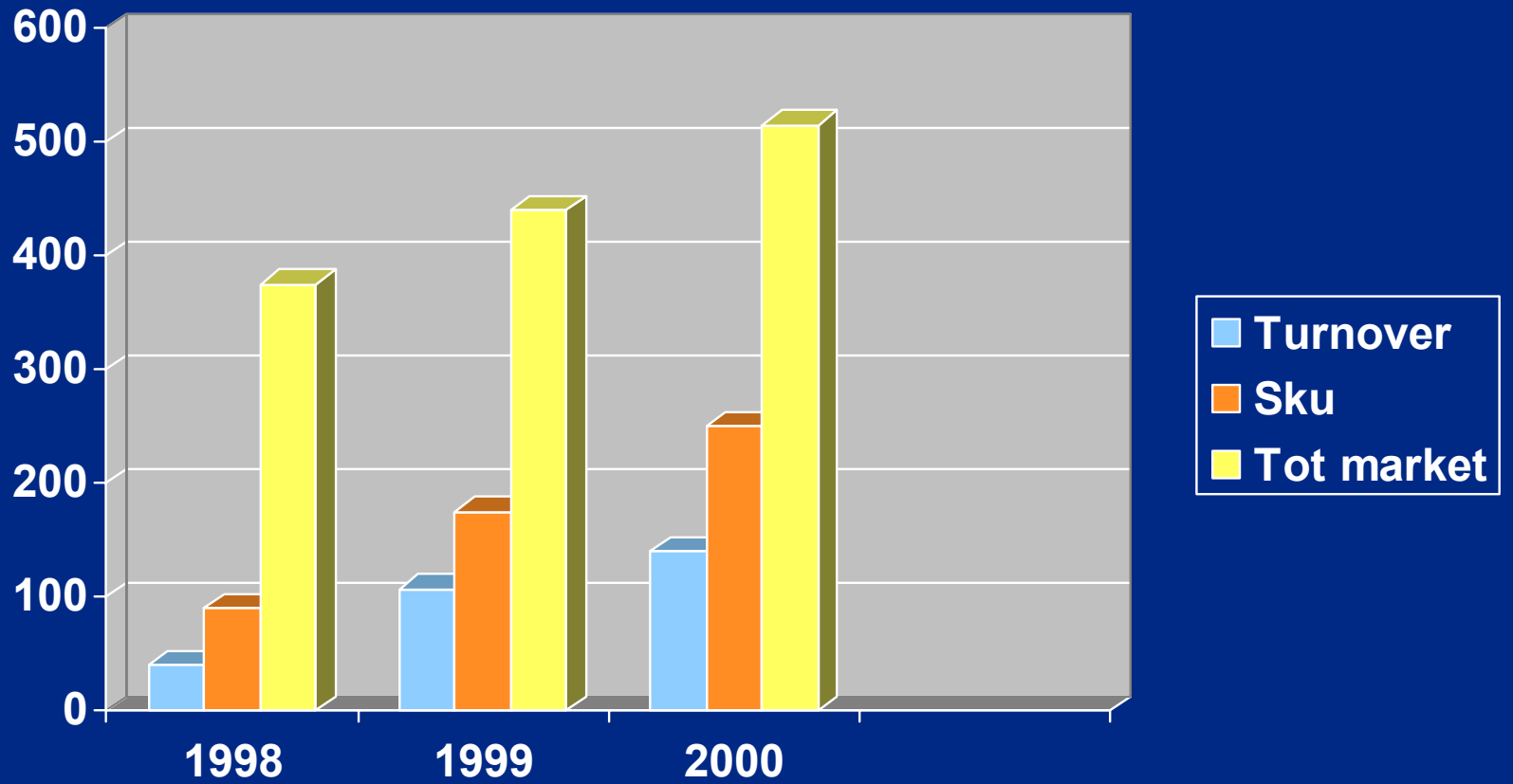
Passion: To be the number one choice of customers for their organic purchasing in the Netherlands

July 2000: 225 products have been introduced
Sales are satisfying
Advertising campaign 1999 has been successful

Target: 300 sku in 2000/2001
(basic assortment of 125 Sku in 500 stores)



Organic Market in Holland





Challenges 2000/2001

- Expand the consumer base
 - improved and easier access to information
 - continue focus on quality
 - address the negative price perception
- Availability of ingredients
- Control issues
 - ensure organic integrity
 - legislation
 - strict control mechanism
 - additional product demands
 - (food safety, gmo, traceability etc.)
 - facilitate free flow of certified goods