

# Together in the cooperative



MEMBER SESSIONS  
NOVEMBER 2022

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# First round of 15 member sessions in November 2022

**392**

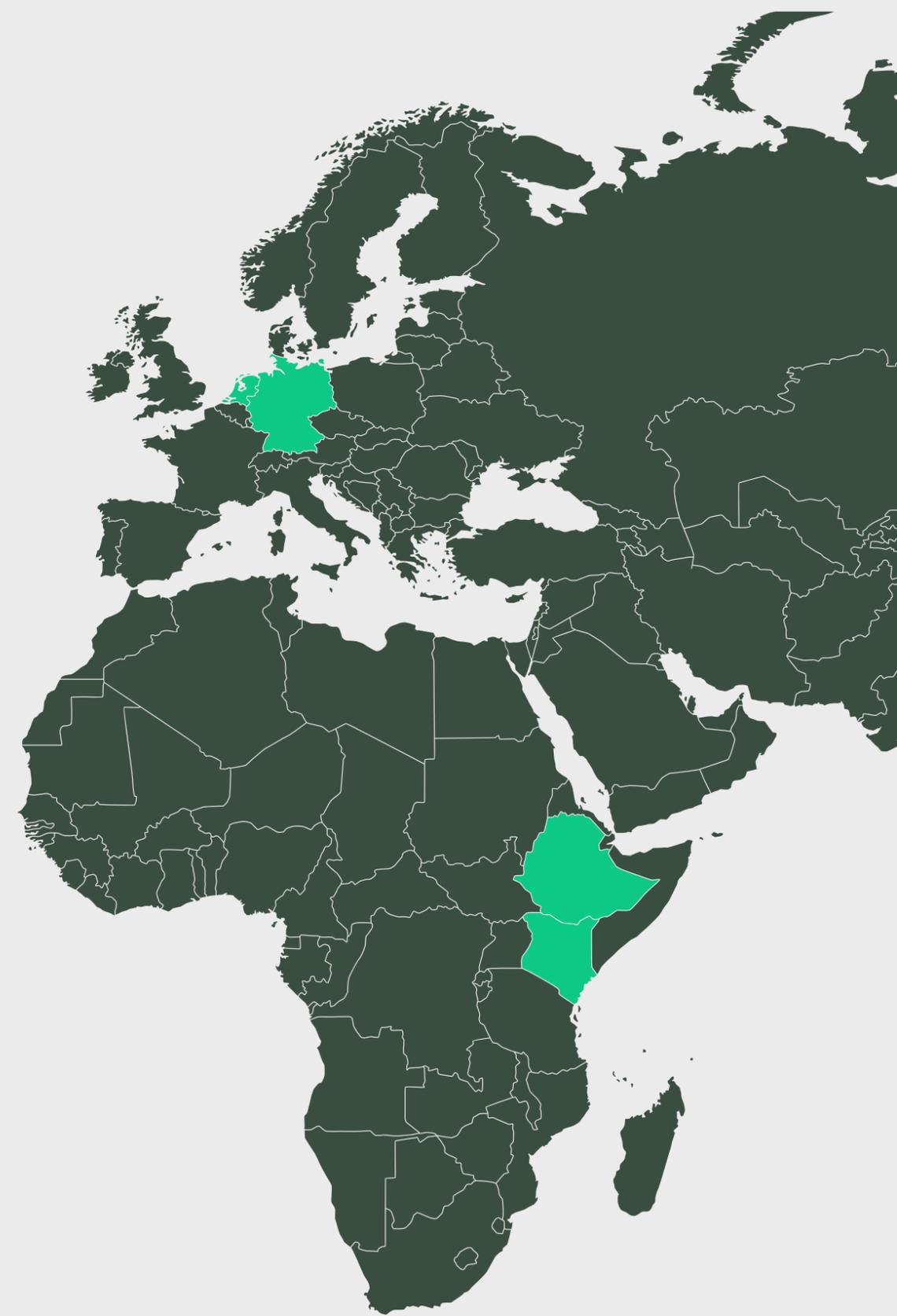
Dutch participants in 11 regional sessions

