How country-specific are consumer attitudes towards organic food?*

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Summary

Organic land area and market for organic food has been steadily growing in the last two decades all over the world. In the last 6 years the market has almost doubled its size and it is now estimated to be worth more than 25 billion US dollars. Estimations of the share of organic food in the worldwide food trade range between one to three percent (Yussefi & Willer, 2002). In any case, obviously, the consumer market lies in the industrialized countries (Europe and the USA in particular), whereas a major part of the production area lies in Oceania and Latin America.

Concerning Europe, organic consumption patterns are quite different in various countries.

While market for organic products have been booming in the last 3 years in UK and Italy, on other countries they seem to have reached maturity or a slower rate of growth (if any).

The reasons for this are manifold.

The development of organic farming has experienced various stages. In the first period, from the beginning of organic production in the twenties until the sixties, only a tiny part of the European society knew about and was interested in organic food products. The organic produce was consumed in the production regions, which were particularly the German-speaking countries and the UK, and noteworthy trade had not developed so far (Hamm & Zanoli, 2004).

Consumer awareness increased in the period of the seventies and eighties due to environmental and health concerns, the search of alternative life-styles and in the light of food scandals. In order to coordinate – among other things – market activities, producer organisations were founded. As the market grew and the distribution channels changed from mostly direct marketing to an increasing number of specialised shops, the need for measures to ensure consumer trust and recognition arose, and organic logos were introduced. The market was mainly demand-driven and still organic farming accounted only for a rather small proportion far below one percent of the total European farms and accordingly the agricultural land.

Organic production was boosted from the supply end of the market when the introduction of financial support schemes from 1987 on in various European countries and the EU itself marked the start of a period of enormous growth. This can be accounted for the supply-driven market growth of organic farming. Concerning consumption and trade, there is a clear south-to-north trade to be observed in Europe because of the major consumer markets being located in the northern countries,

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whereas important produce of value such as fruits and vegetables are grown in the southern countries.

In the early years of the new millennium, a new phase is emerging.

While the north-south division among consumer countries and producer countries is still in place, the consumption boom in Italy has reached levels not very different from those of Germany and UK, although even in Italy a north-south consumer-producer split can be observed. While the biggest market within Europe is still found in Germany, Denmark and Switzerland experience the highest per-capita organic food expenditure (Hamm & Zanoli, 2004).

In 2003 the market growth has experienced a first slow down, especially in the large retailer sector, while the specialised retail (in countries where it is a relevant share of the market i.e. Germany and Italy) is facing a turbulent situation of restructuring.

As a reason for differing market growth rates within Europe, three basic factors may be detected.

First, an adequate level of consumer knowledge is a crucial prerequisite for market development.

In countries where there is a common national label which is well-known to the majority of consumers, a higher level of consumer trust and confidence on the organic origin enables them to demand a higher amount of products in the market (Zanoli, 2004).

Second, the early involvement of general food retailers is another important factor which explains a high organic share of total food consumption . The crucial role of general food retailers can easily be explained by their ability to reach the majority of consumers and meet the needs of their buying behaviour (Hamm & Zanoli, 2004).

Third, relatively low price premiums for organic products are an important factor for enlarging demand. Some authors believe that there is a close connection between this factor and the before mentioned involvement of general food retailers. The arguments is that general food retailers have lower distribution costs and consequently lower price premiums for organic produce, thus leading to higher market share of organic products (Hamm & Zanoli, 2004).

Unfortunately, in organic markets a penetration strategy coupled with price skimming has been often observed, leading to steadily high (though decreasing in time) price premiums especially if the demand is growing. In a first stage large retailers adopt a penetration strategy in order to reach a stable volume of demand then switch to a price skimming strategy once the threshold of what they think the potential demand is reached. This niche market approach is partly due to difficulty of the organic sector to supply stable quantities of the goods which are requested by the large retailers (that is at the quality grade they request etc.), partly to the need of the large retailer to differentiate and segment organic demand from the general food demand in order to avoid crowding-out of other quality grades (conventional high quality grade, integrated food, etc.)

Albeit these internal factors help to explain quite well the different growth patterns throughout Europe, there are other more subtle explanations to be found.

While we have seen that there is a clear subdivision between the producing countries and the consuming countries within Europe, the lack of good statistics has hidden another quite clear aspect of the supply-chain. Processing – especially the higher level one - is mainly done in northern Europe if we exclude simple commodities such as tomato preserves and pasta. But many of the packed consumer goods are produced in Germany, France and the Netherlands, and the exported in the rest of Europe. Many of the third-country imports also transit from Dutch and French harbours. The organic supply-side is still relatively small, concentrated and inefficient, and therefore costly.

Besides, external factors such as family structure and food habits and other socio-cultural influences may help to complete the picture.

The role of family and food habits is also relevant in explaining the different perception of organic food in various countries. Cross-cultural differences in food product preferences can be related to product attributes and underlying consumer purchasing motives (Zanoli & Naspetti, 2002).

While health is the most general and common motivation found in most of the European countries, it has different connotations in northern countries (where it is mostly related to an *holistic and altruistic* concept of well-being, comprising not only self but family and other’s people health) than in southern countries (in Italy health is mainly *own* health, while the altruistic connotations are found in relation to other more hedonistic aspects of organic food).

In Southern countries (like Spain and Italy) food has a high social connotation, and the social aspect is found in the pleasure and enjoyment of eating. Organic is accepted as long as it “tastes good” and is often not recognised as such. Indeed, this may be due to the fact that many processed organic food in Italy are imported from Northern countries, with different food habits and culture, which may not suit Mediterranean taste. The social dimension is particularly evident in the cognitive maps of fruit & vegetables – notably the food item characterising the Mediterranean diet. Differently from their Northern counterparts, the Italian consumers consider the good taste of organic produce strictly related with their social life and “good relations with others”. Organic fruit & vegetables are mainly consumed for their healthiness, but only in the Mediterranean the taste becomes a really social valued (that is connected with social values) attribute.

