

Consumer concerns regarding additional ethical attributes of organic food

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Abstract

In a world where more and more organic products are mass produced, and where most consumers have little – if any – contact with the organic farmers who have produced their food, many people feel that the underlying principles of the organic movement are coming under threat. According to our research consumers are mostly interested in additional ethical attributes like “higher animal welfare standards”, “regional/local production” and “fair producer prices” and they are willing to pay more for organic products which are produced following these higher standards. This gives producers the opportunity to differentiate their products in the organic market. When communicating these additional ethical attributes of organic food producers must take care to use a wording in accordance with their customers’ comprehension in order to build up and sustain a trustful producer-consumer-relationship.

Introduction

There is growing evidence that consumers are becoming more critical of the increasing globalisation, international trade and ‘mass production’ associated with parts of today’s organic sector. Many organic consumers see these new developments as fundamentally opposed to the underlying principles of the organic movement, and are willing to pay a price premium for organic food which is produced according to their personal values which go beyond the basic ethical criteria established by EU regulation on organic farming (EC 834/2007) referred to as ‘OrganicPlus’ in this contribution (e.g. Zanolli et al. 2004).

Simultaneously, organic producers and processors integrate ethical concerns exceeding the requirements of the EU regulation on organic farming in their production processes. These production processes usually are more expensive resulting in the potential loss of market shares due to lower competitiveness. In this situation improved communication is essential in order to connect these ‘ethical’ farmers and consumers and to open up an organic market segment beyond organic farming standards with ‘OrganicPlus’ products.

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The aim of this contribution is to identify additional ethical attributes which consumers are mostly interested in, since these attributes seem to be most promising regarding market differentiation within the organic market. Additionally, needs for a successful communication of food suppliers with consumers are discussed. This contribution summarises the results of a European project which aimed at the improvement of the communication between organic farmers and consumers on behalf of ethical considerations in organic production.¹

Materials and methods

In the first step we carried out an extensive literature review on ethical concerns in (organic) food production. In the following we analysed the additional 'ethical' activities of more than 100 farmers in Austria, Germany, Italy, United Kingdom and Switzerland (Padel & Gössinger 2008). Based on these results we selected seven different additional ethical attributes and tested them regarding their relevance for the purchase decision with about 1200 organic consumers by means of an Information-Display-Matrix (IDM) (Zander & Hamm 2010). The three most important attributes according to this step were used to develop egg package labels which were discussed in depth with organic consumers in 18 focus group discussions in the five study countries (Naspetti & Zanoli 2010). These results were the basis for consumer choice tests which aimed at eliciting consumers' willingness to pay for additional ethical attributes of organic food. These tests were conducted with 400 consumers of organic eggs. Each test person made 6 independent choice decisions in the tests (Stolz & Stolze 2010).

Results and discussion

The survey among organic small and medium sized enterprises with farmer participation in five European countries regarding additional ethical activities showed that a large array of different ethical arguments are realised but not always well communicated (Padel & Gössinger 2008). For the conduction of the computer-based survey IDM the seven ethical attributes 'animal welfare', 'regional/local production', 'fair prices for farmers', 'care farming', 'social aspects of production', 'protection of biodiversity' and 'preservation of cultural features' were selected. The results indicate that 'animal welfare', 'regional/local production' and 'fair prices for farmers' are the most relevant additional ethical attributes for the purchase decision. Issues like 'care farming', 'protection of biodiversity', 'consideration of cultural features in production' and 'social aspects of the production' (such as working conditions) are also important, but for a lower share of organic consumers (Zander & Hamm 2010).

In the focus group discussions, different arguments regarding the most important ethical attributes were tested using egg packages. Egg packages with claims regarding 'higher animal welfare standards' were preferred over those with claims on 'regional/local production' or on 'fair prices for farmers'. All egg packaging labels presented to consumers in this research step were rather emotive and aimed at touching the heart of the consumers. In all countries – except Italy – the focus group participants generally disliked such labels. They felt under pressure to 'do something good' by purchasing 'ethical' eggs. Consequently, it is essential to say that most

¹ CORE Organic Project 'Farmer Consumer Partnerships'. Further information on the project at <http://tcp.coreportal.org/>.

consumers preferred labels with short and simple statements referring to the relevant (ethical) aspects of production (Naspetti & Zanoli 2010).