**89**

International members in 4 sessions (Germany and Kenya/ Ethiopia)

**98.1%**

member session attendance (in attendance in relation to registered members)



**7.6**

Score Dutch members gave us for the sessions



**7.8**

Score international members gave us for the sessions



**8.7**

Score German members gave us for the sessions



**7.8**

Score RFH employees gave us for the sessions



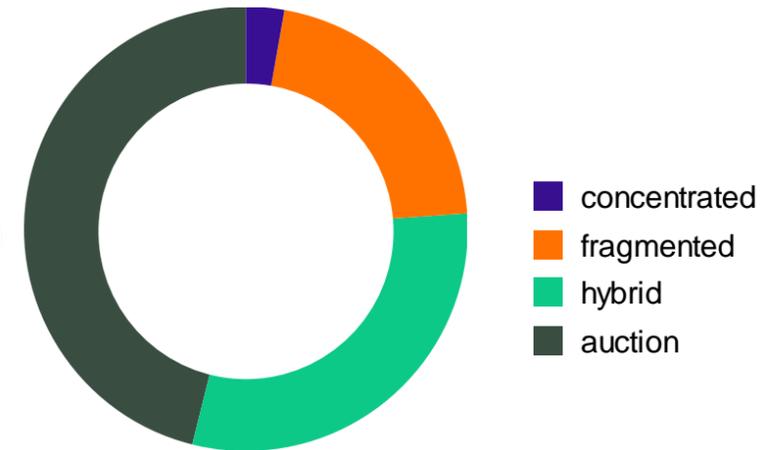
We gathered insights and ideas from members in the Netherlands, Germany, Kenya and Ethiopia

# The composition of members present during the NL sessions is an excellent reflection of the members

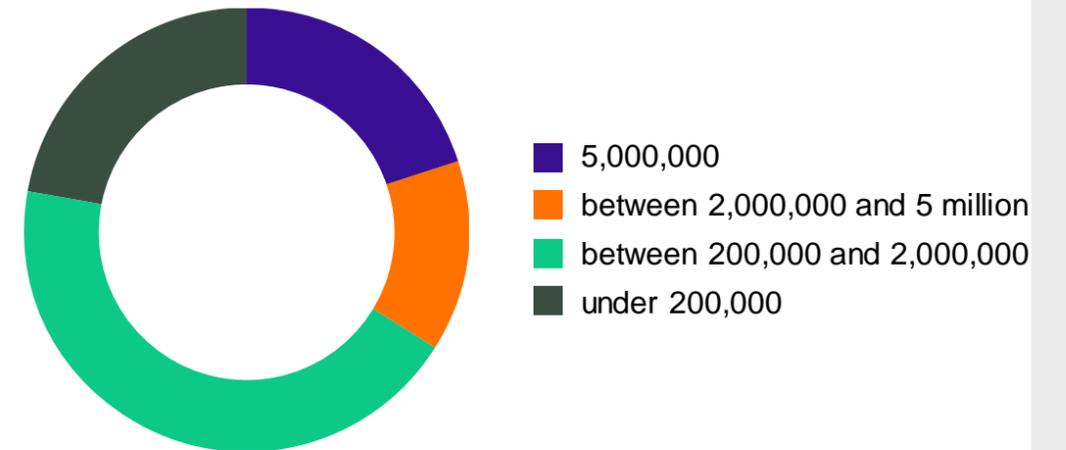
392 members attended the Dutch sessions

- 75% flowers 25% plants
- Relatively many large growers present
- Relatively few small growers present
- The distribution of different types of growers (based on segments) at the member sessions is fairly similar to that of the distribution in the cooperative

Segmentation



Turnover



Flowers/  
plant  
growers



# Turnout and ratings

## 392 members attended the Dutch sessions

- At 7.8, ratings for the member sessions were high on average. Many members reported that it was great to be able to get together in person again and have proper discussions in the small groups.
- Attendance at member sessions is, however, lower than before COVID-19. About 11% of members attended a membership session in November.
- At 20% of the total membership, turnout is much higher for Kenya, Ethiopia, and Germany. We also see no difference here from before COVID-19.

