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# Improving Information on Organics

**USDA's 86<sup>th</sup> Agricultural Outlook**

***“Sustainable Agriculture: The Key to Health & Prosperity”***

**February 18, 2010**

**Christine Bushway**

**CEO/ Executive Director**

**Organic Trade Association**

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# Organic Trade Association



OTA's mission is to promote and protect the growth of organic trade to benefit the environment, farmers, the public and the economy.



Washington D.C. • Greenfield, MA • Ottawa, Canada



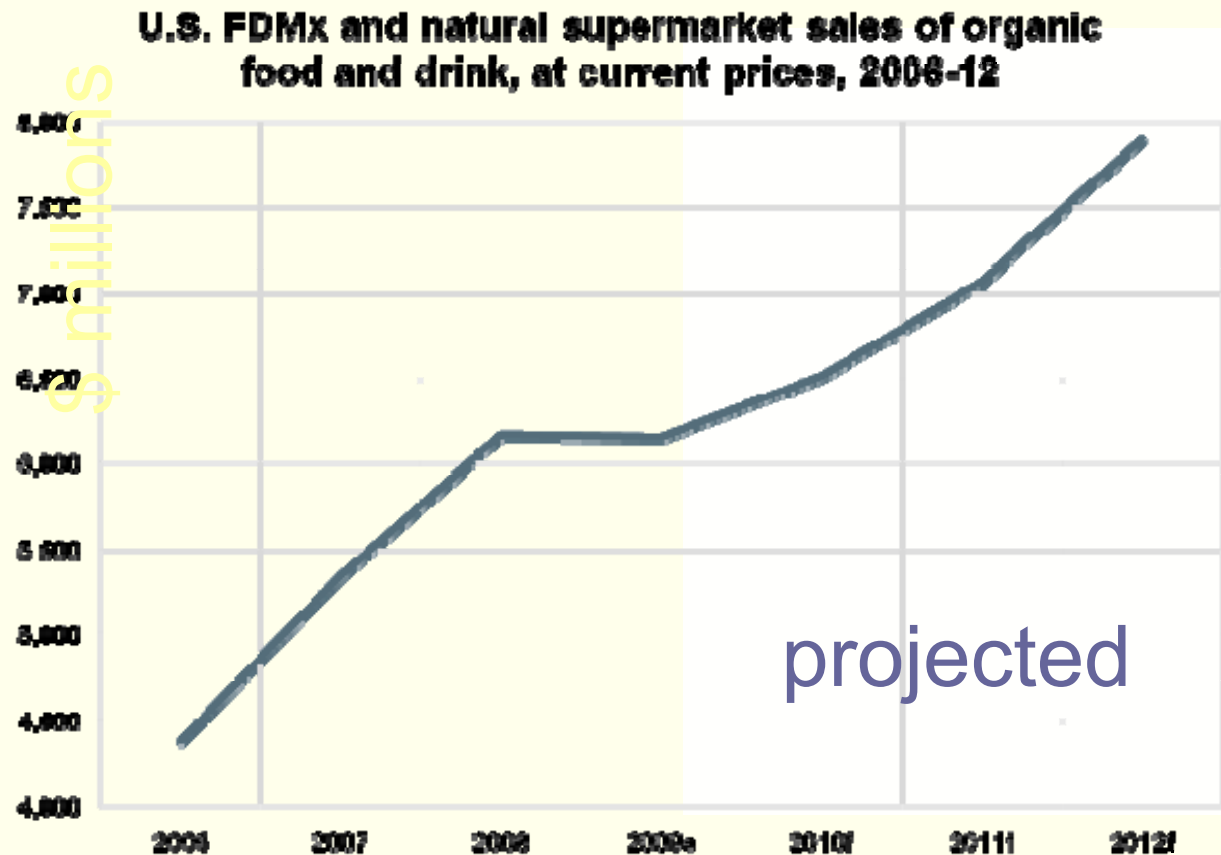
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# Market Update - Snapshot

- The growth rate for organic food products in 2008 was 15.8%. Organic food now accounts for 3.5% of all food products sold in the U.S.
  - The fruit and vegetable category accounts for the largest portion of organic food sales, 37% of total organic food sales in 2008.
  - The second largest categories are beverage and dairy, representing about 15% each.
  - The strongest growth in 2008 is in the categories of breads and grains (35% over 2007) and beverages (32%).

