

Farmer Consumer Partnerships – How to successfully communicate the values of organic food

A Handbook



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Projekt Partners

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Impressum

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Farmer Consumer Partnerships

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Why should you read this booklet?

As the popularity of organic food increases, many organic businesses are facing ever greater competition in the marketplace. And 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 increasing threat.

Yet research shows that there is growing interest among today's consumers in the wider ethical principles which underpin organic agriculture. They want fairer working conditions; they want to support disadvantaged societal groups, higher standards of animal welfare, and the preservation of tradition and landscapes through their purchasing decisions – and they are willing to pay more for products which support this 'added value'.

When writing this booklet we had two core objectives: firstly, we wanted to identify the range of additional ethical aspects of organic production which people are interested in, as consumer concerns, interest and willingness to pay for these 'additional values' are prerequisites for developing new market segments. We refer to these additional ethical attributes as 'OrganicPlus'. Our specific aims were to:

- a) Identify consumers' preferences about different aspects of this 'added value'
- b) Check if consumers were willing to pay more for this 'added value', and
- c) Look at the possibilities for potential product differentiation and marketing.

Secondly, we wanted to look at a number of farmers and small and medium sized enterprises who are already offering products with these 'OrganicPlus' values. We wanted to analyse how they differentiate their products from others, and to see how successful they were. These differences are expressed by specific production processes which are mainly ethically driven and which go beyond simply putting the EU regulation on organic farming into practice. In doing so, we wanted to learn how these businesses try to translate elements of the International Federation of Organic Agricultural Movements' (IFOAM) principles of organic agriculture (Box 1) into their farming activities and their communication with consumers. We wanted to:

- a) Understand why they went beyond the basic organic guidelines
- b) Identify the specific products and activities they offer to organic consumers; and
- c) Describe how they communicate what we called 'OrganicPlus' to their customers.

This booklet provides farmers and processors with practical advice and case studies on how to target their marketing strategies to the growing number of 'ethical consumers', and how to improve their communication with their customers.

Box 1: IFOAM (International Federation of Organic Agricultural Movements)

IFOAM's mission is 'leading, uniting and assisting the organic movement in its full diversity' across the world. Central aims are 'to build a global platform for the organic movement and to develop, communicate and defend the principles of organic agriculture'.

*In 2005, IFOAM launched a bottom-up process to develop the principles on which organic agriculture is based. As a result, the four **Principles of Organic Agriculture** – 'health', 'ecology', 'fairness', and 'care' – were formulated.*

*According to the **principle of health** 'organic agriculture should sustain and enhance the health of soil, plant, animal, human and planet as one and*

*indivisible'. The **principle of ecology** emphasises that 'organic agriculture should be based on living ecological systems and cycles, work with them, emulate them and help sustain them'. The **principle of fairness** refers to the fact that 'organic agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities'. Finally, according to the fourth **principle of care**, 'organic agriculture should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment'.*

Source: www.ifoam.org

In Chapter Two, we start by looking at consumers' understanding of the additional ethical values of organic food – the so-called 'OrganicPlus' benefits. The third chapter concentrates on the producers' and processors'/traders' perspectives, comparing their ethical concerns with the EU regulation on organic farming. In addition, we look at a number of real examples of organic enterprises that realise and communicate these 'ethical' activities to their customers. The fourth chapter focuses on certification, labelling and definitions in the context of communicating the key ethical attributes which exceed the baseline EU organic standards. The four original reports on which this handbook is based are available on our project website (<http://fcp.coreportal.org/>).

This booklet is the outcome of the CORE Organic pilot project 'Farmer Consumer Partnerships' (FCP). The aim of this project was to identify the most promising 'ethical' communication arguments exceeding the EU organic farming standards in a multi-step approach. Six partner institutions from five European countries were involved in this

transnational European research project and the investigations took place in the five partner countries Austria, Germany, Italy, Switzerland and United Kingdom.

Consumer preferences and willingness to pay for ‘ethical’ organic food

This chapter focuses on how consumers perceive the additional ethical attributes of organic food. We consider the emergence of the ‘ethical consumerism’ in general, before looking at which particular ‘additional ethical attributes’ of organic food consumers are interested in.

It is now widely accepted that the purchasing behaviour of many consumers is increasingly influenced by a range of social concerns, ethical values and moral concepts. The rapid increase in demand for organic and Fairtrade products over recent years is a clear example of the growing importance of ‘ethical consumerism’ in the food sector.

However, the organic sector is not immune to the negative effects of globalisation and ‘anonymity of trade’. The remarkable success story of the organic sector has attracted the interest of ‘conventional’ entrepreneurs and corporations. As the popularity of organic food has grown, so too has the range of organic products that are mass produced and, in many cases, competition has predominantly become a question of price. Indeed, the underlying ‘ethical values’ and objectives of the organic movement that go beyond the standards set out by the EU regulation on organic farming are no longer central to large sections of organic production.

There is mounting evidence that some 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 – personal values which go beyond the basic ethical criteria established by EU organic standards.

This chapter seeks to identify the specific additional preferences of these ‘ethical’ organic consumers. Understanding the concerns of these consumers – and then ensuring that you are effectively communicating the additional ethical or ‘OrganicPlus’ attributes of your products to this target group – is essential for continued business success.

In shorter supply chains, such as farm shops or farmers’ markets, communicating the OrganicPlus values of organic production is relatively straightforward (1). In contrast, communicating these values to consumers in more sophisticated supply chains such as supermarkets is much more challenging. But however you sell your products, a sound knowledge of the particular preferences of your customers is essential to successfully market organic products with OrganicPlus attributes. So which specific OrganicPlus arguments offer the greatest opportunity to secure – and hopefully increase – your market share?

Consumers’ interest in additional ethical attributes of organic food

Research shows that organic consumers are generally more interested in social and environmental aspects of food production than the average con-

sumer (2, 3, 4). Besides the more self-centred motives – such as health benefits and taste – there is sufficient evidence to suggest that a range of ethical motives also play a part in people’s decision to buy organic food. These include environmental concerns, animal welfare issues, the desire to support ‘traditional’ or local/regional food production, and the wellbeing of those people involved in the production of organic food (5, 6, 7, 8).

Buying organic food is therefore a form of ‘ethical consumerism’, based on underlying soci-

etal values like the welfare of all people and nature. The ethical concerns of organic consumers can be easily categorised according to the three pillars of the concept of sustainability: ecological, social, and economic sustainability. These three pillars can then be further broadened to include animal welfare and cultural aspects, such as preservation of cultural landscape features. Table 1 provides an overview of the key ethical concerns among organic consumers:

Table 1: Ethical concerns of organic consumers and their categorisation

Categories	Concerns
Ecological	<ul style="list-style-type: none"> > Sustainable resource use > Protection of ecosystems > Preservation of biodiversity > Minimise pollution
Social	<ul style="list-style-type: none"> > Civic responsibility, care farming > Food quality and safety, human health > Transparency and trust
Economic	<ul style="list-style-type: none"> > Fair prices for farmers > Fair prices to consumers, affordability
Other	<ul style="list-style-type: none"> > Local/regional supply chains > Animal welfare

Looking at Table 1, it is clear that the ‘ethical values’ which consumers associate with organic farming are not necessarily covered by the EU regulation on organic farming 834/2007¹ (see Chapter 3). Nevertheless, most of them match with the philosophy of the pioneers of organic farming. We call the

concerns which exceed the standards set by the EU regulation on organic farming ‘additional ethical attributes’ – or ‘OrganicPlus’ attributes.

The examples of regional marketing and Fairtrade products illustrate that organic consumers are willing to pay a price premium if they feel

¹ Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91. Official Journal of the European Union L 189/1 (28.7.2007).

that an organic product incorporates the ethical values which go beyond the basic organic standards – and if these values are well communicated. Therefore, one of the key barriers which is currently restricting the ethical buying behaviour of organic consumers is poor communication – or the failure to provide clear information – about the OrganicPlus attributes of your products.

