

Business case ID Card
From farm to fork**Background**

The seed of Aarstiderne was planted in 1997, when Thomas Harttung, a farmer, founded the association Barritskov Greenery Garden. Attending the World Ecology Conference inspired him to create a closer connection between the farmer and the customer via the creation of his own vegetable garden. In 1998, Thomas met Søren, a cook, who had created his own Herbal Company. Both individuals faced similar challenges with their businesses, namely that people forgot their vegetable boxes or went on holiday in the middle of the harvest when everything was ripe and packed. The cook and the farmer thus decided to solve the challenges jointly. This is how Barritskovs vegetable garden and Herbal Company merged, and in 1999, Aarstiderne was created to solve the problem of the unclaimed boxes. Aarstiderne started to transport the boxes all the way to the customers in 1999. The interest in the company grew, and Aarstiderne was among the pioneers on the World Wide Web in Denmark. The name of the company, meaning “seasons” in Danish, combined with the “.com” perfectly combines this down-to-earth close connection between the farmer and the customer with a new way of reaching the customers which is the business’ unique added value. Today, the organic vegetables are provided by the Aarstiderne farm but also by national and international suppliers. What started as a joint summer vegetable garden for 100 families is today a company which delivers 350,000 meals each week and experiences 10% growth each year.

In 2018, Aarstiderne drastically increased the amount of products that were purchased and delivered in bulk, and packed and sorted at their packing house. This bulk delivery has created a much greater flexibility in packaging solutions, uses less plastic, and reduces vegetable waste. The business also optimised its resource efficiency by creating a system where suppliers can indicate the amount and type of their produce every Monday. The tool gives Aarstiderne a weekly



overview of the amount of products which inspires what goes in their meal boxes and resulted in a low raw material loss. The meal boxes contain well-balanced and rationed portions, resulting in zero or near-zero waste among consumers. The fresh fruits and vegetables that don't end up in the meal boxes are sold at their farm shop in Humlebæk.

Today, Aarstiderne is a truly inspiring frontrunner in the European organic food sector with the mission to reconnect the consumer to the organic farmer. Through its organic meal box offer, it has become a leading player in the market for healthy, delicious and convenient online food solutions.

Main activities

Today the company is selling a wide variety of grocery boxes using an online subscription system. The boxes range from quick meals for families ready in 20 minutes to vegan and gluten free boxes, family boxes, vegetarian boxes, diet boxes, curious boxes, sense boxes etc. One box can be for 1 to 5 persons. Aarstiderne also sells fruit boxes to companies and groceries boxes to restaurants. In each box the vegetables are supplemented with meat, fish and groceries and today the composition of the boxes follows a 80/20 pattern where 80% of the energy in the boxes comes from the plant kingdom and 20% is animal. Nevertheless, with the growing interest for vegan and vegetarian food, the company is developing its vegan, vegetarian and gluten-free box offer. The vegetables, fruits and meat in Aarstiderne's meal boxes are 100% organic. Fish (caught in the wild) and some non-food items are not certified organic.

In addition to the vegetable boxes, Aarstiderne is also publishing cookbooks, newsletters, writing environmental reports of their farms, organising cooking workshops, doing guided tours of their facility and doing podcasts. The company is also the co-founder of school garden projects (Gardens to Stomachs) where every year more than 10,000 children in Denmark learn how to farm an organic vegetable garden and learn how to cook with fresh harvest straight from the field. The organisation wants to expand its activities internationally, for example in Nepal where it wants to set up school gardens. In 2019, Aarstiderne also opened a permanent café and dining room in Nordhavn and now organises communal meals in assembly houses and association rooms in several Jutland cities. The company is also testing 200 different varieties of vegetables and is establishing itself as a leader in vegetable innovation. The company's main focus areas include reducing water use, and soil and land pollution, increasing biodiversity, encouraging the development of the bio-based economy, and encouraging organic farming, in an attempt to have the smallest possible environmental impact by developing the circular economy.

The company's key partners are their suppliers and their distribution centres, of which 5 out of 7 are managed by transport companies. The company also owns three dining places and offers a free meal a year to all of their customers. This allows the company to have dinner with 20,000 people a year which is a way for them to communicate with their customers and build trust.



Market

Today, 90% of the revenues come from subscriptions for the grocery boxes. Only 10% of the turnover is business to business. The company has always made a profit, but it is only since 2008 that the profit has really been increasing. The packing facility takes up the major part of the costs. The rest of the money goes into the distribution facility and salaries. Today the company counts 300 full time employees. From the beginning, a big part of the profit has been invested in development and innovation, which is a very important and dynamic process in the company. This entails employee training but also includes investment in IT and communication, optimisation of logistics and extended profiling. Aarstiderne also developed and launched several training programs and introduction programmes for the newly hired co-workers. This is essential to teach the employees Aarstiderne's culture and helps shape its identity.