# Strong Growth in 2007-08 Slows Considerably in 2009 but Mintel Forecasts Recovery

- Following solid growth through 2008, the organic food and drink market slowed considerably in 2009, thanks to recessionary woes, and consumer behavior shifts.



SOURCE: MINTEL "Organic Food and Drink Retailing U.S. Report 2009" produced in collaboration with SPINS



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# Organic Trade Association

What information is needed to improve processors' (retailers') capacity to meet organic consumer preferences and needs?

- Product quality & diversity
- Merchandising Preference
- Price
- Cache
- Consumer needs for education

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# Consumer Research – What do we know today?

- Overview of available research
  - Mintel/SPINS- December 2009 release
  - OTA/Kiwi study April 2009
  - Boston Consulting Group
  - ERS

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# Trends in the “New Normal”

- Thrift
- The appearance of thrift
- Consume less
- Experience versus stuff
- Trading down but not trading out
- Cooking from Home Cooking from **Scratch**

Retailers and processors need strategic information on the ‘new normal’ to develop and market organic products that align with shifting preferences away from excess.



# Summary of Key Findings

**73% of U.S. Households with children report organic purchases in the last year**

**Challenging economic times impact families' spending habits**

- The largest cuts in household spending reported in the 'restaurant' category (67%,)
- Over two in ten parents (22%) report their most significant change in spending over the past year has been to 'eat out less and cook at home more.'
- Six in ten parents (63%) indicate they are more often 'buying ingredients to prepare meals at home' compared to six months ago.



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# Summary of Key Findings - Price

## Non-Buyers

- ‘Non-Buyers,’ are least likely to see ‘food’ as a component of any health maintenance activities and are far less likely to integrate *any* health-related activities into their and their family’s daily lives.
- These parents will frequently point to ‘price’ as a primary reason why they do not buy organics,
  - findings reveal a deeper inertia among Non-Buyers, driven in large part by a lack of interest in the subjects of health, food, and environmental issues.

**Processors and Retailers continue to need information on the price value equation and what motivates organic purchasers.**

# Summary of Key Findings

## What makes a committed organic shopper

High level of  
**Education + Trust =**  
**Increased Purchases**  
across multiple categories



Even more important than information about consumers' motivations, Retailers and Processors need enhanced ways to get the information out to consumers.

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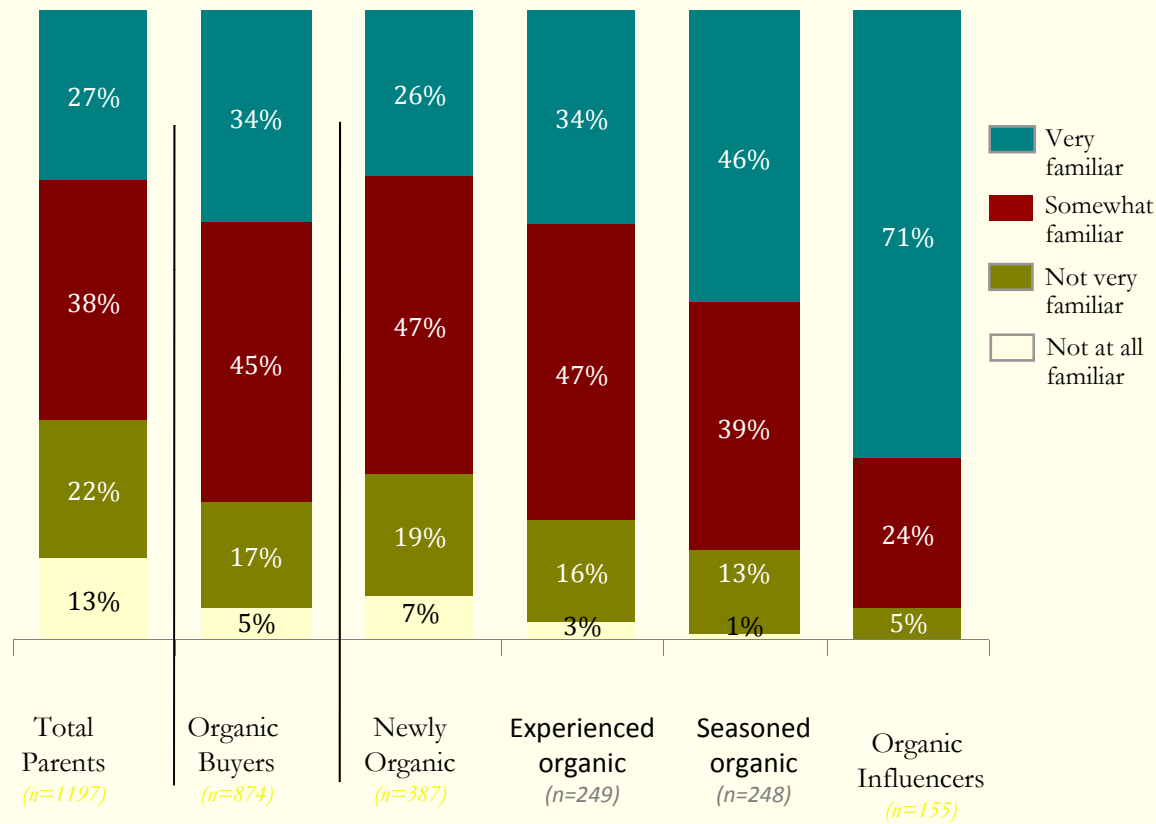
# Hurdles - Education

