

## **E-Commerce with organic products**

### **- an empirical analysis -**

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Online-activities in the organic food sector reveal one thing: Using the internet becomes more and more common in marketing and sales. As a consequence, many companies have to decide how to start or improve the integration of online-activities into the firm's conception. At the same time the market for organic food changes. In Germany the new ministry of agriculture decided to give additional subsidies to increase the market share of organic farming. As a result the reversal of agricultural trends ("Agrarwende") has been proclaimed. Both aspects, the increasing use of the internet and the changes in agricultural policy have led to this research project. In 1999, a first status-quo analysis identified 223 Web-Sites in the German-speaking organic food sector. Leading to the conclusion that E-Commerce with organic products leaves many options for action. "Best-Practice"- Examples show first steps how online-activities could be implemented successfully.

The following analysis focuses on three aspects:

- the analysis of different forms of electronic business and their suitability for sales with agricultural products,
- the question whether agricultural products are suitable for online-marketing or not and
- the analysis of factors which influence online-marketing with organic products.

Based on the results of the analysis, criteria and recommendations are worked out to determine market potentials and create a basis for marketing strategies.

The empirical part of the research includes a two-stage concept. 24 IT-experts, scientists and farmers offering an online-service and delivering organic products were interviewed by phone with the help of questionnaires (each call about 30 min.)

In contrast to its role as a medium of information and communication most of the experts hold a more critical view of the internet as a tool for commercial activities. Online-shops are suitable for additional sales or direct marketing measures on farms. Thus, a delivery service with organic products enhances the success of E-Commerce. Another argument in favour of using the internet, as some experts said, is the fact that organic markets are usually characterised by information deficits.

On the whole the interviewed farmers are satisfied with their shops. Especially fruit, vegetables and standardised food boxes are successfully sold. However, according to the experts involved, marketing activities and strategies could be better arranged to increase the number of customers.

The description of agricultural products requires a lot of parameters. Most of them are "Look and Feel" goods involving many potential and credence attributes. In the theory of information economy these

characteristics reveal products which aren't suitable for internet sales. Nevertheless this study shows that the combination of online-shops and existing delivering service for direct marketing on organic farms could be a successful alternative to traditional channels of distribution.

Currently many organic farmers who sell products directly to the consumer are planning to improve their Web-presentation. But in the end existing selling structures, the acceptance of consumers and the political development will be responsible for the future growth of online-marketing and e-commerce with organic products.

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