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OrganicPlus values and their relevance to consumers: First results from the CORE FCP project

Introduction

The global market for organic food has tripled in value in the last eight years and was estimated to be worth 46 billion US Dollars in 2007. The vast majority of sales are concentrated in Europe and in the US. In 2007, the European market was estimated to be worth €16.2 billion and several countries reported growth rates of more than 10%. It has grown substantially since the middle of the 1980s as a result of growing consumer demand and increased policy support including a European Regulation defining organic production (Willer and Kilcher, 2009).

However, the strong growth of the market and globalisation are seen as problems by many organic farmers and consumers and this is reflected in the debate about the conventionalisation of organic agriculture (e.g. Darnhofer, 2006; de Wit and Verhoog, 2007). Producers of organic food are concerned about globalisation because they fear competition from countries where production costs may be lower due to climatic conditions, lower costs of land and/or labour and lower production standards. Many are looking to identify special product qualities that allow them to differentiate their organic products. On the other hand, consumers increasingly criticise food products which are produced under unsatisfactory social and environmental conditions and ethical considerations are becoming more important (Browne *et al.*, 2000; Carrigan *et al.*, 2004; IGD, 2008). European organic consumers appear willing to pay a higher price for regionally or locally-produced food, or to directly support small farmers in disadvantaged (mountainous) areas (e.g. Zanoli, 2004). Very successful 'fair milk price' projects have been initiated by organic dairy farmers in Austria and Germany (Anon, 2006; Thiele and Burchardi, 2006). Other ethical arguments could also be used to differentiate organic products in a growing market, where organic products compete with other ethical claims such as local foods and 'Fairtrade', especially if they relate to what is important to consumers and are communicated well.

The CORE funded project Farmer Consumer Partnerships (FCP) aims to develop innovative generic communication arguments that can strengthen the link between producers and consumers in the European organic sector (for further details see Padel and Gössinger, 2008; Zander and Hamm, 2009). The aim of this contribution is to present some first results of the project.

Methods

In the first stage of the project ethical concerns and values that have been reported as important to various stakeholders of organic food and farming in the literature were examined and categorised, guided by the Corporate Moral Responsibility Manual

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(Brom et al., 2006). Concerns including those expressed in the four principles formulated by IFOAM (health, ecology, fairness and care) were contrasted with the new European Regulation (EC) 834/2007 to identify so called organicPlus values that go beyond minimal organic requirements.

The results of this and of a screening of arguments used by 100 organic SME companies and farmer groups in five European countries (AT, CH, DE, IT, UK) (see Padel and Gössinger 2008) were entered in the next step. The relative relevance to consumers of seven different ethical attributes and the product price were tested by means of an Information-Display-Matrix (IDM) with about 1200 consumers in the same countries in May to July 2008. The IDM is a process tracing method aimed at monitoring the information acquisition and decision behaviour of consumers (Jasper and Shapiro, 2002; Mühlbacher and Kirchler, 2003). IDM results can be analysed in different ways, in particular through the sequence and amount of information acquisition preceding the purchase decision. From the kind of information retrieved by test persons, preferences for different attributes can be deducted.

Results

The main concerns of stakeholders of the organic sector can be summarised under principal headings according to impact on the environment, on animals, and economic and social impacts (see Table 1). Concerns about the integrity of the organic supply chain, system health or the preference for local food cannot easily be categorised according to impact.

Insert Table 1

Ethical communication arguments relating to ‘ biodiversity’, ‘animal welfare’, ‘regional production’, fair prices for farmers’, ‘care farming’, ‘social criteria of production’ and the ‘cultural features’ were chosen for further research through IDM. The importance of these different ethical attributes and the product price for the choice of the organic product was determined by the order of accession of information about each of them. According to this indicator, the most important attributes are ‘animal welfare’, ‘regional production’ and ‘fair prices for farmers‘, followed by the product price. Only minor differences regarding the order of importance were observed between the countries (Table 2). The analysis of the purchase decision, particularly the low share of consumers who decided for the cheaper product without any additional ‘ethical’ value indicates that the majority of consumers of organic products are willing to pay a price premium for additional ethical values of organic production.

Insert Figure 1

Conclusions

Since the beginning, organic food production has included a broad range of values ranging from care for the soil and the environment, animal welfare and human health to social aspects and the people affected by the organic supply chain. A broader range

values than covered by European organic regulations remain part of the core concept of organic farming for producers and consumers today.