Customers vary but the company has been targeting the traditional 2-children family in and around cities, but recently the countryside market has been given more attention. The first customers helped attract new ones through word of mouth. Today, the company counts more than 130,000 customers in both Sweden and Denmark and delivered around 2.2. million meal boxes (18.5 million healthy meals) in 2018. Most of the transactions are made online on an app and there is a customer service to ensure maximum customer satisfaction.

Aarstiderne has a very flat management structure with many of its employees coming from local rural areas. The company has therefore a very big impact on the local community and this is why local authorities are very fond of the business. The employees are the most important asset of the company, and the capital is primarily invested in the development and training of current employees. Focus is put on flexibility and reactivity among the workforce. This adaptive workforce, combined with the company's constant focus on innovation and development has made it a leader on the market, one they created and shaped. The market is growing, and competition is increasing but Aarstiderne has managed to keep its brand awareness in Denmark very high by staying engaged and authentic. In Sweden the company adopted another marketing strategy focusing on 3 vegetarian and vegan boxes only and giving the website a "rougher" and more modern look, adapting it to the culture there. 8-10% of their annual turnover of 80 million euros comes from Sweden.

The company works closely with a large network of small Danish growers. Throughout time, the network has developed, and the purchasing department today purchases goods directly from organic suppliers and growers in both Denmark and abroad, some of them having supplied them for more than 20 years. Aarstiderne went from producing to managing the packaging, logistics and innovation. The company delivers in Denmark and Sweden today; Aarstiderne has tried to enter the German market but retired from it quickly since the German market is very different and people there do not have the same trust in visa payments as in Denmark. The organic biodynamic market there was not optimal for Aarstiderne.



Challenges and solutions

The main challenge they already identified in the first year was that the harvest season for most of the vegetables is in summertime but in that period, customers have more BBQs, leave on holiday etc. The most stable consumption period is wintertime, but the vegetables grown in summer did not last until then, so the company had to find a solution to fill that part of the year. This is how they started resorting to suppliers. They partnered up with small local suppliers with whom they grew over the years, and then started looking at international suppliers. As their imports grew, the packing centres had to be adapted. Indeed, having different packing centres required copies of the original machinery, which was expensive, and required more packaging to transport the grocery from the main site to the different packing centres, which was polluting. They thus decided to pack, sort and stock everything at one location, at Baritt.

Another challenge was that their customers did not always know what to cook with the vegetables provided in the box. This is why Aarstiderne started incorporating spices and recipes in their boxes with the exact things needed for the preparation of meals.

Funding

In its early days, the Aarstiderne garden was an experiment but in order to ensure a solid foundation for further development, Aarstiderne has entered into a partnership with the Dutch Green Bank Triodos. Triodos stopped supporting the company between 2005 and 2011 but then came back. Triodos has a fund that invests in organic and green companies and today this Green Fund owns 20% of the Aarstiderne's shares. As a long-term mission-aligned shareholder, Triodos Organic Growth Fund supports Aarstiderne to expand its market share. Triodos has also made available loan capital so that Aarstiderne has more than 20 million DKK available for the next two years.

What makes this case innovative?

What makes this case innovative is the company's meal box online subscription system. This is very unique for a company selling organic and mainly locally produced vegetables. This has been the main success factor for the company, ensuring good products and good service. The company's capacity to adapt to the demands of the market by expanding its offering of vegan and vegetarian boxes also played a big part in its growth. The creation of three dining places with free meals offered with the goal to connect with their consumers and create trust with the brand is also unique.

Another unique feature of Aarstiderne is its strict no-fly policy. Everything from imports to deliveries is imported and transported by water, railway or road. The company even has implemented local delivery by bicycle. An additional striking feature is the company's collaboration with Michelin restaurants like Alouette,



Noma and two others with whom they grow and test different sentiments of vegetables.

The strong commitment to waste reduction and sustainable circular economy also makes Aarstiderne stand out on the Danish market. Indeed, the company is working a lot with food waste, looking and measuring what the vegetable stock on the season is and, knowing what the customer wants to eat, they bundle things in such a way to optimise both stock and wishes by diversifying the recipes in the meal boxes. The ingredients in the boxes are always seasonal ingredients.

Lessons learnt

Together, the two founders have managed to develop their business and restore the close connection between the cultivation of the soil and the consumers. Investing a lot in its workforce, the business has managed to ensure flexibility, efficiency and quality along its production chain while having a big impact on the local community. Having local roots, but growing to other markets and becoming global, the company has managed to develop its ethic of working with the idea of taking responsibility for the use of resources, of developing a model “from farm to fork” on a big scale while remaining authentic, organic and asserting a strong local presence.

