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Organic Agriculture, a durable trend, a key note by Carol Haest

SUPERMARKETS ARE THERE TO STAY

Supermarkets are there to stay. What may change is their appearance. When competition comes from strange corners, say from petrol stations, they get involved in joint ventures and build small supermarkets at the service stations. They have taken the lead in Internet shopping.

In a number of major and not so major cities, organic superettes and supermarkets are appearing, in some cases even mushrooming, like in Munich, where they are believed to bring 50% of new organic customers and where the total organic turnover is expected to double to DEM 120 million or DEM 95 per inhabitant by the year of 2005. If we would project that to all of Germany that would mean a German organic market of DEM 7,79 billion by 2005. That does not seem likely, but something between DEM 4 and 5 billion may be realistic.

These new superettes and supermarkets are still classified as alternative, not mainstream. That characteristic is exemplified by the brands they carry and which are in the Rapunzel, Lima, Evernat, Natudis and so on domain, reserved to the alternative sector.

SUPERMARKETS ARE BUSY AS BEES, BUT WITH WHAT?

It is only a matter of very little time that mainstream food distribution chains will do likewise, i.e. open organic superettes and supermarkets, company owned and franchised. Most likely this is not going to happen in Germany first because it is there that the mainstream distribution is most entangled by its own problems. I'll call those the *Walmart-and-lasting-low-prices-syndrome*. It hypnotises many multiples and brings them in a state between hyperactivity and being paralysed. In fact everything is fighting for priority: markets shares, share prices, next restructuration, lean management, the opening of the 5000th store, the next acquisition or fighting off being taken over oneself. Although they will not admit it, they are consequently less occupied in tuning finer to what moves the hearts and minds of the consumers, and that is, amongst other things, authentic, healthy, tasty as well as environmentally friendly food with traceable roots. Precisely what organics can deliver. As a premium organics brings customer loyalty, an increasingly rare commodity in mainstream distribution. Most German supermarkets are as yet too restless in heart and mind themselves to be able to break the inertia. Although, there is some progress and there are some shining organic successes, generally in regional chains like Tegut and Globus.

THE DISTINCTION BETWEEN MAINSTREAM AND ALTERNATIVE WILL BE BLURRED

I believe that it is only a matter of time that the barrier by mainstream and alternative will be broken. Many suppliers, like Lima, Natudis, Distriborg (now owned by Wessanen) and even

Rapunzel, supply both sides, obviously under different brands. But even that may change because mainstream organic supermarkets will want to carry their own organic brand plus some of the better known alternative ones. A time of tough negotiations is most likely going to start.

PROBLEMS WITH WHICH SUPERMARKETS CARRYING ORGANICS WILL BE CONFRONTED

Supermarkets will be confronted in the next few years by three problems regarding organics:

- The claim, from often biased scientific side, that organic is unhealthy or at least carries major risks because of its contact, from fertilisation to finished product, with potentially dangerous natural matters which are not eliminated because of the inherent restrictions of its standards. I am not going to enter into this primitive debate. Obviously there are a number of risks but they can be easily eliminated by *good organic practice*.
- Fighting off cutting corners and downright fraud. A huge task, involving charters with regards to supplier characteristics, requiring full traceability and as short as possible personalised supply chains.
- The claim that mainstream is big and that big is bad, and is becoming even worse and that big can never fulfil the information and convey the *mission of information, advice and service of the small*. All that remains to be seen, organics may be the right vehicle to help supermarkets out of their crisis of identity. Values need to be straddled.

STRADDLING VALUES NEEDED

organic versus conventional values

organic

production rotation based
diversity according ecosystems
personalised production
optimal price
speed according to natural rhythms
durable partnerships

conventional

mass production, monoculture
uniformity
anonymity
lowest price
turbospeed
world market- commodity, day-to-day-
approach

HOW BAD IS BIG?

Those who claim that big is bad and that big has lost all integrity and human perspective and is only engaged in global economic warfare, and that big in top of that escapes democratic control, have many and obvious arguments to sustain their claim. But we have no choice other than to change that situation. Remaining small does not bring the organic world nearer to its ultimate goal of contributing to realising a sustainable society. Big companies are composed by men and women who form families. Men and women and families can change and will if they find out that bad is being punished and good being remunerated by a changing consumer. In top of that these men and women are consumers too. Organic may be the right antidote. There is an immense quantity of work before us before big becomes good. But I believe it can

be done. In W.O.S.C., the World Organic Supermarketing Club, we work on these issues, on building and maintaining integrity with regards to organic quality, standards and fair trading practices, identifying and eliminating fraud and even on holistic quality assessment. On straddling the values mentioned above. Big does not really escape democratic control. In fact people have the most direct influence on big: it is by what they load into their caddy. Neither can the multiples risk to be sooner or later sandwiched by critical farmers at one side and critical consumers at the other. Choosing for the genetically manipulated, patented and commercially monopolised life forms against the organic alternative would be suicidal for the multiples.

PEOPLE START LOOKING FOR THE INTERNAL TRUTH

There is some tiredness within the citizens who cannot longer be lured so easily into the ultimate kicks and events and into all sorts of commercial gimmicks. They awake slowly but surely out of a quarter of a century of mental hibernation caused by the post oil crisis *no nonsense, we'll just have to work harder* syndrome. Seattle has shown it, the failure and even cancelling of many Millenium super parties shows it as does the low interest in the Millenium Dome or the Hanover World Exhibition. People start looking for the internal truth of things. For the sense or nonsense and finally the internal truth behind notions as "natural", fair trade, functional foods and, of course, also organics. This seminar has the task to look into that; obviously it cannot give all answers on such complex matters but it can contribute to making a finer analysis.

WHY ORGANICS IS A DURABLE TREND

Nowadays consumers want it all. They are egocentric but want to be good as well. Two descriptions given as mutually exclusive by some market researchers on organic marketing are not at all mutually exclusive but to the contrary complementary.

- **We improve the world. Join our club.**
 - **Long live common interest**
- versus:
- **People are entitled to delicious, healthy, safe and good food**
 - **Long live our own interest**

*P. Hupperts FAN/Visie & Strategie 3.2000

True, organic growth is carried by short term concerns about health and food security; but more importantly it responds too long term concerns about our society. Organics being a dynamic process, it will continue to respond to the aspirations of future consumers.

WHAT IS MOVING THE CONSUMERS?

SHORT TERM, SUPERFICIALLY vehemently, consciously

STATE OF MIND OF THE MOMENT

-Job, economic conjuncture, health

-Nutritional safety

-Contaminants in food

-B.S.E.

-Porcine pest

-Dioxin in animal and human food

-Listeriosis

-GMO

-LACK OF TRANSPARENCY IN FOOD

LONGTERM, IN DEPTH

but often unconsciously

- Urge for survival

- Search for (old and new) values

These movements constantly interact and organic agriculture refers to both movements

Source: Carol Haest, London 14.4.2000

Carol Haest, Basle 25.08.2000