An increasing number of individual companies and some certification bodies have introduced activities concerning ethical attributes of organic production. However, no comprehensive and accessible framework could be identified that provides practical support and tools for ethical management, for the verification of organicPlus activities and for the communication between producers and consumers.

Our results show that a considerable proportion of consumers would be willing to pay a further premium for some 'ethical' attributes of organic products. OrganicPlus products offer an opportunity for product differentiation if such ethical qualities are effectively communicated in an increasingly competitive market.

Communication concepts should focus on attributes that are most important to consumers, such as ‘animal welfare’, ‘regional production’ and ‘fair prices to farmers’ in order to be successful. Further research will investigate how these attributes can be communicated and further explore the consumers’ willingness to pay.

Acknowledgement

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Table 1: Summary of ethical concerns and values

Area of impact	Ethical concerns and values	EC Regulation 834/07
Environment	Minimise pollution	Detailed provisions
	Sustainable resource use	Limited provision/ indirect
	Protection of ecosystems/ biodiversity	Limited provision/ indirect
Animals	Health and welfare	Partly/improved provision in 834/2007
Economy	Fair and equitable financial returns for farmers	Indirect
	Availability and affordability to consumer	Not directly addressed
Social	Food quality and safety contributing to human health	Largely
	Safe and equitable workplace	Not directly addressed
	Skills, knowledge and information	Not directly addressed
	Transparent and trustworthy organic food systems	Partly/improved provision in 834/2007
	Civic responsibility and care	Limited provision in 834/07
Systems and supply chains	Organic integrity throughout supply chain	Limited provision
	Local and regional supply chains and markets	Limited provision in 834/2007

Source: Padel and Gössinger (2008)

Figure 1: Relevance of attributes: Share of attribute in all first accession incidents

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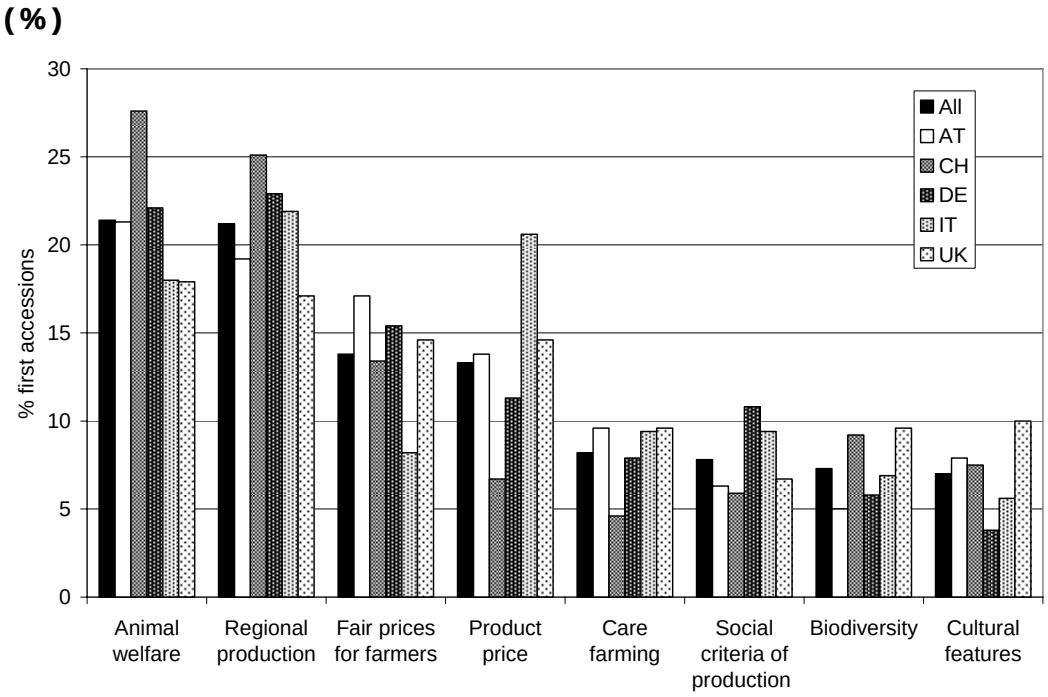

Source: based on Zander und Hamm (2009)