### Rating



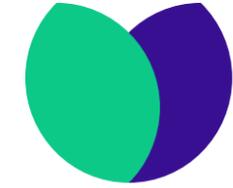
**7.4**

autumn  
2019



**7.6**

spring  
2022



**7.8**

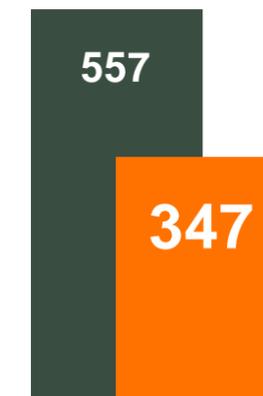
autumn  
2022

### Turnout sessions

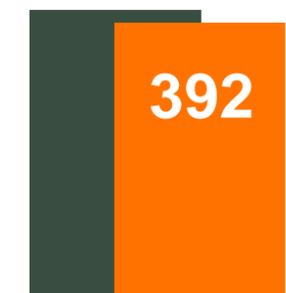
■ registered  
■ actual



autumn  
2019



spring  
2022



autumn  
2022

# The story behind Royal FloraHolland and input from members



# A selection of comments

“ Useful discussion but we would like more information beforehand”

“ Great, nice combination of food, information and discussion”

“ Make sure the cooperative remains attractive to all members”

“ You really need each other to make the organisation affordable”



“ Going full steam ahead with Floriday and keeping everyone on board”

“ Never forget the human touch”

“ Cherish members who are committed to the cooperative”

“ Look after employees”

# Company update by the MT

Royal FloraHolland's Management Team gave a company update during the members' sessions, answering any questions that came up. A number of points were key during this presentation:

- Strategic update
- Logistics update
- New rate model
- Rates for 2023
- Floriday



# Key points from the company update

In the company update during the November member sessions, the RFH MT focused on the challenging times Royal FloraHolland members are facing and the concerns they have. Concerns that are about their business operations, the impact of the energy crisis or about the cooperative and Royal FloraHolland's services. This new reality more than ever demands a cooperative way of thinking and working. Acting together as a sector and representing each other's interests. Moving forward together to develop our digital platform, optimise our logistics and become more sustainable to make the sector future-proof and efficient.

**As a company, we have had a challenging year**, partly due to the shortage of staff. Customers have been noticing this in our logistics performance. We did manage to improve on this in the last quarter of 2022, which means we've been achieving better end times for quite some time now.

**As a marketplace, we remain attractive** due to the widest and most comprehensive supply of flowers and plants in the world and the cost-efficient service we are able to offer. This is a key reason for the success of the collective and achieving optimal pricing at the lowest possible cost for individual members combined with the payment security we provide. Over the years, we've been able to set standards in logistic supplies, such as auction trolleys and packaging. And we make sure we're as prepared as possible for peak periods. As a collective, we've also succeeded in establishing a successful digital platform with **Floriday**, making full use of new digital possibilities and achieving optimal pricing for individual members.

Although market conditions and inflation have considerable financial impact on our business **we remain a cost-conscious organisation and have a solid balance sheet that allows us to continue to invest in our strategy**. Combining forces and staying on course allows us to continue to pursue what motivates us all and move the sector forward. We are pulling together with our members *and* buyers to find the right solutions before the 2023 peak period.

# In-depth company update <sup>(1)</sup>

## Energy crisis

The presentation considered the impact of the energy crisis on the sector. The energy cost allowance (TEK) announced by the government on 9 November is inadequate for many growers. There have been some small successes in lobbying, however,, such as an increase from EUR 25 to 60 million in the subsidy pot for sustainability in floriculture. But it should be clear that the support currently in place is still inadequate and that there is currently little support in the political arena to arrive at effective schemes. We will continue our efforts in this regard.