Need for organic 101 education will not go away.

Constant movement in and out of organic



# Only 3 in 10 Parents 'Very Familiar' with USDA Organic Seal



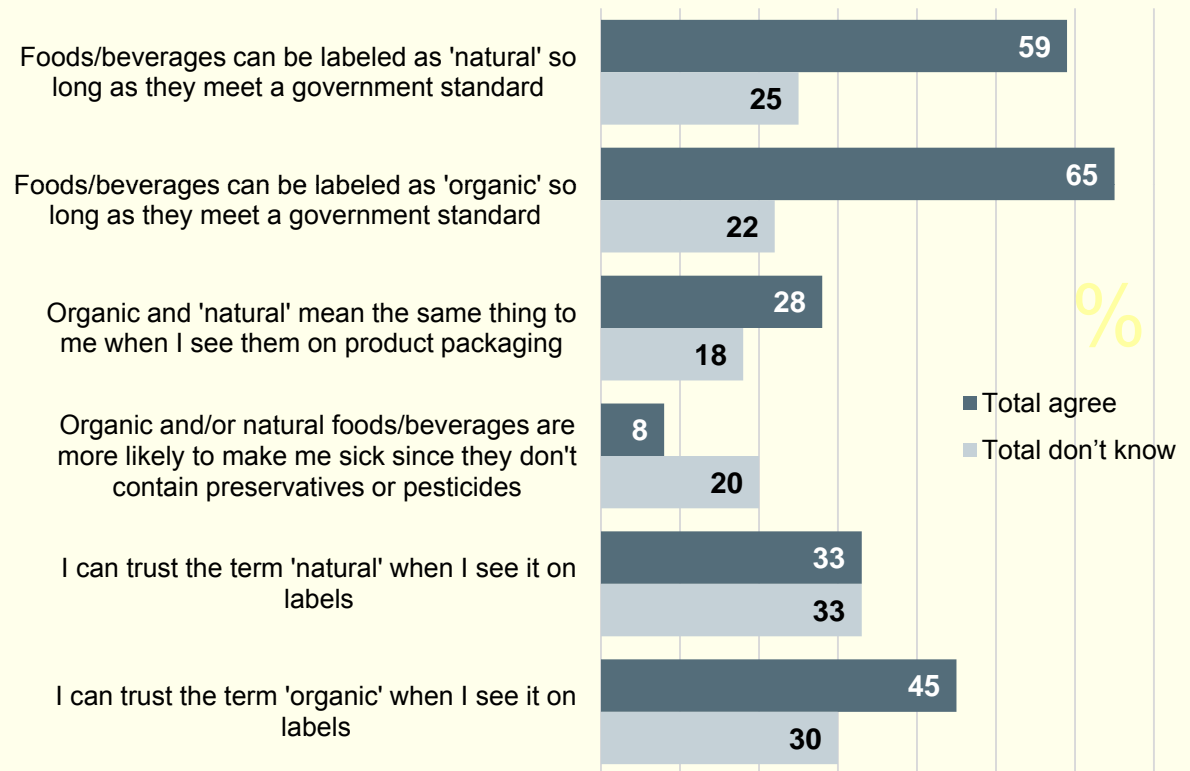
Q31: How familiar are you, if at all, with the USDA seal used on organic products?

Base: Total parents (n=1197)

# Natural & Organic Terms- Consumer Confusion Persists

- One thing is clear: there isn't clarity with consumers when it comes to an understanding of natural and organic terms. One third of all consumers don't know the truth about organic standards, as it relates to organic foods they see in retail outlets.

