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CASE STUDY: E-LOGISTIC AND E-MARKETING FOR PAYSANS.FR

Abstract

Paysans.fr is a French B2C company, which delivers fresh food to consumers in France. Paysans.fr provides direct link between the production capacity of 88 food producers and the consumers, 1 800 families located in urban areas. In order to perform this integrated service, Paysans.fr requires an integrated logistics, marketing and delivery platform.

Case Characteristics	
Location of the company	France, Marmande (FR-47200)
Company size (no. of employees)	15
Turnover in last financial year	400,000 euros
Primary customers	Consumers
E-Business Focus	
e-marketing	***
e-Logistic	**
Customer Relationship Management	**
* = in implementation stage; ** = used in day-to-day business; *** = critical business function	

Background and objectives

Paysans.fr is an online 'farmers market' for fresh produce from south-west France, delivering with a small fleet of refrigerated vans to consumers in its region and the Paris area. After 24 months of existence as pure-player on Internet and an activity financially balanced from the first working year, this company counts today 2,000 customers. A third of them order twice a month. Upstream, almost eighty food producers from South-west France renew each week products suggested on line: fresh products, fruits, vegetables, fish or meat.

Electronic commerce of foodstuffs accounts for 10-12% of the sales turnover of the French electronic trade. The priority market is that of the Paris area, which accounted for about 180,000 item purchases of food products online in 2004.

Many producers have tested selling online over the past few years. As many of these initiatives did not show the anticipated results, some producers preferred to join Paysans.fr in 2002 rather than continue their own ventures.

The initial stake of Paysans.fr was to integrate the small and medium size producers into a comprehensive production system. The control of a new distribution system made it possible to remunerate the producers with prices exceeding by 15% the average price of the products on the traditional market.

In 2003, the growing maturity of Internet use in France increased the requirements to improve the quality of service. This has become a priority since, focusing on the quality of the products, the parcel delivery and the management of customer relationships.

Activities

Currently, Paysans.fr announces a monthly sales turnover between 80.000 and 100.000 euros, depending on the season. As a virtual market for products of South-West France, Paysans.fr counts approximately 2,000 active customers and receives about 800 orders per month.

Positioned on an offer of niche, organic and quality fresh products, the typical customer of Paysans.fr is a couple with children, in an age bracket from 32 to 50 years. About two thirds of the customers are from Paris. Each week, formulas of “packaged orders”, adapted to the respective customer profiles, are proposed as a selection of products of the week and presented to the customers.

In addition, the share of the purchase price of the products compared to the selling price is about 43%. The average price of an order of foodstuffs is in 2004 about 105 euros including all taxes and delivery costs.

Four e-tools have been developed and integrated in a sole information system, an investment evaluated from 45,000 to 60,000 euros:

- a service of online sales and an integrated management of the provisioning, the follow-up customer and the deliveries;
- a logistic platform of preparation in temperature controlled for fresh products;
- a structure of delivery of fresh products on the served areas;
- a service of e-marketing and order taking online (telephone, Web and SMS).

Integrated e-logistic

The e-logistic platform allows processing the order, informing food producers and delivering to the consumer within less than 72 hours. The whole service is technically integrated within a single website, covering all stages of the process from ordering to the management of the home-delivery, including the approval of each product and the preparation of orders.

After the online order has been received, the parcel with the ordered products is prepared within 24 hours in the warehouse of Marmande. Then the parcel passes, if necessary, by the cold storage base in Paris-Rungis. The company uses its own fleet of refrigerated vans for delivery, which is carried out within 48 hours. The regions covered are the Paris area, the South-West and North of France.

Innovative e-marketing

In addition to ordering from the site, consumers can sign up online to le Club Testeurs, a tasting group that Paysans.fr uses to test new products before they are offered on its market. Each week, club members receive a free product sample with their delivery in return for providing an evaluation. Test results – whether good or bad – are published on pop-up mini-sites, including charts to show how the product scored on a scale of one to five for various qualities. Results of all the tests since the site was launched 24 months ago can be consulted online, and customers can follow links to the ones that have been selected to go on sale.

This is a good example how to exploit opportunities of the web to promote sales and to create loyalty. Moreover, the testers’ club is a vehicle for genuine market research,

getting customers to become voluntary testers. It uses the web's interactivity to assemble and process feedback quickly, and to keep a record of tests.

More subtly, the site exploits the medium's ability to build loyalty and to establish a community. People who sign up to become testers are – metaphorically speaking – becoming "employees" of the company, paid in *terrine* or cheese, and will inevitably feel a sense of belonging. The site has successfully created an active forum for debate on food issues. Paysans.fr is likely to become a successful commercially-driven community site.

Paysans.fr has also launched another innovative way to do e-business. Each customer or subscriber has the opportunity to order fresh products from the farmers' markets by text messaging (SMS). Each Sunday evening, mobile users receive a weekly SMS-alarm. Their answer, sent by text messaging as "Family package" or "Couple package", generates an automatic order to the website.

Lessons learned

Although the overall impact of Paysans.fr on the food industry remains limited, it has gained some significance on the regional level, at least for 100 producers located in the South-West of France. For them, the online initiative has become an important distribution channel, in many cases accounting for about 25-35% of their production.

The main innovation, namely the organization of a new distribution system, which generates new market opportunities and enhances the business power of small-scale producers, is now correctly controlled. But the marketing of selling online requires a permanent adaptation to new support mechanisms and distribution channels (for example via mobile phones or via interactive television), and the development of an offer of corresponding services.

Sources and references

This case study was conducted by Marc SAHRAOUI, DEVISE (m.sahraoui@devise.org), on behalf of the *e-Business W@tch*.

References:

- Interview with Patricia JUTHIAUD, CEO Paysans.fr SA, December 2004

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