## Financial update

The difficult economic and market conditions – which have so much impact on our floriculture sector – obviously also affect Royal FloraHolland as a company within the cooperative. We have a strong financial balance sheet, but results are declining and we are facing significant cost increases. You will also notice this in the rates we charge: a necessary consequence of the cost increase combined with the ambitions to keep our cooperative future-proof; after all, we have to continue investing in the future of the cooperative. That's why we at Royal FloraHolland are also focusing on substantial cost savings at this time.



# In-depth company update (2)

## Floriday

Floriday is allowing us to make the sales processes of growers and buyers more efficient and increase buying power. We are introducing new industry standards and saying goodbye to old ones. We want complete direct delivery through Floriday. The Connect-EAB will become redundant and receive a rate in mid-2023. Currently, we have a continuous focus on the onboarding of buyers (both in the screens and through the API link).



## Order picking & One Auction

We made significant steps in terms of the implementation of order picking in 2022. We will continue with this in 2023, aiming to have switched over completely in Rijnsburg by Q1. Order picking is an important prerequisite for One Auction to provide flexible, location-independent and customised delivery. We will concentrate supply and demand of flowers and plants at one national auction. This is how we will optimise pricing. The market conditions and impact of the implementation on our own logistics performance force us to get the implementation of order picking right first. Meanwhile, we are continuing to develop One Auction at an appropriate pace in order to arrive at the right implementation scenario.

## Peak 2023

Last year, we couldn't live up to expectations on logistics performance due to personnel shortages, with unpleasant consequences for buyers and growers. In the coming period, we expect good lead times, due to the influx of/better trained employees and a decrease in supply. However, the next challenge is already upon us. We expect a sharp increase in supply from mid-April 2023. Our personnel problem won't be solved by then. This will only succeed if we can deploy our employees better, and for that we need to be able to spread the work. This is not a challenge for RFH alone, but one for the entire sector. Which is why, with a view to implementing pricing and schedulable lead times, we are working together on a solution and preparation.

# Input from members from the Netherlands and Germany





# As members, what are we concerned about?

## External factors

Top 3 concerns raised during the various sessions:

1. Rising **energy prices**
2. Rising (additional) costs due to **inflation** - what will be the impact on **product price** next year?
3. Tight **labour market**



### Positive effect

Many members cite increased togetherness within the cooperative as a positive side effect of the current crisis. We are well aware that we are strong together.

# As members, what are we concerned about?

## Peak Q2 2022

There are major concerns among many members about the uncertainty surrounding the expected **peak in Q2 2022**. Questions and comments on this topic:

### Excesses on the clock

- Greater focus on monitoring excesses by our own members and suppliers
- Charge growers who cause supply spikes different rates?
- Like Veiling Rhein Maas, why not take stock of supply in advance?