Based on these results, and the additional ethical arguments that farmers already use (see Chapter 3), we selected the following OrganicPlus attributes for our research:

- Animal welfare
- Regional/local production
- Fair prices for farmers
- Care farms or support of disadvantaged people
- Social criteria of production – for example, support of traditional family farms or better working conditions
- Preservation of biodiversity
- Cultural features – for example, the preservation of cultural landscape or traditional processing methods.

Consumer survey

We began by surveying 1,200 consumers in the five study countries about their preferences regarding the additional ethical attributes of organic milk. Using a computer-based tool, individuals were asked to identify product information from examples of one litre milk cartons which helped or encouraged them to decide between buying the various products.

All the products were characterised by different combinations of the key additional ethical or OrganicPlus attributes – apart from one milk carton. This last milk carton was a standard organic product, produced according to the EU regulation on organic farming, and served as a comparison. All the ‘ethical’ organic products were offered at a 20% higher price than this ‘standard’ organic product. It was assumed that people taking part in the survey would look for information on the attributes which were most relevant to their purchasing decision, and that they would look for the most important attribute first (9). After reviewing each product the individuals were asked to decide which they would choose to buy.

The results (Table 2) show that on average across all countries, ‘animal welfare’ was the most important attribute, followed by ‘regional production’, ‘fair prices for farmers’, and then the ‘product price’. Although the rankings were generally similar in all countries there were some notable differences. For example, Swiss participants showed a higher relative preference for ‘animal welfare’ and ‘regional production’ compared to the other attributes, while Italian consumers ranked ‘regional production’ higher than ‘animal welfare’ and the ‘product price’ higher than the ‘fair prices for farmers’ attribute.

Table 2: Relevance of attributes: share of each attribute to be selected first (in %)

	Austria	Germany	Italy	Switzerland	United Kingdom
Animal welfare	21.3	22.1	18.0	27.6	17.9
Regional production	19.2	22.9	21.9	25.1	17.1
Fair prices for farmers	17.1	15.4	8.2	13.4	14.6
Product price	13.8	11.3	20.6	6.7	14.6
Care farms	9.6	7.9	9.4	4.6	9.6
Social criteria of production	6.3	10.8	9.4	5.9	6.7
Biodiversity	5.0	5.8	6.9	9.2	9.6
Cultural features	7.9	3.8	5.6	7.5	10.0
Total	100.0	100.0	100.0	100.0	100.0

Another indicator used was the share of respondents looking for information on the respective attribute at least once. While the ranking of attributes using this indicator was similar to the results presented above, it is interesting to note that on average only 80% of those taking part considered the attribute ‘product price’ at least once before making their virtual purchase decision. In other words, 20% of those surveyed did not ask for any information on product prices before deciding to purchase a product. This trait was higher among ‘regular’ consumers of organic food than ‘occasional’ organic consumers. On average, only 5.5% of respondents wanted to buy the cheaper ‘standard’ organic product. Interestingly, only 2.5% of ‘regular’ organic consumers chose the standard organic product, while the corresponding share was 7.3% among the ‘occasional’ organic consumers. These results indicate

that regular organic consumers are less ‘price sensitive’ than occasional organic consumers and that the vast majority of the participants were willing to pay more for the OrganicPlus products where they are clearly communicated.

The survey indicates that organic consumers in all study countries see ‘animal welfare’, ‘regional production’ and ‘fair prices for farmers’ as the most important OrganicPlus attributes of organic food – even though the ranking differs slightly from country to country.

Organic label test

These core OrganicPlus attributes – animal welfare, regional production and fair prices for farmers – were then used in the next research step. We hired a marketing agency to develop a range of labels for egg packaging using various arguments and

slogans which represented these different OrganicPlus attributes. In all countries the same wording was used, translated into the respective national language.

This part of the research project involved the use of discussion rounds (focus groups) to gather information from consumers on the perception and purchase relevance of the different arguments and slogans presented. Moderators guided the discussion groups of 6–12 people (10).

The egg packaging labels presented to consumers in the group discussions were rather emotive and were designed to touch the heart of the consumers. However, 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 fair to say that most consumers preferred labels which included short and simple statements referring to the relevant aspects of production.

Once again, the results of these group discussions showed that ‘animal welfare’ arguments were the most popular, followed by ‘regional/local food production’ and ‘fair prices for farmers’. The ‘animal welfare’ arguments, such as ‘freedom to live and roam outdoors’, were widely appreciated by participants in all countries. Statements like ‘the hens are looked after with love and care’ were liked by some and less by others. In particular, German and Swiss participants preferred more factual and less emotive statements.

When confronted with the ‘regional/local production’ attributes, consumers favoured detailed information on the place of production – or even on the producer/farmer him- or herself. Generally, local products were preferred over regional, while regional products were preferred over national. ‘Minimum transport and less pollution’ is an example of the type of concise message that many participants most appreciated.

The ‘fair prices for farmers’ argument was rather difficult to communicate in the context of organic egg production. An attempt to compare this with the ‘Fairtrade’ approach of supporting farmers in developing countries did not work well, as most consumers felt that you could not really compare the situation of European farmers with that of poor farmers in developing countries. During the discussion groups it was clear that people did not understand why domestic egg farmers should receive any special support. This illustrates that ‘fair price for farmers’ is a complex attribute to communicate effectively and should be used carefully. Nevertheless, consumer reactions to this attribute may also depend on the product: while the consumers’ response in the context of egg production was rather negative, there are already several successful examples of the ‘fair price for farmers’ being used by dairy farmers (see Chapter 3).

Consumer choice test

The next stage of our research consisted of the survey of 80 consumers in each of the study countries using a ‘consumer choice test’. The aim was to test

consumers' preferences and their willingness to pay for specific OrganicPlus arguments.

Again, the OrganicPlus attributes of 'animal welfare', 'regional/local production' and 'fair prices for farmers' were tested (11). Because most participants of the group discussions appeared to dislike the rather emotional design of the egg packaging labels, we asked the design agency to change to labels so that information was given in the form of clear statements instead.

The results of the consumer choice test once again confirmed that people generally preferred organic products with additional ethical characteristics. Table 3 shows that in all countries the use of 'regionally/locally produced' claims increased the probability that a product would be chosen. Interestingly, participants in Austria were the only ones who preferred domestically produced eggs over eggs without any information on their origin. The surprisingly low preference for domestically produced eggs was probably due to the fact that consumers expected the eggs to have come from the same country. Therefore, in most countries it appears that statements about domestic production are not seen as having any additional value.

Results indicated that packaging claims about animal welfare standards which exceeded the demands of the EU organic regulation increased the probability of selection among consumers from Germany, Austria and Switzerland, but not in Italy and UK. It is well known that 'animal welfare' issues are generally considered as less im-

portant for Italian consumers than in other countries. However, it is interesting to note that Italian consumers in our research showed a higher level of interest for animal welfare issues in the less factual (and more emotive) statements presented during the focus group discussions.

The attribute of 'fair prices for farmers' increased the probability of purchase in Switzerland and Germany only. The differences between countries might be due to ongoing public discussions about fair prices for milk in Germany and Switzerland at the time the survey was carried out. Indeed, these results appear to contradict the outcome of the earlier group discussions, where the 'fair price for farmers' labels were mostly rejected. The most likely explanation is that the emotional statements that were tested in the discussion groups were not helpful at all in communicating the 'fair price for farmers' idea. People do not want to feel like they are acting 'immorally' if they do not buy the 'ethical' product.

Table 3: Ethical arguments which increase the probability of purchase for organic eggs in different countries

	Austria	Germany	Italy	Switzerland	United Kingdom
From the own region	X	X	X	X	X
From national production	X				
Higher animal welfare standards	X	X		X	
Fair prices for our farmers: plus 20 pence/20 cents/50 Rappen		X		X	
Lower prices	X	X	X	X	X

Comparing the willingness to pay for each of these additional ethical attributes gives us information on the participants' relative preferences for the various OrganicPlus arguments (Table 4). In most countries the argument 'from the own region' was most important. This was followed by 'higher animal welfare standards' and by 'fair price for farmers' in Germany and in Switzerland. In Austria, the

additional willingness to pay was highest for the 'animal welfare' argument and lowest for being produced from the own region.² 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 'from the own region'.

