Organic chains in the United Kingdom and Germany: lessons for Dutch organic agribusiness

Marieke J.G. Meeusen
Agricultural Economics Research Institute (LEI), PO-box 29703, NL-2502 LS The Hague, Netherlands
m.j.g.meeusen-vanonna@lei.wag-ur.nl

ABSTRACT

This paper presents lessons for Dutch organic agribusiness based on a study of the UK and Germany. The following lessons are drawn: public-private cooperation is desirable for the sake of further development; the supermarket chain is necessary in order to achieve a large market share; consumers and supermarket chains subject organic products to at least the same demands that they have for regular products; communication: [1] a task for the government and market parties, [2] striving for one mark of quality [3] health is the driving motivation, although not communicated as such; organic agriculture has more chains and more segments.

INTRODUCTION

The organic sector can anticipate increased attention from the government, consumers and social organisations. Part of this includes the Dutch government's goal to reach "10% organic in the year 2010". The study at hand focuses on providing a broad view of the developments in the areas of production, processing, sales, expected market developments and market demands in Germany and the United Kingdom. This information can help Dutch business in the strategic organic decision-making process. The emphasis in this paper is on the lessons for the Dutch organic sector. "What can the Dutch organic sector learn from Germany and the United Kingdom?"

RESULTS

Public-private cooperation is desired for further development

A choice was made for a public-private joint effort to develop the market for organic products, paying ample attention to the social basis and involvement on behalf of market parties and the government.

The chain store is necessary to achieve a large market share

Involving chain stores means reaching a large number of consumers. At the same time, this prompts a move toward professionalism and cost-consciousness.

Consumers and chain stores subject organic products to at least the same demands that they have for regular products

When it comes to quality, variety, taste, etc., consumers subject organic products to at least the same demands they have for regular products. Developments in supermarket chains active in the organic segment logically reflect this to include: increasing the product line (convenience foods), quality guarantee for products, offering organic products year-round and no fixed margins. Chain stores likewise expect 'organic' suppliers to meet the same standards as 'regular' suppliers in terms of quality and quantity. Several additional points to consider apply to organic products, such as taste tests and training sales staff.

Communication

[1] A task for the government and the chain store: Organic products require explanation from the government (general aspects) and the chain stores via their house brand.
[2] Striving for one mark of quality: The myriad of quality seals is confusing.
[3] Health is the most important motivation, but this is not communicated. After all, the scientific evidence is inconclusive. An appeal to the emotional aspect of purchasing organic products is often employed.

Organic agriculture with multiple chains

In the countries surveyed, a noticeable diversity of chains exists:

- Small-scale chains where consumers and producers are in close contact and where regional origin carries a great deal of weight;
- The chain surrounding the specialised health food shops that sell organic products exclusively. The shops project a professional image with a complete assortment and have an eye for regional products.
- The large-scale chains that produce, process and offer organic products alongside the regular products.

The orientation and design of these chains differ; each is geared toward the consumer who fits in with the specific chain.

Organic agriculture with multiple segments

Small-scale chains champion stricter standards and also endeavour to go beyond EU regulations. Large-scale chains believe that EU regulations are appropriate for the new consumer culture and market parties. It is expected that besides EU-guidelines, Demeter and Bio-Plus or Bio-Premium will be additional standards.

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