### Misuse of logistic supplies

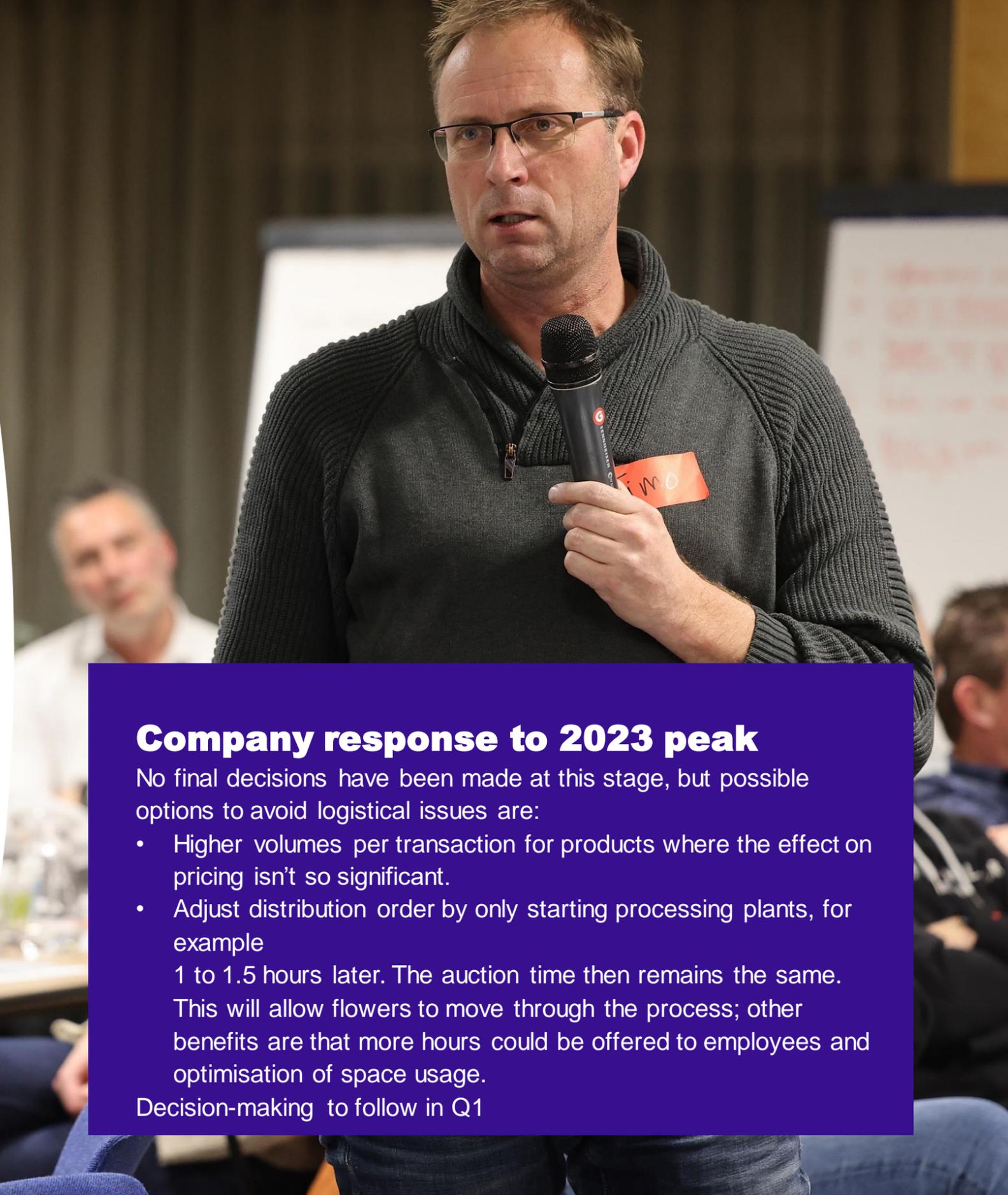
- Misuse of logistic supplies such as trolleys and packaging by, for instance, suppliers needs to be looked at

### Clock Presales

- Increasing percentage
- Increasing numbers

### Peak spreading

- With regard to peak spreading, could Today for Tomorrow auctioning be used to shift the logistical pressure in the morning?



## Company response to 2023 peak

No final decisions have been made at this stage, but possible options to avoid logistical issues are:

- Higher volumes per transaction for products where the effect on pricing isn't so significant.
- Adjust distribution order by only starting processing plants, for example 1 to 1.5 hours later. The auction time then remains the same. This will allow flowers to move through the process; other benefits are that more hours could be offered to employees and optimisation of space usage.

Decision-making to follow in Q1



# As members, what are we concerned about?

## Internal - RFH

Topics that attracted a lot of questions and comments:

### RFH energy use

- What's the latest on RFH's energy procurement?
- Could RFH help with collective purchasing for its members?

### Floriway

- Lack of clarity about why it was chosen to establish Floriway.
- Uncertainty about exactly how the collaboration and relationship between RFH and Floriway works.
- Questions on implementation.

### Floriday

- Floriday's functionalities and features are getting positive reviews.
- However, several questions have arisen about connecting buyers to the platform.