Table 4: Ranking of additional ethical attributes in different countries according to respondents willingness to pay

	Austria	Germany	Italy	Switzerland	United Kingdom
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	–

*The difference in the willingness to pay between regionally and domestically produced eggs is so small that it can practically be neglected.

Our research therefore indicates that farmers and processors should concentrate on communicating messages about 'regional/local production' and

'animal welfare' to their customers. 'Fair prices for farmers' is also worth considering, particularly in Germany and Switzerland.

² The survey was carried out with respondents from Vienna. It is conceivable that the results would have been different asking consumers from other parts of Austria.

Ethical concerns in the organic food sector

In this chapter we analyse the ethical concerns and concepts of organic producers and processors/retailers, comparing them with organic standards to identify what kind of practices really do go beyond the EU regulation on organic farming (EC 834/2007). We also present examples of communication strategies used by organic companies from the five study countries which highlight how some producers are already successfully communicating their personal beliefs about the benefits of organic farming to customers.

Ethics refers to the values, principles and codes by which people live. Acting ‘ethically’ means taking these values seriously and putting them into practise in our day-to-day lives – including our purchasing decisions (12). ‘Ethical trade’ is now widely used as a generic term for the various schemes that refer to social and/or environmental values in production and marketing. Ethical trade schemes commonly focus on people (such as workers’ rights or producers’ livelihoods), environmentally sustainable production methods, or animal welfare objectives – or indeed a combination of all three (13).

In business, ethical considerations are often reflected in the widely used concept of ‘corporate social responsibility’ (CSR). A central feature of this concept is that the activities of the company exceed legal requirements in any given area and are largely voluntary in nature (14). CSR can cover a wide range of issues, including:

- Education and development of skills
- Equal opportunities

- Health and safety
- Corporate governance and leadership
- Community involvement and social partnerships
- Ecologically sustainable production and consumption.

Many companies have developed CSR concepts in order to explicitly state their social responsibility. Often this is due to ethical concerns of the entrepreneurs themselves. The reasons also might be purely economic – for example, cost reduction due to resource saving innovation or the reduction of CO₂ emissions. Similarly, activities that aim at improving the working conditions of employees may enhance labour productivity and motivation, and may also make the company more attractive to potential employees.

Particularly in the food sector, entrepreneurs understand that clean and safe environment is a precondition for the production of high quality and healthy food. Compared to larger companies, small and medium sized enterprises (SMEs) tend to be more sceptical of formal auditing tools to monitor their CSR, mainly because of the cost implications this can have for small businesses (15). On the other hand, SMEs can be very effective in meeting consumer expectations by implementing a less formal but more pragmatic approach to their CSR (16).

Organic food, additional ethical values and examples of successful communication

The organic food sector is a successful example of ‘ethical’ production within the whole food sector. While the EC regulation on organic farming integrates environmental concerns, as well as the assurance of high standards of animal husbandry, many other ethical concerns are not covered by this regulation. In this chapter, we identify these additional ‘ethical’ concerns and see how well they are covered by the EU regulation on organic farming.

The EU regulation (EC) 834/2007 provides a framework for organic production across the EU by defining aims, objectives and general principles. This regulation also covers specific principles for certain sectors – such as primary production and processing – as well as mandatory production rules governing the organic production process. The EU regulation (EC) 889/2008 sets out detailed rules which each Member State must implement and enforce, and has annexes containing lists of permitted inputs, for example.³ Both the principles and the rules in these regulations are binding for all organic operators, but the certification system mainly covers compliance with the specific rules of production.

The organic farming movement originally developed from a growing concern about the adoption of more intensive agricultural practices, particularly the negative health and environmental impact of agrochemicals, poor standards of animal welfare, and the nutritional quality of food. Over the years, the organic movement sought to establish a system of sustainable agriculture that could

serve as an alternative to mainstream agriculture, and which attempted to address the variety of ‘ethical’ concerns they had. The core values which were – and still are – of particular importance to organic farmers include:

- Sustainable use of natural resources
- Minimal use of external inputs (and closed production cycles)
- The preservation of non-renewable resources and energy conservation
- Environmental protection and the conservation of biodiversity and landscapes
- Financial and social justice
- The importance of regional and local production
- The integrity of supply chains (17).

These underlying values are reflected in the four Principles of Organic Agriculture (health, ecology, fairness and care, see Box 1 in Chapter One) which were developed by the International Federation of Organic Agricultural Movements (IFOAM) in 2005 (18). But while IFOAM’s Principles are recognised as providing important guidance on how organic businesses should act, it is fair to say that they have not been fully incorporated into EU organic standards and regulations.

As discussed in Chapter Two for consumers, the key ethical concerns of organic producers and processors can be summarised under four principal headings: ‘ecological’, ‘social’, ‘economic’, and ‘cultural/other’. Table 5 examines how effectively these wider ethical concerns are covered under the EU regulation on organic farming.

³ Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control. Official Journal of the European Union L 250/1(18.09.2008).

Table 5: Key concerns of organic producers and processors compared with the EU regulation (EC) 834/2007

Categories and concerns	Coverage by EC Regulation 834/2007
Ecological	
Sustainable resource use	Limited
Protection of ecosystems/biodiversity	Limited
Social	
Food quality and safety contributing to human health	Largely covered
Transparency and trustworthiness	Partly covered
Civic responsibility and care	Not covered except in principle of processing
Safe and equitable working environment	Not covered
Economic	
Fair and equitable financial returns for farmers (and consumers)	Regulation aims for fair competition, but no targets on prices are set
Cultural/Other	
Local and regional production	Not covered except compulsory to label of origin of raw materials
Animal welfare	Covered in principle and in some rules
Integrity of supply chains	Limited coverage through control system

As Table 5 shows, many of the wider ethical concerns of organic producers and processors have not yet been fully addressed by the EU regulation on organic farming. This is generally because it is difficult to convert ethical issues such as ‘fairness’ or ‘integrity of supply chains’ into clear rules that can be measured or audited as part of the inspection visit.

The following section analyses the EU regulation in detail and – specifically – its coverage of these wider ‘ethical concerns’ and provides ten case studies of organisations which have implemented activities to address these additional ethical standards within their production processes – and how they communicate this to their customers.

Box 2: ‘Ramsauer Bioniere’, Austria

Products: *Cereals, eggs, meat, milk and other dairy products, vegetables, and other products*

Company description: *‘Ramsauer Bioniere’ consists of a group of ten organic farmers in Styria who offer holiday accommodation on their farms. Inspired by the idea of sustainability, their aim is to transfer the philosophy of organic farming to tourism. The wordplay ‘Bioniere’ (which combines ‘pioneers’ with ‘bio’ or ‘organic’) highlights the innovative approach of offering holidays on organic farms.*

Corporate philosophy and OrganicPlus activities: *The corporate philosophy is characterised by organic farming, active environmental protection, climate responsibility and sustainable consumption. ‘Ramsauer Bioniere’ offer their guests a range of regional and seasonal products from own farms. Many of the farmer members have started processing their own primary products such as milk to produce foods like cheese. When buying food from*

other countries, they prefer to source fairly traded products. Environmentally friendly materials are used in the construction and renovation of buildings. The company has also installed resource saving waste and energy management systems, which are independently audited by the “Umweltzeichen” of the Federal Ministry of Agriculture, Forestry, Environment and Water Management.