## Trust and understanding of the terms 'natural' and 'organic', September 2009



SOURCE: MINTEL "Organic Food and Drink Retailing U.S. Report 2009" produced in collaboration with SPINS

# What is OTA Doing - Consumer Outreach


**Organic.**  
It's worth it.

Stay informed via email:  
youremail@domain.com **SUBMIT**

**Make** **Get** **Grow** **Learn**

Join | About | Twitter

**Organic** farmers build healthy soils without the use of toxic and persistent pesticides, helping to combat climate change and reduce the toxic load in the environment.



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**What is the biggest change you have made to your grocery shopping habits over the past year?**

- Choosing 'store brand' products over brand names
- Cooking more at home
- Comparing prices
- Choosing items according to what is on sale
- Continuing to buy organic and doing all of the above
- Buying less organic

**Vote**

**News and Updates:**

- 1/18/10 Whites and reds go green
- 1/18/10 Michelle Obama's Birthday Surprise Party at Restaurant Nora
- 1/13/10 Organic. It's worth it in

# Social Media

**facebook** Remember Me Forgot your password? Email Login

**Sign Up** Organic Trade Association is on Facebook Sign up for Facebook to connect with Organic Trade Association.

**Organic Trade Association Funds available to assist Indiana organic farmers:**  
Hoosier Ag Today - News  
Source: www.hoosieragtoday.com  
The Indiana State Department of Agriculture (SDA) encourages Hoosier farmers interested in organic to take advantage of program funds available through the Indiana Organic...  
September 17 at 10:42am  
Jennifer and Caroline like this.

**Organic Trade Association French study shows organic comes out on top:**  
Study Finds Organic Foods are More Healthy : Fat, Drink, Better.  
Source: earthinstitute.com  
The contest on the heels of a UK study that said just the opposite. According to the AFSA study, organic foods are not only more nutritious, but they're safer. Here are the study's main findings.  
September 17 at 6:29am  
Shelby, Caroline and Abby like this.

**Organic Trade Association Organic coffee is a buzz on college campuses:**  
Organic Coffee in College, Hot Fall Foods and Coffee Bean Expands - Digital City - Local Lifestyle a  
Source: www.digitalcity.com  
Digital City is the local lifestyle news site covering entertainment, professional dining, nightlife and events.  
September 17 at 10:55am  
Caroline likes this.

**twitter** Hey there! OrganicTrade is using Twitter. Join today! Already using Twitter? Log in with Twitter.

**Organic. It's Worth It.**

- ✓ Organic adds to your health. It's just what you need.
- ✓ Organic adds to your taste. It's just what you need.
- ✓ Organic adds to your safety. It's just what you need.
- ✓ Organic adds to your taste. It's just what you need.
- ✓ Organic adds to your safety. It's just what you need.

These products, from hormone-free, antibiotic-free beef to all-organic, fresh-cut chips, are made to make you feel better.

Smart choices make a big difference.

Start by asking your local grocer or health food store. When you shop online, look for the Organic Trade Association logo.

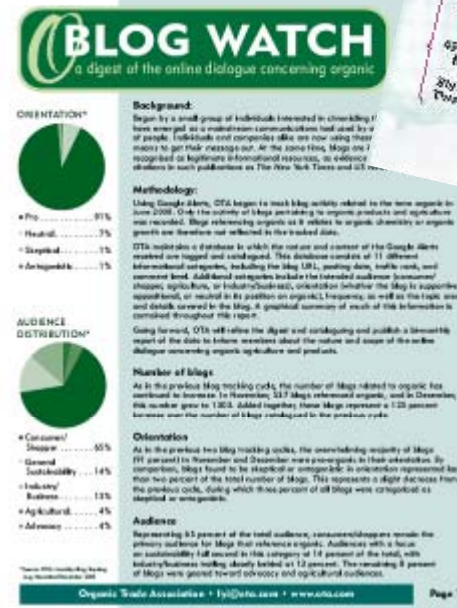
Local Grocer | Local Farmer | Local Processor | Local Retailer | Local Consumer





# Media Outreach

- Education and Outreach
  - Back to basics – Women’s magazine coverage
- Clarification and Response



# Promising Policy Initiatives

- Halo of the First-Lady



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# What Can USDA Do to Enhance Data for Processors and Retailers?



**But More Importantly, What Can USDA Do to Enhance Information and Education to Consumers about Organic?**