# As members, what are we concerned about? **Sustainability**

In short, members want to consider how we can properly shape sustainability as a company, cooperative and sector. Members are also keen to know what Royal FloraHolland itself is doing to become more sustainable as a company.

With regard to environmental certification, we see 2 distinctly different positions in the cooperative;

- On the one hand, there is still much debate about the mandatory nature of certification, which could especially lead to issues for smaller members. There are also concerns why the requirement has been included in auction regulations.
- On the other hand, there is a concern that sustainability is becoming an increasingly important issue and that, due to a lack of transparency, this is bad for the cooperative and the whole sector.





# As members, what are we concerned about?

## 2023 Rates (1)

There are many questions, concerns and comments on the proposed 2023 rates. The questions and views on this vary widely. The comments and questions can be grouped and linked to the following topics:

### Investment results

- New initiatives by RFH haven't always yielded positive results in recent years. (Message from several members: stick to your core business)
- What are the extra costs of order picking?
- What does Floriworld's bankruptcy mean for RFH?
- What do Floriway's financial results mean for us as members.

# As members, what are we concerned about?

## 2023 Rates (2)

- Not enough attention is being paid to the importance of Auction. Auction is the driving force in difficult times. Difference between Auction and direct is far too big. This discussion has been going on for a long time, and nothing is happening with it. Very important to keep Auction strong. Why is Auction more expensive than direct?
  - Royal FloraHolland's costs are rising sharply. A disproportionate share of the increase in labour costs, energy costs, etc. is now being passed on to direct growers.
  - A larger increase in rates for suppliers compared to members' rates needs to be looked at. This issue will always remain an important one for almost all members.
  - Who takes responsibility for a low cost and solid organisation? If we have to make cuts, so should you.
  - It's time to focus more on location policy and selling real estate. More attention should also be paid to the physical condition of buildings.
- Large direct members in particular find the system unfair: comment on the fact that the cost-maker / cost-bearer principle is being abandoned.



# Input from members from Kenya and Ethiopia



# Member sessions Kenya and Ethiopia

3 member sessions, with a total of 44 participants, took place in Africa



Thank you to our strong Cooperative



Keep listening to us



Members are currently under intense pressure



Keep everyone on board



Working together towards our Floriday ambitions



2023 will be a very tough year, we are stronger as a cooperative

# As members, what are we concerned about?

## Kenya & Ethiopia

- Freight costs have risen while capacity is still low.
- Rising inflation has caused the cost of fertilisers and packaging materials, for example, to increase.
- The euro-dollar exchange rate has reduced margins for growers.
- Inadequate promotion of Kenyan roses. Growers believe there is no added value to the BBH levy deducted from RFH sales.
- The False codling moth remains a problem for flower exports to the EU.



# Kenya & Ethiopia

## Questions and signals from members to the company

- The importance of a strong auction.
- Expansion of services and more efficient (dock services), greater value realisation for growers;
- Leveraging Royal FloraHolland marketing power for African growers;
- Collectively reduce costs in the chain.
- Organising cooperation between Royal FloraHolland, the government and stakeholders.
- Accelerating strategy implementation, it is currently taking too long to make decisions
- Information on market developments and RFH projects such as Floriway is still unclear to growers, especially concerning financial investments.
- Minimum price. Some growers are losing money at Auction. How can they be protected in the future?
- Representing Ethiopia on members' council - Growers want to address this
- Marketing support - Growers without private limited companies (BVs) in the Netherlands are completely dependent on their agents, which can expose them to poor pricing of their products.
- Floriday training helped growers increase sales by 20% - More growers need to get on board Floriday to see the benefits
- How can RFH help market expansion during bad seasons?

# Input from members on 'together in the cooperative'



# Summary

Discussion with the members in November about 'Together in the Cooperative'

People are positive about..

