



# PRIVATE FORMATION OF TRUST BY NON-CERTIFIED ORGANIC FARMS: FINDINGS IN FIVE CASE STUDIES IN JAPAN

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## Background

- The credence nature of organic foods makes it essential to build trust between farmers and consumers.
- In Japanese organic food market, third-party certification (= externalization of trust) has played a minor role in trust building.
- Alternative Marketing Schemes (AMSs), such as Teikei and home delivery services have substituted the role of certification.
- Many newly starting farmers are resorting not to certification nor AMSs in gaining trust from consumers.

## Materials and Methods

- Five organic farms with varying degree of externalization of trust formation were chosen for the case studies (See Table 1).
- Semi-structured questions were used to pursue information related to the formation of trust including the method of marketing, advertising, transaction arrangement, method and density of communication, and obligation imposed on the consumers.
- Five operations were compared to seek the secret of the private formation of trust that is not restricted by the certification regulation or other less formal guarantee system/ mechanism.
- Interviews were conducted during the period between September 2015 and January 2016.

## Results

In the context behind the private formation of trust, there were:

- **High communication skills:** Non-certified organic farmers who do not depend their trust-building on AMSs have high communication skills that enable them to provide detailed information on the farms and their produce to consumers via newsletters, homepages, and Social Networking Services.
- **Proximity to consumers:** They also maintain close relationship with consumers by directly delivering the produce by themselves, and by sometimes organizing on-farm events so that consumers can visit the farm. Most consumers stay long on the regular subscription of the vegetable boxes though they are not obligated, and therefore the transactions are usually repeated many times as in teikei and CSAs.
- **Frequent public appearance:** Farmers who build trust as such make frequent appearance in social activities, such as seminars and public events, in which they often have opportunities to talk about their faith and passion for local organic farming.

**Table 1: Outlines of the interviewed farms**

	Farm 1	Farm 2	Farm 3	Farm 4	Farm 5
Name of the farm	Nanairo batake farm	Natural Farm Footen	Kumakko farm	Higurashi farm	Osato Green Farmers
Location	Kanagawa	Miyagi	Miyagi	Fukushima	Miyagi
Certification/ AMS	CSA	None	Local government/ home delivery	None	JAS organic/ home delivery
Scale	4 ha	1.2 ha	1.3 ha	1.5 ha	63.7 ha
Produce	Vegetables (80 items), rice, soybeans, wheat	Vegetables (100 varieties)	Vegetables (75-80 items)	Vegetables (40 items), rice, soybeans, eggs, pork, etc.	Vegetables, rice, feed crops, soybeans, eggs
Labor	Full time (3), part time (4), apprentice (2), volunteers (30)	Full time (2)	Full time (2), apprentice (1)	Full time (2)	Full time (14), part time (4)
Occupation before farming	Sign art manufacturing	Web-design, publishing	International development aid, Retailing	Steel export	Farmer

**Table 2: Trust-building methods**

	Farm 1	Farm 2	Farm 3	Farm 4	Farm 5
Name of the farm	Nanairo batake farm	Natural Farm Footen	Kumakko farm	Higurashi farm	Osato Green Farmers
JAS organic certification	No	No	No	No	Yes
“Chemical free” certification	No	No	Partly yes	No	Yes
Stated rules	Yes	No	No	Partly yes	Partly yes
Private inspection arrangement	No	No	Partly yes	Partly yes	Partly yes
Face to face communication	At least weekly	At least weekly	Partly weekly	At least weekly	Partly weekly
Newsletters	Yes	Yes	Yes	Partly yes	No
Homepage/ blog	Yes	Yes	Yes	Yes	Yes
Facebook	Active	Mildly active	Active	Very active	Mildly active
Public appearances	Frequent	Relatively frequent	Not so frequent	Very frequent	Very frequent

## Discussion

- From the qualitative nature of this study, it is not possible to determine the causal relationship between the factors identified and their actual impact on consumers' mind.
- A closer and quantitative examination of these factors would contribute to finding ways to optimize the method of trust formation for specific farmer and to design more efficient certification system.

## Conclusion

Non-certified organic farmers who do not depend their trust-building on alternative marketing scheme have high communication skills, maintain close relationship with consumers, and make frequent appearance in social activities, such as seminars and public events. Further studies are needed to examine whether these factors are really substituting the trust formed through third-party certification and how they affect consumers' perception, which would lead to better managerial decisions as well as policy designs.