The results of the following consumer choice test confirmed that people generally preferred organic products with additional ethical characteristics. Comparing the willingness to pay for each of these additional ethical attributes gives information on the participants' relative preferences for the various OrganicPlus arguments (Table 1). In most countries the argument 'from the own region' was most important. This was followed by 'higher animal welfare standards' and, only in Germany and Switzerland, by 'fair prices for farmers'. In Austria, the additional willingness to pay was highest for the 'animal welfare' argument and lowest for being produced from the own region. However, the 'fair prices for farmers' provoked no additional willingness to pay at all for people in Austria, Italy and UK. Interestingly, in Italy and in the UK there was no additional willingness to pay for any of the tested arguments, except for 'from the own region' (Stolz & Stolze 2010).

Tab. 1: Ranking of additional ethical attributes in different countries according to the respondents' willingness to pay

	Austria	Germany	Italy	Switzer-land	United Kingdo m
From the own region	3	1	1	1	1
From national production	2	--	--	--	--
Higher animal welfare standards	1	2	--	2	--
Fair prices to our farmers: plus 20 pence/ 20 cents/50 Rappen	--	3	--	3	--

Source: Own presentation.

Conclusions

The main outcome of our comprehensive research on additional ethical attributes of organic food is that the communication of such attributes offers many organic businesses ample opportunities to differentiate their products in the wider organic market. Many consumers and producers already agree that organic production in accordance with the EU regulation on organic farming (834/2007) is not the 'final stage' with respect to sustainable and ethical food production. The EU regulation on organic farming (EC 834/2007) fails to adequately address a number of key areas which are of concern to both consumers and producers, such as fairness.

Another important result from our research was the fact that many producers refuse to communicate additional ethical attributes of their products or production processes because they believe it is 'unethical' to make money from these concerns, since all (organic) production should follow ethical considerations. However, from our point of view there is no doubt that consumers must know about additional benefits of ethical production methods, if these aspects of production should be successful in an increasingly competitive marketing environment. Therefore, we highly recommend targeted communication of the specific ethical characteristics of the production

methods to ensure that consumers are given the opportunity to make purchasing decisions according to their personal ethical considerations.

With respect to an improved communication between farmers and consumers, farmers who wish to make claims about additional ethical activities should target their efforts in areas where there are clear differences in their practices compared to existing organic standards. In this way, businesses can ensure that their activities are clearly visible to the consumer, and that consumers can easily verify any communication – thereby creating credibility and building trust. Effective communication of additional ethical values requires a common understanding of each particular attribute. However, so far there are no general definitions or standards for these additional ethical attributes. The terms 'fair' and 'regional/local' have become very popular in the discussions about future perspectives of organic farming. 'Fairness' makes people feel good because it implies not only well-being for farmers but also for customers, while high expectations rest on 'local' or 'regional' organic food as new opportunities for reconnecting producers and consumers. However, as both terms are not clearly defined or protected in law, consumers and producers may have a very different understanding of what the terms mean. There is an alarming potential for misleading claims and confusion. This holds particularly true as the terms under discussion are well-known by today's consumers. Indeed, many consumers already have their own ideas on what is 'fair' and what is 'regionally/locally produced', which is why it is not up to the producers and marketers to define these terms on their own. As common definitions and standards are lacking in most areas, and given the different ways in which these 'ethical' claims can be interpreted by consumers and producers alike, organic businesses should be very cautious when making claims in these areas. They should accompany concise claims with sufficient information on what is standing behind. It is our belief that it is time for the organic movement to hold a comprehensive discussion on the additional ethical attributes associated with its farming and processing activities in order to prevent that the organic movement loses its basic principles which differentiate their products from mass production of food.

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