## Ambition to be the biggest and best platform

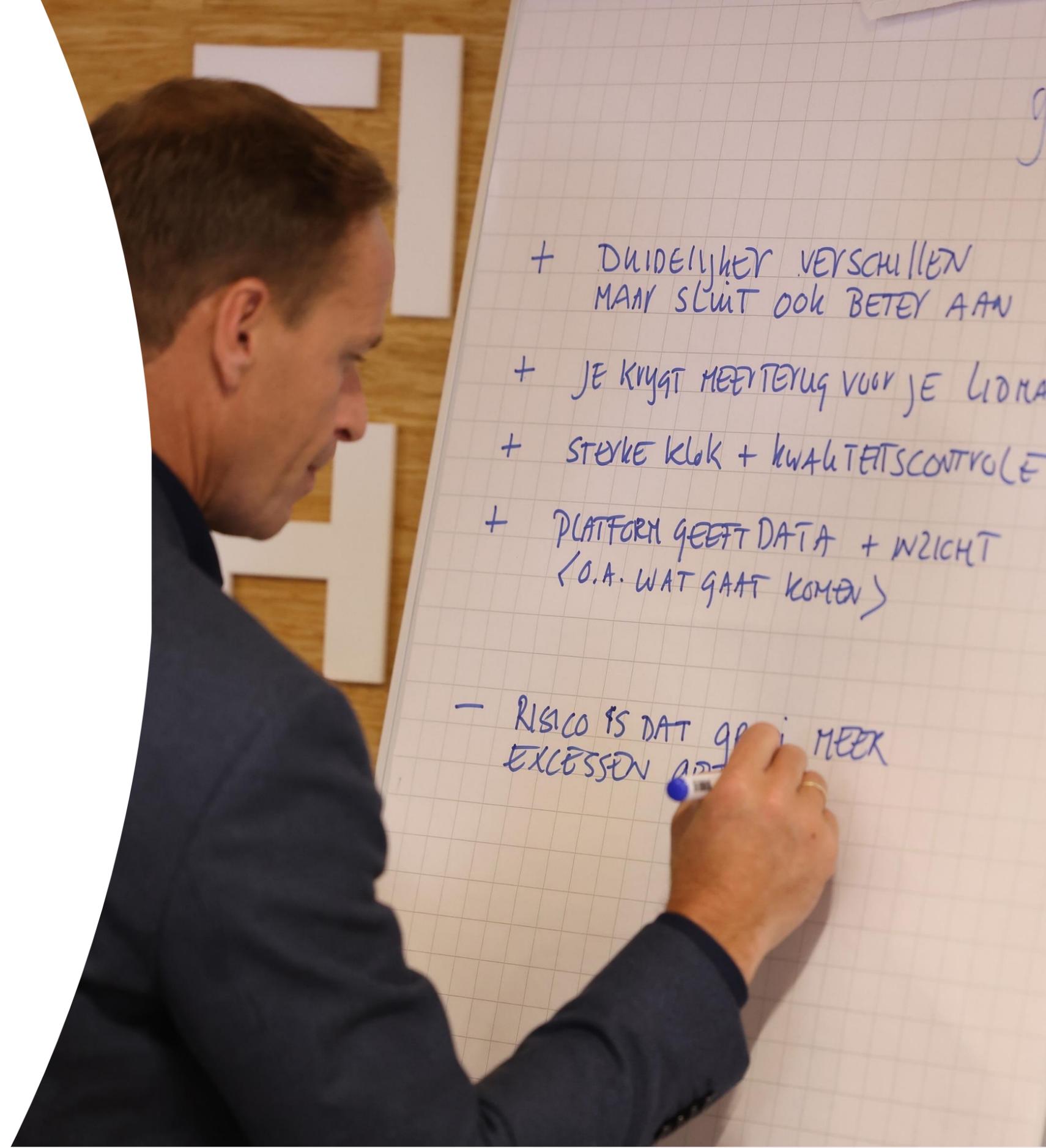
- ... where members have ownership and can set the ground rules
- ... all supply will be concentrated on the platform while maintaining a broad assortment

