Impact of socio-demographic factors on consumption patterns and buying motives with respect to organic dairy products in Switerland

J. Sanders and T. Richter
Research Institute of Organic Agriculture, Ackerstrasse, 5070 Frick, Switzerland

Introduction

In the 1990s, the Swiss organic dairy market experienced an enormous expansion with annual growth rates of 10–15%. In 2001, approximately 191,000 tonnes of organic milk were produced. This corresponds to 4.9% of the overall milk production in Switzerland (Hamm and Gronefeld, 2003). This market expansion was clearly driven by a growing demand, which in turn was closely connected to the marketing activities of the major retailers (Richter and Sanders, 2001). Today, however, the situation has changed. While in the past, the demand for organic milk was typically higher than supply, there is currently an oversupply with approximately 7 million kg of organically produced milk that cannot be sold as organic milk (Bio Suisse, 2003). A similar development is likely for the next years. Since the number of organic buyers will not increase anymore only by the fact that organic food is available in the shelves of retailers, it is necessary to develop more target group and product group specific marketing strategies in Switzerland based on an in-depth understanding of organic consumer attitudes and consumption patterns. Through this strategy, it might be possible to achieve a further growth of the currently saturated market.

The aim of this paper is to present and compare consumption data and survey results from three different sources, in order to give a comprehensive overview of the socio-demographic profiles of organic consumers and, in particular, of consumption patterns and buying motives with respect to organic dairy products. Based on these data, recommendations for improved marketing measures for organic dairy products are derived.

Data sources

- *Household budget survey from the Swiss Federal Statistical Office*: In 2000, the Swiss Federal Statistical Office (SFSO) conducted a nationwide survey on income and consumption, in which some 3,642 private households, selected at random from the Swiss population, participated. The extensive sample provides a realistic picture of Switzerland's section of the population and regions, as well as representative information about income and consumption. The household budget survey also included questions about food consumption of households. Participants had to keep a detailed diary about their food expenditures, including a record of whether the purchased product is organically produced or not.

- *Swiss "IHA Households Panel Plus"*: The Swiss "Households Panel Plus" provides all relevant information on consumption, market development, brands sales, retail trade and competition. Since household panels are characterised by a certain inaccuracy the "Household Panel Plus" combines panel data from the SFSO with data from retailers. Retail trade data are collected by sales records via EAN codes. For the analysis of organic consumption patterns, data from the year 2002 are used.

- *In-depth consumer survey*: Finally, data were used from a qualitative consumer survey, carried out within the EU-funded research project "Organic Marketing Initiatives and Rural Development". In total, 105 semi-structured interviews were conducted in Switzerland using laddering approach in order to identify motives and their structural links for buying organic food. The sample consisted of approximately 60% regular buyers and 40% occasional or non-buyers of organic food. The data were coded, aggregated and presented in hierarchical structured value maps.

Socio-demographic characteristics of organic consumers

The household budget survey of the SFSO gives an overview of the socio-demographic profiles of organic consumers. The data, compiled in Table 1, shows the impact of income, age and household size on consumption of organic food.

Table1: Impact of socio-demographic factors on consumption of organic food.,

	Share of consumers that buy organic products at least once per year (%)	Average share in expenditures for organic products in relation to total food expenditures per houshold (%)	Average share in the overall expenditures for organic products in Switzerland (%)
Income classes			
< 2000 CHF	68,0	8,9	1,2
2000 - 2999 CHF	54,3	3,8	2,2
3000 - 3999 CHF	62,1	3,6	3,4
4000 - 4999 CHF	63,2	3,6	4,3
5000 - 5999 CHF	71,2	5,0	7,1
6000 - 6999 CHF	70,9	4,5	9,7
7000 - 7999 CHF	72,8	4,8	11,3
8000 - 8999 CHF	73,0	4,5	9,3
9000 - 9999 CHF	71,8	5,3	10,8
> 10000 CHF	82,2	4,8	40,8
Age Classes			
15 - 29 Yr.	66,9	4,5	5,6
30 - 39 Yr.	74,2	5,3	28,0
40 - 49 Yr.	76,8	4,9	29,6
50 - 59 Yr.	73,2	4,5	19,9
> 59 Yr.	69,5	3,9	16,9
Size of housholds			
1 Person	64,7	6,5	16,9
2 Persons	75,5	4,4	31,1
3 Persons	75,0	4,7	17,0
4 Persons	75,7	4,0	21,0
5 Persons	75,8	5,2	10,7
> 5 Persons	77,9	4,9	3,3

