

Summary Ruben van Boekel (Dutch Nuffield scholar 2016)

Ireland, Italy, Brazil, Japan, England, Spain and my home country the Netherlands. I have visited these countries the last 1,5 year for Nuffield to help me find an answer on my main research questions:

1. What are the possibilities within the Dutch cost price driven pig farming to be the chain manager as pig farmer?
2. For which distinctive aspects is the consumer prepared to pay an additional price for pork?
3. How would it be possible for me to take over my parents' pig farm and develop it into a successful company that suits me?

I have connected a theme to every country I have visited. I have visited Italy mainly because their traditions in cured ham and cheese. Brazil because of the many farmers' cooperatives, Japan because of their high food standards. I found the United Kingdom really interesting because of the many local products they sell and the outdoor pigs. In Spain I hoped to be even more inspired by the internationally emerging Serrano and Ibérico hams. In every country I have visited agricultural entrepreneurs who belonged to the top of the bill. I have visited many pig farmers, but as well many other agricultural sectors.

In Italy it became clear to me that a strict chain supervisor is essential for a successful supply chain. The Parmesan cheese chains for the dairy farmers are much more lucrative than the Parma cured ham chains for the pig farmers. In both chains the farmers are not the supervisor but the consortium is, that as an umbrella organization, oversees compliance regarding production requirements and provides product marketing for the farmers. The Parmesan consortium works with a quota system and every cooperation of dairy farmers that is affiliated with this consortium will receive a milk quota. The different dairy cooperatives are free to arrange the sales. The consortium annually adjusts the supply to the demand of the market. This strictly regulated market ensures that affiliated dairy farmers will not have to milk below the cost price for years. In contrast to dairy farming there is no strict control in pig farming. The cured ham consortiums do not regulate the supply, so there is not alignment between supply and demand. On top of that the certified Italian hams experience a lot of competition from cheaper alternatives. Because of the fact that Italian ham producers can't manage to achieve this has ensured that domestic pig farming had to rationalize the last years. If you want to value the added value of your products, then you will have to coordinate the supply and demand of the market. Chains that do not manage this, will not transcend the common market.

Regardless of which country I have visited, customers and consumers are looking for real tasteful products and are willing to pay more for this. Taste is the most important of food. Things like animal welfare, organic, environmentally friendly, health and convenience are aspects to give the product something extra. These aspects provide the story and the experience of the product. Taste is the absolute Unique Selling Point (USP). For qualitative products that distinguish themselves on taste, there is a worldwide increasing demand. The perfect example for that was my visit to a small-scale pig farmer in Italy. For 12 years his main breeding goal is lean meat. The result is extremely muscled pigs with a lot of lean meat. These animals are an unique cross between four pig breeds. That his pigs are well known by taste in the market proves the reaction he received when he delivered meat pigs that he bought as a piglet. He immediately received feedback from his customers that they could see and taste the difference.

In Spain you could definitely taste the differences between several hams. The country has mainly two type of cured hams: Serrano (from white pigs) and Ibérico (from black pigs). There is a big difference in taste between Serrano and the more expensive Ibérico, but also within the Ibérico hams there are

big taste and price differences. In Spain there are pig farmers who raise their Ibérico pigs in stables and farmers who raise their Ibérico pigs outdoor and feed them with grass and acorns. The drying time between both hams are not different from each other, but the differences in taste between these identical crossings are remarkable.

If you want to be more than common, make sure you are the first and the best. In Japan I became acquainted with being good, better and the best. Or, as a Japanese arable farmer asked me: Do you know the second highest mountain in Japan? No, I wouldn't know. Do you know the highest mountain in Japan? Of course, that is Mount Fuji! I was a wise lesson from this arable farmer who was the first in Japan to grow sweet corn and to produce popcorn himself that can be prepared quickly and easily in a microwave. This product is a resounding success and gives him the advantage over potential competitors who will recognize his success. To maintain the lead and its distinction, you will therefore have to keep thinking ahead and move along with the market.

Many of the entrepreneurs I have visited manage a small piece of the chain. Most of the times they are not farmer and butcher at the same time. A Dutch pig farmer in Spain is one of the exceptions. He has set up his own pork chain with his own slaughter house, meat processing and shops. His opinion is that this is not the decisive success factor for him. In a distant past he bought a slaughterhouse and meat processing and from there he switched to the now lucrative Ibérico pigs. According to him the slaughterhouse and meat processing ensures him that he is closer to the market and is better aware of what is happening in the field. For him this is the biggest advantage, because otherwise he never started with the Ibérico pigs he said.

The majority of the entrepreneurs with an own concept start selling their products in their own region and from there expand their market. They eliminate teething problems and make sure their products are ready for the large market. Many of them who manage a successful concept do not deliver their products to the supermarket. Supermarkets no longer seem to be decisive for reaching the consumer. A Dutch butcher confirms this. He thinks we are on the eve of a new era with our food system. Before 1960, it were the merchants and gentleman farmers who served food on our plate. Between 1960 and 1980 the premium brands like Unilever were responsible and the last 35 years, supermarkets have largely determined what we ate. He expects a new era where the consumer gets the power and will determine what we eat.

In Brazil I was inspired by an entrepreneur from New Zealand who bought a piece of land with two friends and extended this to a large dairy farm with their own milk factory. Strengthened by this form of cooperation, this dairy farmer is constantly looking for new cooperation models. Full ownership is no goal from him, he is looking for people who want to invest their capital and labor in their company. He calls this an interaction of sharing the risks and income. Whether these three friends live in Brazil or two brothers in England, many of the successful entrepreneurs I have met, have and need a sparring partner they trust to succeed in their business. They pull themselves together, exchange ideas and help each other through difficult times. Successful entrepreneurs are characterized by their conviction and perseverance. Dare to make choices as an entrepreneur if you believe in what you are doing. Successful entrepreneurs have made clear, but sometimes difficult choices. These choices brought them what they stand for now. Choose to be chosen.

Nuffield inspires me to take over my parents' pig farm. The first step is made with researching if it would be possible for me to take over the business. From that point I want to further optimize the company and with this as a solid foundation I would like to set up new initiatives. Whatever these new initiatives are going to be, one thing I know for sure: you must focus on your goals. Perseverance is the motto and make sure you count your blessings. Make sure that whatever you do, you love your job. Do not forget that, because otherwise you will not succeed.