Communication of OrganicPlus: *The OrganicPlus activities of ‘Ramsauer Bioniere’ are primarily communicated through their website and personal communications. Their guests are the most important ambassadors of the company philosophy, promoting the ‘Ramsauer d Bioniere’ to others by word of mouth.*

Claims: *‘Natürlich Urlaub’ [Certainly/natural vacations]. We think and act sustainably. For us nature is a cycle of giving and taking. For the wellbeing of all of us and our children. (Source: website)*

Website: www.bioregion-ramsau.at

Environmental protection is generally addressed within the EU regulation on organic farming (834/2007) as a fundamental objective of organic production (Article 3c) and also directly through limits on the use of inputs in the general principles (Article 4b and c). The regulation also makes some reference to sustainable resource use (Article 5b and c) and to the protection of biodiversity (Article 5n). However, there are very few detailed rules on how organic farmers and businesses should actually implement these principles. These areas are addressed in greater detail by some private organic standards, which may require farmers to set aside a minimal percentage of the farmland to wildlife habitats or which may establish clear limits on en-

ergy consumption for greenhouse production, for example (19).

There is a growing body of evidence to show that organic farming systems compare favourably with non-organic systems in terms of environmental impact (20). Nevertheless, the environment remains an area in which organic companies can make legitimate claims that they do more than the EU regulation requires. Examples of the effective communication of higher standards of environmental protection include ‘Ramsauer Bioniere’ (AT) and ‘Ökodorf Brodowin’ (DE).

Box 3: 'Ökodorf Brodowin', Germany

Products: Cereals, milk, other dairy products, sunflowers, vegetables.

Company description: 'Ökodorf Brodowin', located in the federal state of Brandenburg, started up in 1989 and was formed by two large crop and animal production cooperatives of the former GDR. More than 60 employees and 25 seasonal labourers work on this 1,400 hectare bio-dynamic farm, growing cereals, vegetables, sunflowers and other crops for oil production. In addition, products from five other farms are sold through 'Ökodorf's' direct marketing channels. 'Ökodorf Brodowin' also has dairy cows and their milk is processed on the farm. The products are sold via organic wholesalers, through the farm shop, and also through local box schemes.

Corporate philosophy and OrganicPlus activities: The farm, which is sited within the Biosphere reserve 'Schorfheide Chorin', is particularly focused on nature conservation activities and plays host to a number of special projects, such as the protection of butterflies, amphibians and frogs. Environ-

mental protection seems to be an 'affair of heart' for the people responsible for 'Ökodorf'. Social concerns are also important and 'Ökodorf Brodowin' supports a soup kitchen for people with very low incomes. All employees have health insurance and a pension scheme, which is not always the case in the agricultural sector.

Communication of OrganicPlus: 'Ökodorf Brodowin' communicates its approach via product labels, the farm shop, the website, newsletters in the box schemes, and through media coverage in newspaper.

Claims: 'Ökodorf Brodowin' does not want to use any slogans, as they fear that they would lose authenticity. Instead, they explain their on-farm activities in regular short texts on the milk bag itself written in clear, simple language about specific issues – such as 'how to preserve the habitat of the butterfly'. The idea is that the consumer can read it when having his/her breakfast.

Website: www.brodowin.de

High **animal welfare** standards are included as an objective and as a principle in the EU regulation on organic farming (834/2007: Article 3a and 5h). For example, chickens can not be kept in cages and must have access to range. This is why animal welfare claims cannot generally be considered as additional to the standard organic rules. However, there are several areas where the rules are not very detailed, and where additional activities and claims offer the potential to differentiate your products. For example, 'Uelihof' (CH) and the 'Well Hung Meat Company' (UK) explain that their animals are slaughtered close to where they were raised, providing additional welfare benefits above and beyond the

requirements set out by the EU regulation on organic farming.

Box 4: 'Uelihof', Switzerland

15

Product: Meat

Company description: 'Uelihof' is a small company situated in the canton Luzern. It specialises in meat products that are sold mainly in the region through the 'Uelihof' farm shop and other small shops, as well as to restaurants and old people's homes.

Corporate philosophy and OrganicPlus activities: 'Uelihof' was founded by a farmer and his wife. They were convinced that animal welfare was not considered to a satisfactory level within organic standards and decided to implement higher animal welfare standards throughout the whole supply chain, which would lead to better meat quality. They were particularly opposed to the long transport distances of organic animals which result from centralised slaughtering. Therefore, they have made sure that their animals are slaughtered in a small abattoir near the farm to minimise transport. The meat is processed according to traditional lo-

cal artisan techniques to differentiate their products from large scale industrial production. Mutual trust with consumers ensures higher company's independency and less vulnerability to food scares. The company's mission statement rates economic, ecological and social concerns as equally important.

Communication of OrganicPlus: Extensive communication between farmers and consumers is one of the cornerstones of the 'Uelihof' approach. They have opened up their farm to the public and try to demonstrate their philosophy through their own way of living. The concept is also communicated through product labels, leaflets, brochures and advertisements.

Claims: 'Organic meat: Just better by nature'.
(Source: website)

Website: www.uelihof.ch

Box 5: `Well Hung Meat Company`, United Kingdom

Product: *Meat*

Company description: *The 'Well Hung Meat Company' is a small company located in Devon in England, owned by one farmer. It produces and sells mainly meat that is sourced from 12 farms in the Southwest which supply different types of meat. The meat is sold through (farm) shops, monthly meat boxes, a burger van and other trade outlets.*

Corporate philosophy and OrganicPlus activities:

Animal welfare is on top of the company's list of priorities: animals are slaughtered either on the farms or at a local abattoir nearby in order to reduce the distance that animals have to travel. The slaughter process is as quick and painless as possible. The care for the landscape and the quality of the meat, in particular through hanging, are further key con-

cerns of the company. The meat box packaging is reusable in order to reduce waste. The company is also involved with a charity that provides support for farmers that are in difficulty or distress. The company works hard to educate consumers on the benefits of organic food and farming.

Communication of OrganicPlus: *The Well Hung Meat Company communicates its activities via the company and product name, the monthly newsletters included with the meat boxes, in the shops through leaflets, through their website, advertisements and other promotional activities.*

Slogans: *'Well Hung Meat company'; Tasty, organic and produced to the highest standards of animal welfare (Source: website)*

Website: www.wellhungmeat.com

Economic concerns generally relate to issues of fairness, such as fair prices and decent working conditions for organic businesses. The basic aim of the EU regulation (EC 834/2007) is to ensure fair competition through the proper functioning of the organic market. Wider concerns about fair prices for producers or consumers are not addressed in any way by the regulation. Therefore, there is plenty of room for organic businesses to make additional claims relating to these issues. Examples include the fair price argument, like '5 cent extra - paid directly to the farmers' (Upländer Bauernmolkerei, DE). Others make claims about the need to pay farmers fair milk price to ensure they have a sustainable, long-term future (Sennerei Andeer, CH).

Box 6: 'Upländer Bauernmolkerei', Germany

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Products: *Milk and dairy products*

Company description: *The 'Upländer Bauernmolkerei', situated in the federal state of Hessen, is a medium-sized dairy with 130 suppliers, focusing on the regional market.*

Corporate philosophy and OrganicPlus activities: *The company emphasises the fact that additional five cents of the price paid by consumers goes directly to local farmers, thereby ensuring their existence and future. The driving force for the fair price approach was the farmers' impression that the market price paid for organic milk did not cover production costs of small and medium sized farms in disadvantaged regions of Germany. 'Upländer Bauernmolkerei' is also actively working against GMOs and is engaged in educational activities through its milk museum. The company raises consumers' awareness of the importance of higher prices for farmers and how their support helps to preserve the cultural landscape. Promoting the local and regional economy and producing high quality products in accordance with nature is of great*

importance for the 'Upländer Bauernmolkerei'. In future, the 'Upländer Bauernmolkerei' wants to further develop the fair price concept by integrating the consumers' perspective with a 'fair prices for consumers' message. The dairy also intends to become exclusively organic in the medium or long term and is looking at ways of expanding the concept to other products.