## Differentiate on usage through user packages

- ... provided it is well defined
- ... not too complicated
- ... attractive to members
- ... clear Auction ground rules

## Intention to make membership attractive

- ... rewarding members through returns
- ... reward loyalty for intensive use
- ... continue to keep members committed to the cooperative
- ... increase differences between members and non-members



# Concerns and focus points

Member sessions November 2022

## Network effect

Strengthening the network effect by keeping members committed and attracting supply

- **Committing** all supply on the one hand as opposed to entrepreneurial freedom on the other.
- **Requirements** are counterproductive, focus on becoming the best platform and supply will then come naturally.
- **Plan B:** what if it doesn't work out?
- Platform should have clear and uniform **conditions** and **ground rules**.
- Buyer **dependency** and adoption.

## User packages

User experience through differentiation

- User packages should be as **simple** and **feasible** as possible.
- **Flexibility** of business may be reduced by user packages.
- Differentiating is fine but still **insufficient understanding** of the **consequences** (content, rates, enforcement, etc.).
- User packages are going to help but retain '**Costmaker- Cost Bearer**' principle.

## Membership

Membership should be made as attractive as possible

- **Differentiate** between **members and non-members** more so that membership becomes more attractive.
- **Members** should have an **advantage** over non-members because of investments in the cooperative.
- Conflict between **attracting** as much **supply** as possible and **rewarding loyal members**
- Rewarding **intensity of use conflicts** with making and keeping **membership** attractive.

## Value creation

The company should be focused on creating value

- Being a **good service provider** is more important than generating high returns.
- **Focus** first on becoming the best platform and developing it further, growth shouldn't be an end in itself.
- Growth can lead to market **excesses** that aren't conducive to optimal pricing and a level playing field.

# Questions about..

Member sessions November 2022

## Network effect

Strengthening the network effect by keeping members committed and attracting supply

- Why commitment of all supply, and how do you control it?
- Won't the platform come at the expense of **current members** by unlocking more supply?
- How do we ensure a **level playing field** on the platform?
- What is the **purpose** of the platform: focus on growth or making a return?

## User packages

User experience through differentiation

- For what **time period** do you purchase a user package?
- How can you factor in **seasonal effects** in certain product groups?
- Can you also purchase **multiple** user packages at the same time, and how does this work?
- Just how **flexible** can you remain, or is it "a deal is a deal" and you can't change in the meantime?
- Based on what **differences** do you create the user packages, and what effect does this have on **rates**?

## Membership

Membership should be made as attractive as possible

- What does **encouraging** returns for the benefit of members involve?
- How do we deal with **new** membership **entrants**?
- What are the **benefits** of membership over users/non-members?
- How do we ensure recruitment of **new** members?

## Value creation

The company should be focused on creating value

- How does creating **returns** relate to achieving the lowest cost?
- How do you deal with growth as opposed to keeping the cooperative **attractive** to members?
- What might "the company focused on creating value" involve in **practice**?

# Follow-up

Based on the discussions and experiences in the past Member Sessions, a great deal of input has been collected. We will be taking this input into account in the next stage of 'together in our cooperative'. Strategy will be further developed over the next six months in a number of working groups, in which both the Members' Council and the company are represented, the strategy. We will focus on this and provide an update during the upcoming member sessions in March.

 **Royal Flora Holland**

Feedback formulier – Royal Flora Holland Ledenessessie november 2022

Naam (optioneel): Elen

Administratienummer (optioneel): 2450

**Vraag 1:**  
Met welk cijfer beoordeel je de ledensessie? Cijfer (1-10): \_\_\_\_\_

**Vraag 2:**  
Wat vond je goed aan de sessie?  
informatief

**Vraag 3:**  
Wat kan er worden verbeterd?

**Vraag 4 (optioneel):**  
Wat is nog voorafgaande aanpak nodig voor programma's/activiteiten? (Ja/nee, met korte beschrijving)

Programma's/activiteiten	Opmerkingen/verbetering

# Thank you!

**Feedback, signals and  
questions are  
welcome**

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