The cultural influences on food choice makes the “country of origin” relevant in all countries; but in Southern countries the refusal of “foreign” imported goods may be grounded on the basis of taste, while in northern countries the refusal is generally grounded on the “trust” issue or environmental concerns: food which is coming from the South is seen with suspicion since it has “travelled too long” (food mileage issue) and may be not “really” organic (mistrust in third-countries certification and inspection schemes).

In Northern countries (such as Denmark or UK) the health motivation is usually matched with the altruistic motivation of ecology and environmental concerns (and – where it applies – animal welfare).

Attributes relevant for organic consumers show often a very simple knowledge of organic food: the most quoted are “less additives, chemicals and pesticides/fertilisers”, and these are values both in terms of health and environment. “Taste” is other – obvious – attribute to be valued, although it is clearly coupled with appearance, texture, freshness and other extrinsic cues mainly in the Southern countries.

Barriers are not so country specific as motivations are. The perceived higher price is an important barrier for buying organic products in all countries. Often not the actual price is relevant for the general acceptance for organic food, but the price feeling evoked by the concrete buying situation: these is particularly true for occasional consumers, which may attach value to organic purchases only in certain special occasions (e.g. a gift, a diet) or life situations (e.g. pregnancy, parenthood, health problems).

Mistrust is by no doubts the second most important barrier for organic market development. Consumers feel uninformed and have a high degree of what marketing experts call “cognitive dissonance” in purchasing organic food. When asking people why they do not buy organic products one argument that turns up is “doubtful organic labels” in which people have no trust. “Organic farmers cheat”, “Organic farmers use medicine as well”, “organic farmers have lost idealism and focus only on money”, “cattle is fed with fodder, which is bought”, “fodder scandals”, “any farmer treats his fruit with pesticides”, and “fraud in the labelling” or “big companies cheat people” are examples for the doubt people have with organic products (Zanoli, 2004). A higher degree of market transparency coupled by a greater flow of information to the consumer appear to be the most important tool to tackle this barrier; since existing labels and logos appear not to convey enough information, a claim for a reliable sign or mark (an unique European logo with strong image?) to act as a trust builder is made.

Other quite common barrier for organic purchases are convenience and availability. Especially for regular consumers, the availability of organic products is a hurdle in buying all that they need in organic.

Place of purchase is often another relevant barrier, especially when coupled with availability, but not in all countries. In most Southern countries organic food is not easily available in large retailer outlets and supermarkets, while in both Germany and Italy the specialised organic food shops are still a relevant distribution channel for organic food. Our studies suggest that supermarkets are perceived as less involving by consumers because they appear less “value oriented” than smaller, organic shops (often runs as cooperatives) (Zanoli & Naspetti, 2004). Besides, they often lack informed personnel and information (or lack of) , as we have discussed, is strictly linked to trust (and mistrust).

In summary, there is no magic recipe for global marketing of organic products. But few elements of an European marketing plan for organic products can be envisaged.

The price issue appear to be the most crucial. But simply lowering the prices of organic food will not per se enlarge the market since consumer need still to perceive the difference between organic and conventional products. And if *local*, well renown products/brands are available, it is difficult to imagine that people will switch to organic products if they don’t have a clear perception that they are *superior* to some respect. And price itself *is* a market signal for superior quality. The problem is to make consumers perceive the value for money ratio as appealing.

Marketing of organic food is mainly a matter of well combined product differentiation and positioning. Positioning is about placing products in the *mind* of consumers. And in most cases there is a strong evidence that positioning organic products only as healthy and environmentally sound products is not enough to expand the demand beyond the current levels.

Taste is by no doubts the most important attribute in food choice. But taste is not central in the consumer’s thinking of organic food. With few exceptions (i.e. organic fruit & vegetables perception by Italian consumers), taste is a secondary attribute when buying organic, but this is clearly a misconception. Consumers *do* care for taste, and give taste for granted. The fact that taste is not so valued in organic purchases (and often cited as a barrier) shows that organic marketers should tackle the issue of taste more seriously. Marketing can do most, but careful production and processing methods can also do a lot. We should not forget, though, that taste is very much influenced by culture (Italians have a different idea of what is a good tasting cheese than Dutch have, and Frenchmen have a different idea of what a good wine is than the Fins) and subculture (food tastes evolve and change with age, education and social class).

In order to increase market demand both domestically than globally, organic producers, processors and retailers should invest more energy in improving (and communicating) the organoleptic quality of organic food. Organic fruit & vegetables can have a more “genuine” and rich taste, being less watery, while for other food categories the differences in taste could be more subtle and may be connected more to processing and storage than to primary production (e.g. bread, yogurt, etc.).
The fact that the EU Regulation has given main relevance to primary production standards has not helped, since there are many “industrial” organic products around who don’t differ from their organic counterparts apart from the (noticeably higher) price: same taste, same flavourings, same packaging. While I suspect that in the future the organic market can expand further only if it will give more importance to the other elements of the supply chain: they key elements appear to be careful (and in some cases “minimal”) processing and handling, coupled with communicating “altruistic” values such as environmental protection, social justice and fair trade. This has to do with distribution, too. One reason to shop in organic specialised shop is the pleasant atmosphere found in most of these shops. It is not surprising that salesperson who are able to recognise regular customers and address them by their names if required have a high chance of success. Recent approaches to marketing stress the relational factors as the most important in personal selling strategies. A pleasant shopping atmosphere coupled by professional, informed and *concerned* relations with customers could be the main opportunity for the success of organic market development strategies by large retailers, too.

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