Communication of OrganicPlus activities: *The dairy communicates its concept via the product labels, their website, leaflets, brochures, newspaper articles, the museum and trade fairs. The name 'Bauernmolkerei' (meaning farmers' dairy) helped to convince shop owners and consumers from the outset that their money would really go to the farms. The idea of fair prices has already been widely copied within the milk sector.*

Claims: *'Fair prices for our dairy farmers'; 5 cents directly; engagement for domestic organic farmers since fair prices ensure their future. (Source: website)*

Website: www.bauernmolkerei.de

Similarly, the issue of **local/regional** production and minimal transport distances is not covered at all under the EU regulation on organic farming, although the introduction of the new EU logo in July 2010 requires organic businesses to clearly label the origin of all raw materials. Therefore, it is certainly possible for organic businesses to make claims about 'regional' or 'local' production as an additional ethical attribute of their organic food, where appropriate.

Regional/local food is considered to have a number of key benefits, offering consumers fresher food and better traceability, as well as the associ-

ated environmental/animal welfare benefits of reduced transport distances, and improved employment opportunities for the local community. Also, shorter regional supply chains can offer a greater feeling of trust and transparency between the producer and consumer. This is reflected in the strong emphasis of many companies which promote the local origin and the 'low food miles' associated with their distribution systems. Claims about regional/local production belong to several of the categories displayed in Table 6. Company examples include 'Arca Felice' (IT), 'Sennerei Andeer' (CH) and 'Calon Wen' in Wales (UK).

Box 7: `Sennerei Andeer`, Switzerland

Products: *Cheese, other dairy products*

Company description: *‘Sennerei Andeer’ is a small alpine dairy situated in the canton Graubünden, producing mountain cheese from the milk of five dairy farms in the village Andeer and its neighbouring villages. The cheese is sold locally through cheese wholesalers to specialised shops in Switzerland, Germany and the UK, and to the Swiss dairy company ‘Emmi’.*

Corporate philosophy and OrganicPlus activities: *The central philosophy of ‘Sennerei Andeer’ is to preserve a traditional farming structure in the region by supporting the few remaining farms, the dairy and its shop. The objective of the company is to maintain the cultural landscape of the region, to keep Andeer attractive for the people who live there, as well as for tourists. Supporting farmers in mountainous regions, securing jobs in the region*

and reducing food miles are essential cornerstones of their approach. More autonomy through (in-house) price setting, long-term relationships and fair prices for the suppliers are also important to ‘Sennerei Andeer’.

Communication of OrganicPlus: *The cheese makers view their product – the cheese – as a messenger of all these ideas. In their communication, the quality of the cheese is emphasised – especially the use of traditional artisan processing methods and the effect on local landscape and economy. The approach of ‘Sennerei Andeer’ is communicated via newspaper articles, their website and the product itself.*

Claims: *‘Erhalten statt Wachsen’ [Preservation instead of growth]. (Source: website).*

Website: www.sennerei-andeer.ch

Box 8: 'Calon Wen', United Kingdom

Products: *Milk and dairy products*

Company description: *'Calon Wen' is a small cooperative of 20 dairy family farms located in Carmarthenshire, Wales. The cooperative exclusively processes high quality organic milk and dairy products. 'Calon Wen' was founded in 1999 by four farmers who wanted to process their own milk in the region and to keep the added value derived from this processing within the local Welsh communities.*

Corporate philosophy and OrganicPlus activities:

Apart from the regional approach, stable relationships with trading partners and a milk price that offers family farmers a long-term future are crucial for 'Calon Wen'. The cooperative members believe that the best way to produce milk is on family farms that are strongly rooted in the local communities. Careful use of natural resources is also important to the cooperative and this was a the driving force

behind the development of a new milk 'bag' packaging which helps to minimise waste.

Communication of OrganicPlus: *The OrganicPlus activities of the cooperative are communicated through the product label, the packaging and also through their website. A 'meet our farmers' link on the website is considered as being the most important argument. 'Calon Wen' was the first dairy to join the Soil Association's ethical trade scheme, which goes well beyond the requirements of the organic standards.*

Claims: *'Calon Wen is a professionally run, farmer owned business.' 'Our children and families drink our milk everyday and the rest is bottled or churned giving you a taste of the simple life.' 'Milk from our cows, milked by us. Fresh from Wales.'* (Source: website)

Website: www.calonwen-cymru.com

Producing **high quality food** is one of the cornerstones of the common concept of organic farming and is stated in Article 3 of the EU regulation on organic farming. The main rules implement this concept by strictly limiting which inputs can be used (Art. 4b and c). The new EU regulation includes general principles of food processing (Art. 6) that restrict the use of certain food additives and processing techniques. Further detailed rules exist for food processing, packaging and transport (Art 19 and implementing rules), so it is necessary to assess the EU regulation (834/2007) carefully to ensure that any claims you make about your processing activities really do go beyond the basic requirements of the regulation.

For example, the use of artisan or traditional processing techniques is an ethical attribute

which is not a requirement under the EU regulation on organic farming, but which organic businesses can communicate to their customers. Examples include the traditional artisan processing techniques of 'Uelihof' (CH) (Box 4), the hanging of the meat for 'Well Hung Meat Company' (UK) (Box 5), or the careful processing of herbs, spices and oils of 'Sonnentor' (AT).

Box 9: ‘Sonnentor’, Austria

Products: *Herbs, oil, spices*

Company description: *‘Sonnentor’ is a company which specialises in the processing of herbs, spices and oils. Located in the rural region ‘Waldviertel’, in Lower Austria. It was founded in 1988 by Johannes Gutmann, who wanted to establish a company in this particular region. Today, ‘Sonnentor’ is a medium-sized enterprise, exporting about 85% of its products world-wide to 40 different countries.*

Corporate philosophy and OrganicPlus activities: *Responsibility, fairness and mutual respect are the pillars of ‘Sonnentor’s’ corporate philosophy. From the outset, one of Gutmann’s objectives was to process all raw materials directly on organic farms, to use the experience and care of local farmers, and to guarantee transparency to consumers. Jobs within the region and the survival of those small (local) farms involved are further aims. Long-term contracts with the farmers form the basis of stable, mutually beneficial relationships. ‘Sonnentor’ is an*

attractive place to work, with family-friendly working models, high job security and the opportunity to work from home. The company takes its global corporate responsibilities seriously and supports a range of social aid projects in Africa, such as assisting smallholder farmers in Ethiopia.

Communication of OrganicPlus: *The company’s general philosophy is communicated through its products, the website, a sustainability report, brochures, articles and various events for the company’s stakeholders: small farmers in the region and across the world, employees and consumers. However, specific OrganicPlus activities are communicated carefully, as the managers fear that excessive communication might be misunderstood by consumers as a marketing ploy.*

Claims: *‘Happiness is growing here’ (Source: website)*

Website: www.sonnentor.com

The EU regulations on organic farming also do not contain any rules about **social issues**, such as appropriate working conditions of farm workers. Some private organic standards (including Basic Norms of IFOAM 2005) do address working conditions as part of their general provisions. But as workers are protected by general labour laws in Europe, special ethical concerns can only be stated if they go (well) beyond the respective domestic laws. For example, ‘Sonnentor’ (AT) and ‘Ökodorf Brodowin’ (DE) claim to enhance the welfare of their workers by providing flexible working hours or a special pension scheme. The Italian cooperative ‘Placido Rizzotto’ farms land that once belonged to the Mafia, giving employment opportu-

nities to the disadvantaged – especially disabled people and former convicts.

Box 10: 'Cooperativa Placido Rizzotto/ Libera Terra', Italy

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Products: *Cereals, fruits and vegetables, olive oil, wine*

Company description: *'Cooperativa Placido Rizzotto', located in the province Palermo in Sicily, produces cereals, fruits and grapes. The non-profit cooperative is named after a young Sicilian farmer and farmers' union activist who was killed by the Mafia because he had fought for legality.*

Corporate philosophy and OrganicPlus activities: *'Placido Rizzotto's corporate philosophy is to farm the land that used to belong to criminal organisations and, at the same time, to offer help and work to young people, especially disabled people and former convicts. The cooperative also aims to demonstrate to the people of Sicily and other parts of*

Italy that something can be done against criminal organisations. 'Placido Rizzotto' is a member of the association "Libera Terra" (Free Earth), a group of social cooperatives and associations that use confiscated land for various activities, including (organic) farming. This approach is unique and well-known all over Italy.

