

„European Hearing on Organic Food and Farming - Towards a European Action Plan“

„Are the organic consumer labels conveying the right message?“

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What kind of organic label we know?

- **Label messages:**
Organic label of guarantee and
Organic label of guarantee and origin
- **Label ownership:**
Private and governmental organic label
- **Spatial aspects:**
Regional, national and European organic label
- **There is no common label culture across Europe**
⇒ Each European country follows it's own label culture

Initial Questions

- **How do you evaluate the effect of disparate standards and labels on the free circulation of organic produce, and hence the development of the market?**
- **Would reinforcing the EU logo in combination with national or private logos contribute to increasing consumer demand?**
- **Is it important that consumers can identify the producers on the products?**
- **What can and should be done to render the marketing more professional?**

Effect of disparate standards and labels

⇒ Consumers Prior Buying Barriers:

- **Main barrier** not to buy organic products is the **price** (due to limited household budgets, lack of recognition regarding additional value, satisfaction with lower production standards).
- **Distrust** in organic production / organic label **bases** mostly on **missing information**.
- However **when price** is the **main barrier**, **willingness** to **gather information** about organic products / labels is very **limited**.
- Even in a country such as CH, where consumers trust in organic farming and its inspection system, the number of organic buyers did not increase in the last years.

Effect of disparate standards and labels

⇒ Regular and occasional organic consumers

- There is **no typical organic consumer**.
- **Regular organic consumers** are in general high involvement food buyers and decide to buy organic food regardless of the household budget situation.
- **Occasional organic consumers** are in general less informed about food and organic food production, buy often accidentally organic or only one certain product or only in a certain lifecycle phase and often buy organic illusions or myths. There is an income correlation in this group.

Occasional consumers are often low involvement food buyers with limited interest to gather and perceive information.

They partly do not know the difference between products labelled as “natural”, “integrated” and “organic”. Most of them don’t know that there are defined European organic standards and how such products can be identified.

Effect of disparate standards and labels

⇒ Consumers and Organic labels

- In general **public logos** have **difficulties** to reach **consumers** (in contrary to brands, there are too less possibilities to communicate lifestyle messages and buying consequences).
- Consumers does **usually orientate themselves on national** (not international) **labels**.
- Changing systems from status A (only private, no governmental label) to status B (introduction and broad market penetration of a governmental label) does not necessarily lead to higher consumption volumes (case Germany) – However CH with status A, European organic market leader.

Effect of disparate standards and labels

⇒ Consumers and Organic labels

- Despite of numerous national and private **organic labels**, most **consumers know and trust only few** ones.
- The **development of consumer recognition and credibility** for organic labels **needs a lot of time**, a **suitable market** and **political environment** and often a **lot of budgetary funds**.

Effect of disparate standards and labels

⇒ Conclusions

- ⇒ Common national organic standards in Europe would be a pre-condition for a broad market penetration of an EU logo.
- ⇒ Possibilities to reach, inform and educate consumers concerning public national logos and label programmes are limited due to a limited consumer interest in this issue (apart from periods of food scandals).

Reinforcing/ rendering the EU logo from consumer perspective?

- ⇒ Existing EU logo are less appropriate for B2C communication mainly for graphical reasons.



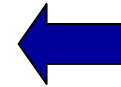
- ⇒ Used symbol doesn't typical stands for org. farming.
- ⇒ The public and private 'relatives' of the EU organic logo look quite similar and confuse low involvement consumers which are not willed to read the text within the logo.
- ⇒ Print quality is often poor (it reduces clear recogniton).

Reinforcing/ rendering the EU logo from consumer perspective?

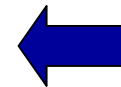
⇒ Conclusions

- ⇒ To work further on the EU organic logo of course is important. However it is not the only / central key for more organic demand in Europe.
- ⇒ It has to be decided whether the EU logo shall emphasise a guarantee that organic products must fulfill European organic regulations (also used for third country imports) or to be an organic label of European origin.
- ⇒ If policy-makers aim to establish a EU organic logo, it is necessary to decide whether the use of such a logo should be obligatory for all traded organic products within the EU.
- ⇒ **But attention:** A broad market penetration of the EU logo in Europe would increase the risk, that even little national ‚organic scandals‘ could get a European dimension.
- ⇒ EU logo should combined with national or private labels.

Last but not least, what about ...



When
intending
to **emphasise**
European
origin



When **not**
intending
to **emphasise**
European
origin

Is it important that consumers can identify the producers on the products?

- ⇒ Consumer surveys confirm: that consumers would wish to find the name and the origin of the producers.
- ⇒ This knowledge gives a feeling of certainty (theoretically to be able to go to the producer and to check the production).
- ⇒ However there are doubts, if the producer declaration on organic products would increase the organic demand.
- ⇒ However a producer declaration would in any case be a further trust builder for organic products.

Marketing affairs

- ⇒ Marketing problems occur due to the enormous differences between regular and occasional organic consumer attitudes and behaviour. **Two different strategies would be needed.**
- ⇒ **Regular organic consumers wish more stricter standards, but accept fair prices.**
- ⇒ **Occasional organic consumers** wish generally **lower consumer prices** so that organic food can become a buying alternative.
- ⇒ Not every consumer can be convinced to buy organic.
- ⇒ Market actors primary and just secondly consumers are the main drivers for demand development.

- ⇒ When supporting the organic sector, the specific needs of retailers and processors have to be taken into account, because these actors bear similar risks and higher costs by conversion to organic products like farmers.
- ⇒ Therefore projects should be supported which reduces the transaction cost of organic food processing, wholesaling and retailing and provide information (e.g. access to more valuable market information/data) and services (like hints for a professional PoS marketing).
- ⇒ Consumer communication has to be focussed on credibility, emotions and more on consequences of buying organic food as to transport just technical aspects of standards („Why shall I buy an organic product?“).