Source: FiBL, HBS 2000

The higher the income, the higher is the share of consumers that buy at least once per year an organic product. Accordingly, 82% of consumers with an income of more than 10,000 Swiss francs (CHF) are regular or occasional buyers of organic food. This consumer group has the highest share (41%) of the total organic food expenditure in Switzerland. It is very interesting that households with an income below 2,000 CHF have the highest share in expenditures for organic products per household, but only 68% of these households buy at least once per year an organic product. This means that this group consists of two contrary sub-groups: one sub-group has very high expenditure for organic food, whereas another sub-group spend probably no money at all for organic food. These results suggest that the amount of expenditure per household is not clearly related to income but rather to the general attitudes towards organic farming and organic food.

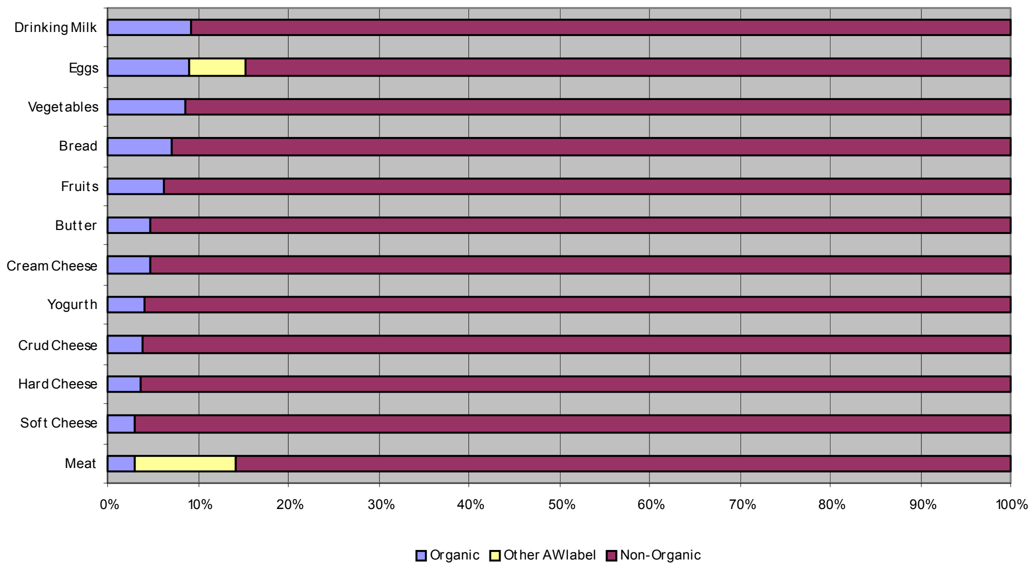
Regarding the age, the data does not show a clear result. The highest expenditure and the highest share of buyers are related to consumers of the age group 30-49 years. The highest share of non-buyers of organic food is related to the age group 15-29 years and above 60 years of age. Approximately 1/3 of this group does not buy at all organic products, and only 10% may be classified as regular consumers.

There is a clear tendency for large households to have a higher preference for organic food than for single households. There are only 65% of single households that buy organic produce at least once per year. Although the share of regular and occasional buyers of this group is relatively low, their expenditure for organic food per household is the highest. In contrast to this, there are much more regular or occasional buyers in households with more than 5 persons. In total, 78% of this group buy at least once per year an organic product. However, this group has only a share of 3.3% in the overall expenditure for organic food. Households with two persons have the major share in the overall expenditure for organic food.

Consumption patterns

According to IHA Households Panel Plus in Switzerland, approximately 9% of all consumed drinking milk is organically produced. This means that liquid milk is the most important organic fresh produce with the highest share by volume in comparison to all other organic fresh produce. Other dairy produce, such as different types of cheese, have a share of approximately 4%.