Communication of OrganicPlus: *The cooperative communicates its activities and attitudes through its products and also through the website, leaflets, advertisements and newspaper articles.*

Claim: *'Free Earth (Libera Terra) from Mafia oppression'. (Source: website).*

Website: www.liberaterra.it

It is difficult to relate people's concerns about the **transparency of organic food systems, integrity and trust** to specific articles in the EU regulation on organic farming. The EU regulation requires independent inspection and certification in order to provide transparency and trust, while the content of EU regulations and most private organic standards are accessible to the public, which contributes towards transparency and trust in organic systems. However, producers, consumers and other stakeholders are becoming increasingly concerned about the rapid growth in sales of mass produced organic products and the associated anonymous and long supply chains. An increasing number of consumers state a clear preference for shorter, local or regional supply chains. These issues are not addressed in any way by the EU regulation on organic farming and several companies refer to this in their corporate philosophy and in their communication with customers – for example, 'Arca Felice'

(IT) considers consumer trust as absolutely essential to their operation.

Box 11: 'Arca Felice', Italy

Products: Cereals, honey, meat, oil

Company description: 'Arca Felice' is a city farm in the province Ancona, producing cereals, honey, meat and oil for the local community.

Corporate philosophy and OrganicPlus activities: 'Arca Felice' is a community supported agriculture (CSA) scheme owned by the municipality. The term 'community supported agriculture' refers to a system in which consumers are closely linked to the farm. Usually they pay money on a regular basis to the farm to provide greater financial stability and, thus, lower the risks. The name 'Arca Felice', meaning 'Happy Ark', is derived from Noah's ark in the Bible and suggests that the farm animals are happy. The company's aim is to realise sustainability 'from farm to fork', to produce high quality food in the community – and for the community – and to provide environmental education services. The farm works to raise awareness of biodiversity and ani-

mal welfare, as well as a greater knowledge of food and food culture in general. The trust of consumers in organic products is essential to 'Arca Felice'. The city farm wants to cooperate with other similar farms in order to create a new standard and to prevent scandals in the organic sector that could ruin the good reputation and hard work of 'Arca Felice'. The farm would like to act as a model for a sustainable food system through minimising food miles and guaranteeing food security for the community.

Communication of OrganicPlus: 'Arca Felice' communicates its approach through its products, leaflets and brochures, as well as its educational work.

Claims: 'Arca Felice' (Happy Ark); 'At home as at school'. Happy Ark sells organic meat and produce to local school canteens, therefore promoting the idea of continuing the organic diet at home, too. (Source: website).

Website: www.arcafelice.it

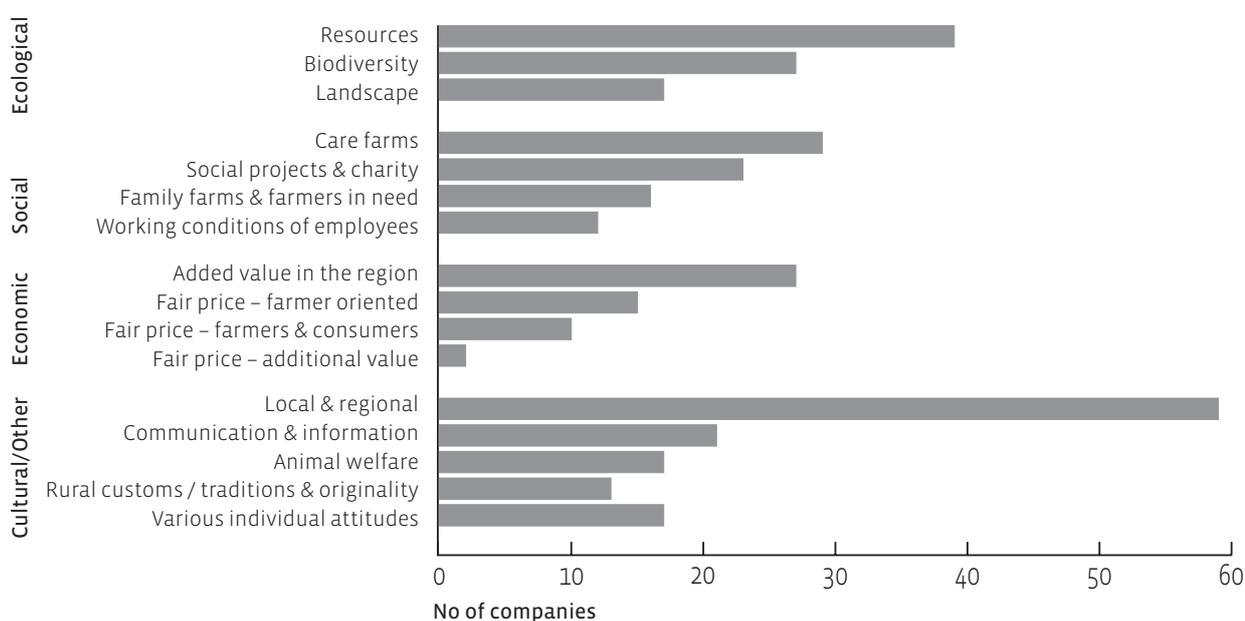
Which additional ethical attributes do organic farmers' address in their communication with consumers?

In 2008, we analysed the websites, product labels and leaflets of approximately 100 organic SMEs in Austria, Germany, Great Britain, Italy and Switzerland to examine what kind of additional ethical activities they attempt to communicate with their customers. Their products included meat, vegetables, milk and dairy products, cereals and baked products, as well as farmed fish and seafood products.

In total, we identified 72 different claims in their promotional materials about OrganicPlus attributes relating to the specific demands of the company itself (in the form of fair prices, for exam-

ple) or a wider responsibility for others, such as for residents of a care farm (such as disabled people, former criminals, or the unemployed) for animals, the landscape, rural development, and for nature. In addition to economic, ecological/environmental and social sustainability issues, many of these communications also contained a cultural dimension (see Figure 1).

Figure 1: Categories of arguments and the number of companies communicating these ethical activities



Arguments relating to regional development issues, regional supply chains or food miles were used most frequently – and in all countries. Some companies focused on one very specific communication argument, such as ‘fair prices for farmers’, while others focused on more general issues such as supporting domestic agriculture.

The ‘fair price’ argument was often used in the context of milk, while traceability was used in relation to meat and vegetables. Several companies producing vegetables and/or herbs also referred to working conditions. Except the very specific argument of an Italian care farm that is cultivating land confiscated from the Mafia (‘Placido Rizzotto’), the various claims were all found in more than one country.

Our survey showed that companies tended to address a number of different ethical concerns simultaneously. This tendency coincides with the holistic approach of organic farming which implies a strong relationship between different farm activities.

Most companies were not aware and did not refer to any specific framework for social accountability (such as CSR) or the IFOAM Principles when developing their individual additional ethical activities and communication strategies.

Most entrepreneurs stated personal ethical convictions, as well as awareness of other ethical standards and societal demands, as the main reasons for developing their specific ‘ethical’ concepts. It is interesting to note that organisations

whose production standards follow higher ethical considerations because of their own beliefs – or a commitment to certain ‘organic’ values – were particularly concerned that consumers might see such communications as simply an attempt to ‘make money’ out of their ethically motivated activities – which could be perceived as being ‘unethical’ in itself. In other cases the communication of additional ethical attributes was clearly motivated by an aim to improve the company’s positioning in the market place.

How to transfer ethically motivated activities into communication strategies?

Effective communication is essential: it is only when consumers know about a company’s ethical activities that they can act on their personal concerns and change their buying habits accordingly. However, communicating these OrganicPlus attributes can represent a considerable challenge for any business. The main aim must be to remain credible both in action and in word. While a number of tools and concepts are available to help companies review those activities and procedures which relate to ethical issues, they often require significant investments of time and resources – which can be a problem for small to medium companies with limited marketing budgets.

The following section provides organic companies with a number of simple suggestions and useful step-by-step guidelines on how to develop an individual ‘ethical’ communication strategy.

1. Reflect on your own philosophy

The first step when thinking of a new communication strategy is to reflect on the personal values which influence the production system. Which personal aims in terms of specific environmental and/or social concerns exist, and how do they influence the production processes and the quality of the products? For example, are you mainly concerned about preserving cultural landscapes or is high animal welfare the main incentive for the development of specific production processes?

During this process try to consider the relevance of these values for your potential customers: finding some common ground between the company’s ethical philosophy and the values and preferences of the consumers is absolutely essential.

2. What are the differences between your business practices and standard organic production?

Another precondition for a successful communication strategy is to identify the ‘uniqueness’ of your production processes and your wider activities – in other words, the differences between your production processes and the basic organic standards. Only clear cut differences that you can easily explain – and which allow consumers to easily differentiate your products from other organic products – will work. It is also important to ensure that consumers can easily verify all your claims.

3. *What additional benefits might my products offer to consumers? What might motivate consumers to buy my products?*

In order to answer these questions it is necessary to identify the specific preferences, values and concerns of your potential customers. When doing this you first need to identify the specific target group (see step 1) – or maybe even consider carrying out your own customer survey. You can then determine the additional benefits of your products for your customers. ‘Additional benefits’ refer to product characteristics which exceed the nutritional value, such as environmentally friendly production or higher animal welfare standards. In a wider sense they give your customers the feeling of having done something good to others and the world around them when buying your products.

4. *Expression of the additional benefits in communication concepts and arguments*

Based on the knowledge achieved from the previous steps, you should now be able to match the particular strengths of your company, its production processes and products, with the main concerns and expectations of your customers – and then focus your communication efforts on highlighting these specific issues as clearly as possible.

Always try to ensure that your communication arguments meet your customers’ concerns as closely as possible. It is worth remembering that your consumers are bombarded by a huge range of marketing information each and every day. It is therefore important to keep your arguments as

short and concise as possible. Try to keep any additional information – such as extensive descriptions of your production processes or the firm’s philosophy – as a supplement rather than as your main message: ‘Say it simply and in a few words’.

Certification, labelling and definitions of additional ethical attributes of organic food

This chapter deals with the certification and labelling of organic products that fulfil additional ethical criteria. A significant proportion of this chapter is dedicated to the need to find a common understanding and an agreement on definitions by producers and consumers. Only then will the communication of the additional ethical attributes of organic food gain – and secure – consumer trust and improved market shares.

It is clear from the findings in this booklet that there are clear areas of common understanding between organic producers and consumers about the additional ethical attributes offered by some organic production systems. Many producers already go well beyond the basic production requirements of the EU regulation on organic farming; at the same time, a growing number of organic consumers are looking for products which can offer these so-called ‘OrganicPlus’ attributes.

But while this growing demand will undoubtedly offer new market opportunities for those organic businesses which can provide OrganicPlus products, the fact that some consumers are willing to pay a price premium is also likely to attract ‘freeloaders’. ‘Freeloaders’ are entrepreneurs who simply want to make a quick profit, but who have no real interest in organic or ethical issues. This is particularly concerning because consumers cannot easily verify most additional ‘ethical’ claims when buying or consuming products.

The problem is that information on these ethical attributes is asymmetric: in other words, the

producers hold all the specific information about their products, while consumers lack any real information – not only about its particular characteristics but also how it was produced. Therefore, consumer trust is essential when considering ‘ethical’ concerns. This chapter summarises some thoughts about the labelling, certification and definition of these additional ethical attributes of organic food.

How to create credibility?

Companies have two different options when seeking to create credibility among their customers: they can attempt to communicate directly with their customers or they can rely on the services of existing independent labels and/or certification systems.

Independent certification bodies offer a number of advantages. Firstly, they can guarantee the companies’ compliance with set standards, meaning that customers might have more trust in such institutions – particularly the more well-known or established schemes. Secondly, these third party institutions offer a wide range of services, including standard setting, inspection, certification and the enforcement of labelling (important to ensure that freeloaders are excluded). Thirdly, contracting an independent certification body is usually less expensive, as they take on the same tasks for a large number of enterprises. As a result, the benefits of independent certification might outweigh any disadvantages, particularly for smaller enterprises and farmers.

However, as certification of 'ethical' production is entirely voluntary, many producers choose not to employ the services of additional independent certification because of the extra paperwork, effort and expenditure involved. Indeed, many farmers are already rather tired from the efforts involved in complying with basic organic certification.

Nevertheless, independent verification has an important role to play in maintaining consumer trust – especially in a marketplace which is becoming increasingly confusing to the consumer. And the emergence of 'freeloaders' – those entrepreneurs who only wish to make a quick profit – would not only result in the loss of individual market shares, but could threaten the entire 'ethical' food sector. If consumers feel cheated they may lose trust in 'ethical' goods and choose not to buy such products again. Indeed, research shows that ethical consumers are more sensitive to fraud than other consumers. Therefore, formal auditing and verification procedures for 'ethical' production could actually strengthen the partnership between producers and consumers of organic food, whereas a lack of engagement with verification could result in a future loss of trust.

While it is not always necessary or desirable to have all activities externally verified, it should always be easy for consumers to make a clear judgement on their own as to whether any ethical claims made by a company are true. In structures like consumer supported agriculture this is relatively straightforward because of the close rela-

tionship between the consumers and producers. Similarly, in direct sales – such as farmers' markets – consumers can usually speak to the producer directly about the products they are about to buy and even visit the farm to see the production systems themselves.

However, things are not always that simple once supply chains become longer and more complex. For example, farm shops which claim to sell local products (or create such an image) should always ensure that they closely monitor where all bought-in products come from – and be ready to provide reliable information about their suppliers to enquiring consumers.

Claims about specific animal welfare standards are particularly difficult to prove, since consumers generally know very little about existing standards and practices in livestock production. In any case, companies that promise any performance that goes beyond the organic standards and regulations should have clear criteria and documentation to show to their customers.

Labelling

Labelling is an important way for companies to communicate specific product quality information, particularly when joint standards are met. An example of the labelling of 'ethical' attributes of food is the 'Fairtrade' label (21), while examples of labels which indicate higher animal welfare standards – and which are not related to organic farming standards – include the 'Neuland' and 'Freedom Food' labels (22, 23). Another label which relates to

labour, human rights issues and working conditions (the SA 8000 standard) is ‘Agricoltura Etica’ within the ‘Social Accountability Watch’ association (24).

There are some initiatives within the organic farming sector itself which seek to communicate additional ‘ethical’ attributes like higher social standards. These include the ‘Hand in Hand’ of ‘Rapunzel’, ‘Naturland Fair’ (25, 26) and the ‘Soil Association ethical’ initiatives. Other farmers’ associations and initiatives are also currently considering the development of specific ethical standards.

Lacking definitions

A precondition for certification and labelling is the establishment of a common standard. This in turn requires a clear-cut definition of the attributes/claims/arguments under question. The problem is that, at present, there is a clear lack of common definitions for most of the ethical attributes which we have identified in this booklet as offering the most promising opportunities when communicating with consumers. Indeed, there is no commonly accepted definition for the wider term ‘ethical’, or even for more specific terms like ‘higher animal welfare standards’, ‘regional/local production’, or the ‘fair price’ argument.

The specific difficulty with ‘higher animal welfare standards’ is that the asymmetry in information between producers and consumers is very high. For example, while most consumers rightly associate organic farming with higher animal welfare standards – and many aspects of animal welfare

are obviously addressed under the organic standards (see Chapter 3) – many consumers actually know very little about the specific forms of animal husbandry themselves. This makes it particularly difficult to differentiate products on this basis.

Similarly, the issue of regional or local production is not just limited to the organic food market. There are many initiatives which seek to encourage consumers to buy regionally produced foods. Nevertheless, difficulties still arise with a common definition of regional or local production. Producers and consumers might judge distances differently and therefore may have very different ideas of what is considered ‘local’ – or even ‘regional’. While producers may refer to ‘local/regional’ sourcing of raw material, consumers may refer to the distance between the place of production or processing and final consumption. Another aspect is that ‘regional production’ may also depend on the product itself.