Figure 1: Share of organic consumed fresh produces by volume in 2002



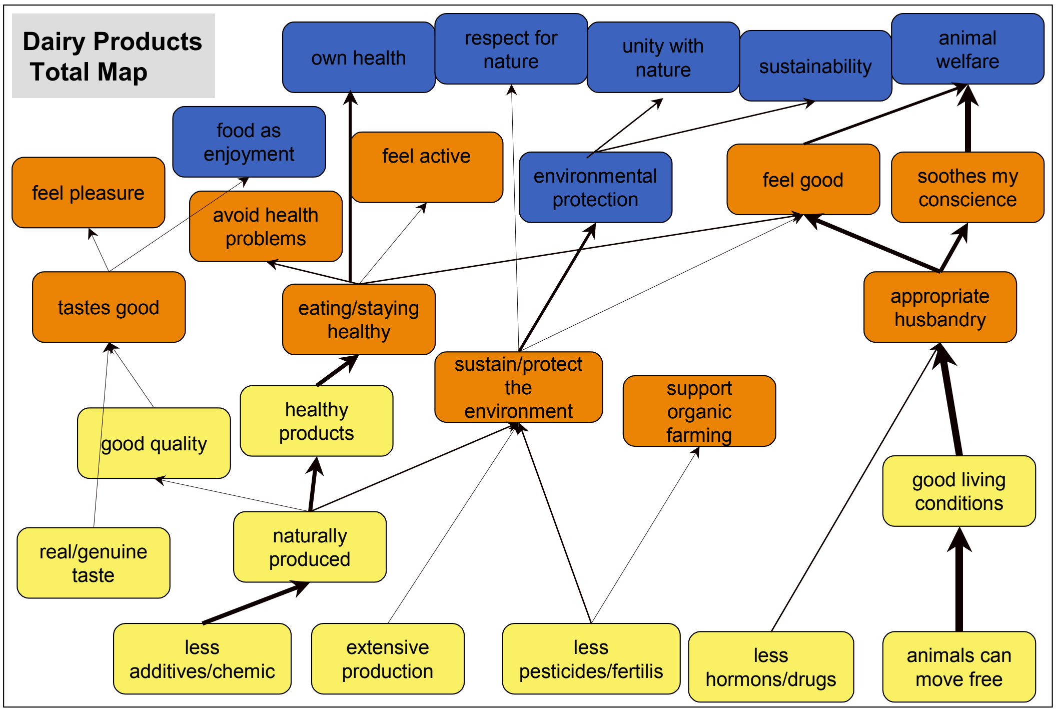
Source: IHA-GfK Switzerland

Buying motives

In general, organic food is purchased because it is considered to be healthier (food safety and food quality) and more tasteful than conventional food, as well as because organic farming is regarded to be better for the environment and to keep animals in a more appropriate way (e.g. Poschacher, 1997; Wendt *et.al*., 1999; Lockie *et.al*., 2002). Results of in-depth interviews with Swiss organic consumers indicate that attitudes, buying motives and value concepts are product specific and vary according to consumer groups. Many regular organic consumers tend to buy only certain products in organic quality as they have a differentiated perspective on the benefits of organic production systems.

The interview results with respect to the buying motives of organic dairy produce are presented in a hierarchical structured value maps. The maps illustrate the motives and their structural links to each other, beginning with product attributes (light grey), expected functional and psychological consequences of these attributes (medium grey) and underlying values (dark grey). The arrows between each aspect indicate a cognitive link between them. The thickness of each arrow depicts the frequency of the identified links.

Figure 2: Motives and their structural links that are behind the decision to buy organic dairy produces