The term ‘fairness’ has become increasingly popular in recent discussions about organic farming. However, there is no common definition for this term either. Most people see ‘fairness’ as a good thing: it implies not only well-being for the farmers by offering a sustainable living, but also the well-being of the customers from moderate prices. While ‘fairness’ can never be wrong, producers and consumers often have a very different understanding of the term. Indeed, there are many approaches to the definition of ‘fairness’. Producers might regard the ‘fair price argument’ as simply meaning higher product prices, while consumers may relate higher producer prices with many other benefits,

such as supporting family farms, preserving rural landscapes, and the feeling of doing something good by maintaining traditional farming structures and cultures, as well as benefiting from traditional and artisan processing techniques. Finally, the definition of 'fairness' will vary significantly from person to person, depending on their socio-cultural backgrounds. All in all, this makes the definition of common standards very difficult and the answer to questions like 'which prices are fair' and 'who decides whether or not a price is fair' remains a major challenge.

What you should keep in mind !

The main outcome of our research is that the communication of additional ethical attributes offers many organic businesses a real opportunity 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.

A growing number of consumers are looking to buy products which are produced according to a range of wider ‘ethical’ standards which are not currently covered by – or indeed exceed – the EU regulation on organic farming. We tested 7 additional ethical attributes with nearly 1,200 consumers in five European countries with a computer-based survey tool and found that ‘regional/local production’, ‘animal welfare’, and ‘fair prices for farmers’ were the most important, while issues like ‘care farming’, ‘protection of biodiversity’, ‘consideration of cultural features in production’ and ‘social aspects of production’ (such as working conditions) were less relevant.

Regional and local

Group discussions showed that consumers prefer precise information on where the product was produced – or at very least the specific production region. Clearly, consumers appreciate being able to judge themselves if a product is locally produced or from a particular region. Against the background of the difficulties in defining regional/local production – and increasingly complex supply chains – we

highly recommend defining the production place as precisely as possible, rather than referring to ‘regional’ or ‘local production’. In addition, it is worth noting that consumers may feel misled if they find out that a ‘regional’ product (or its raw materials) has actually been transported over long distances.

This approach is helpful in another respect: the attribute being regionally/locally produced is also very much dependent on the product in question. While an apple which has been transported over 100 km might be called ‘regional’ in the UK when compared to an apple imported from Italy, ‘regional/local production’ might be associated with smaller distances when discussing another product, such as eggs.

Animal welfare

Communicating any OrganicPlus attribute on ‘animal welfare’ is particularly difficult, since consumers already associate organic farming with the highest animal welfare standards. While most consumers are interested in animal welfare, the reality is that they know only little about it. The lack of clear and accepted definitions of higher animal welfare, combined with the general lack of consumer understanding about the current potential shortcomings in the organic regulations – and the exemptions that organic farmers are granted in this area – are key drawbacks when wishing to promote higher welfare standards. However, the examples of companies which have succeeded in communicating additional animal welfare standards to their customers listed in this booklet clearly

demonstrate that it is possible to overcome these barriers, and that developing convincing communication strategies is more than worthwhile.

Fair prices for farmers

The suitability for using the ‘fair prices for farmers’ attribute to differentiate products in the organic market seems to depend on exactly how it is communicated. Concise information, such as the definite premium on the average prices as used by some dairy companies, appeared to work rather well in our experiments, as it did with eggs.

It is likely that consumers associate not only the situation of the domestic farmers themselves with higher prices, but also indirect benefits like the preservation of traditional landscapes or family farms. This is probably why more general statements like ‘helping and supporting domestic farmers’ are usually rejected by most consumers. Indeed, marketers must take care not to connect any ‘fair price’ arguments too strongly with ‘Fair-trade’, which has been so successful in relation to products from developing countries. Consumers clearly do not see the situation of domestic farmers as comparable to those of poor farmers in developing countries.

Going beyond the EU regulation on organic farming

It is clear that 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. Our analysis also shows that

many producers already practise organic farming in ways that go far beyond the minimum requirements of organic standards set out by the EU regulation on organic farming. Indeed, the case studies we have presented in this booklet set excellent examples to others on how to achieve a broader range of values and sustainability goals.

As we have identified, the EU regulation does little to address issues relating to social impact and integrity of supply chains from farm to fork, so many businesses would do well to consider making additional claims to their customers on these issues. Reduced environmental impact and improved animal welfare are clear objectives under the EU regulation and are likely outcomes if organic standards are followed. Nevertheless, only a small number of direct rules in both areas actually form part of the organic inspection systems, meaning that both areas offer opportunities for practices which exceed the minimum EC standards. However, not all claims about good animal welfare and low environmental impact really are above and beyond the basic standards. For example, many rules related to welfare of laying hens are already part of the organic rules, such as access to free range and the provision of nest boxes. On the contrary, claims about the management of the range – such as providing birds with sand bathing facilities and shelter – could certainly be seen as going beyond the basic requirements of the organic standards, and are likely to interest the ethical consumer.

In any case, farmers who wish to make claims about additional ethical activities should

target their efforts on 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.

Target your messages

The communication of additional ethical values is most likely to be successful if your customers concerns are properly met. Comparing the additional ethical attributes preferred by consumers with those most regularly communicated by producers reveals that while there is a lot of common ground, there are also significant differences.

While consumers mostly prefer organic food with additional characteristics relating to ‘regional/local production’, ‘animal welfare’ and ‘fair prices for farmers’, farmers themselves mainly focus on promoting ‘regional/local production’, ‘nature conservation’ and ‘biodiversity’ in their communication efforts. Our research suggests that producers should try to reorient their activities and target their communication efforts towards the key concerns expressed by their customers.

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 production should follow ethical considerations. However, from our point of view

there is no doubt that consumers must know about additional benefits in terms of ethical production of the products they are offered. Therefore, we highly recommend targeted communication of the specific ethical characteristics of the production processes to ensure that consumers are given the opportunity to make purchasing decisions according to their personal ethical considerations.

The effective communication of additional ethical values requires a common understanding of each particular attribute. However, in many cases, there are no common definitions or standards for the time being. Nevertheless, in discussions about future perspectives of organic farming the terms ‘fair’ and ‘regional’ have become very popular. ‘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. The potential for misleading claims and confusion is illustrated by the fact that a legal test case on the potential of consumer fraud using the term ‘fair’ has been coming up in Germany (27).

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. This holds particularly true as the terms under discussion are becoming increasingly well-known by today’s

consumers. Indeed, many consumers already have their own ideas on what is 'fair' and what is 'regionally 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.

Choice of communication tool

Demand for organic food which fulfils the wider values of ethical consumers is increasing year by year, offering excellent opportunities for entrepreneurs to differentiate their products from the growing mass of organic offerings in the marketplace. However, the challenge is to develop innovative and effective communication strategies to harness this interest. The organic food and farming sector has the potential to build up a good corporate image with regard to the ethical concerns of the public, which they can communicate through public relations (PR) activities, such as social networking, events and sponsorship opportunities. Compared to advertising (any form of paid non-personal communication) PR is less costly and much more credible. Thus PR – and its slogan 'do something good and talk about it' – is of great importance when seeking to communicate the ethical attributes of your products. Indeed, the advanced version of PR strategies – 'do something good and let others talk about it' – should be the core aim of all communica-

tion efforts when attempting to promote the additional ethical values of the organic farming sector.

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As the popularity of organic food increases, many organic businesses are facing ever greater competition in the marketplace. And 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 increasing threat.

Yet research shows that there is growing interest among today's consumers in the wider ethical principles which underpin organic agriculture. They want fairer working conditions; they want to support disadvantaged societal groups, higher standards of animal welfare, and the preservation of tradition and landscapes through their purchasing decisions – and they are willing to pay more for products which support this 'added value'.

This booklet provides farmers and processors with practical advice and case studies on how to target their marketing strategies to the growing number of 'ethical consumers', and how to improve their communication with their customers.