Source: OMIaRD consumer survey in 2002

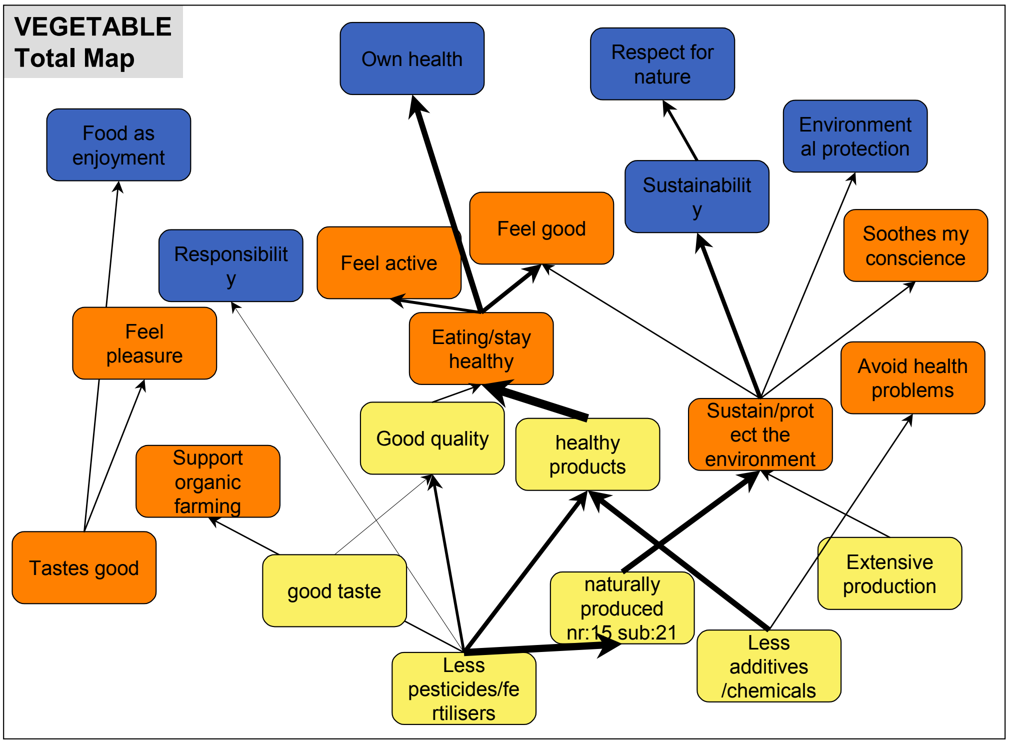
The map above shows that the prime motive of the interviewed consumers for buying organic dairy produce is animal welfare and, to a lower extent, also personal health. The two most distinct structural links of motives are:

- *animals can move free >> good living conditions >> appropriate husbandry >> soothes my conscience >> animal welfare*
- *less additives >> naturally produced >> healthy products >> staying healthy*

Further motives are related to environmental protection (*less pesticides and fertilizer*), and positive characteristics of taste (*genuine taste*) and enjoyment of organic food, respectively. If the value map of organic dairy produce is compared with value maps of other product groups (e.g. vegetables, Figure 3), it becomes clear that buying motives and cognitive structures are rather product specific and less related to organic farming in general.

Figure 3: Motives and their structural links that are behind the decision to buy organic vegetables

Source: OMIaRD consumer survey in 2002



A further analysis of the data shows that also income level and children have a clear impact on buying motives and the cognitive structure of the buying decisions. High-income households buy organic dairy food mainly for altruistic and hedonistic reasons (environmental protection, food quality, taste, enjoyment, animal welfare). Furthermore, these households are characterised by their wide range of motives. In contrast to this, medium/lower-income households have fewer reasons to buy organic dairy products. Besides animal welfare, consumers of this household group buy primarily organic food for health reasons.

While most consumer studies report that families with children buy organic food because they want to look after the health of their children, this result cannot be confirmed by the Swiss data. The responsibility for the family plays only a minor role for households with children. The most important reasons for this group to buy organic products are *environmental protection* and *animal welfare.* In general, households with children have a wider range of motives to buy organic dairy produce than households without children. For the latter one, *animal welfare* and *personal health* are the two most relevant motives to buy organic dairy produce.

Conclusions

Data from the Household Budget Survey indicates that the consumption of organic food varies depending on income and household size. In Switzerland, there are two main consumer groups that are relevant for marketing strategies:

- First, households with a high income, consisting of couples with no children or with one or two children and where the adult members of these households are between 30 and 49 years old.
- Second, single households of young people with current low income.

Regarding the buying motives for organic dairy food, animal welfare seems to be in general the most important motive. However, the motives for buying organic dairy food vary for individual consumer groups. For high-income households/households with children, animal welfare and environmental protection are the most relevant motives, whereas medium/low-income households/households without children prefer organic dairy food because of animal welfare. Households without children buy organic dairy food also for health reasons.

Marketing strategies for organic dairy products should take into account these details and should become more product-group and target-group specific. Instead of using general positive attributes of organic farming, marketing for organic dairy milk should rather stress the animal welfare and health advantages. Further, marketing strategies should consider socio-economic aspects and consumption patterns of specific target-groups. For example, families with children might be better targeted by offers of large quantities of milk. By developing specific marketing strategies, it is expected that the Swiss organic dairy market may achieve high growth rates again, which would be a basis for a further expansion of organic farming in Switzerland.

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