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### **Why do we buy organic food?**

#### **It costs more and scientific evidence suggests it is no better for you, but Cass research found other factors influence consumer choices**

With households on tighter budgets, questions over whether there are actually any health benefits from pesticide-free food, and sales stalling after a decade of rapid growth comes at a critical time for the industry.

In the summer of 2009 the market for organic food was down more than 10 per cent year-on-year, according to research by TNS, the global market researchers. Cash-strapped grocery shoppers are making choices between need-to-haves and nice-to-haves and organic goods are being left on the shelf.

A study from Cass Business School, *Factors that Influence the Purchase of Organic Food*, was built around survey data on consumer considerations such as price and perceived health benefits and also encompassed interviews with a panel of chefs, a supermarket buyer and a food supplier. The following key messages for the organic food industry emerged at a critical time when organic retailers are trying to retain old customers and win over new ones.

#### **Clear labelling**

Mixed messaging arises from the way the market has evolved. Retailers have been responding to demands for organic rather than trying to introduce organic and market it to people, so there hasn't been any kind of centralised or consistent organic messaging. Thus, there is an urgent need for consistent, easily recognisable labels. Jay Dickieson, co-author of the report says: "Retailers are at the point where the people who have demanded organic food are buying it. If retailers want to make it more mainstream, they need to be clearer and more consistent with messaging and marketing."

#### **Learning from the Fair Trade Movement**

The organic industry could take some lessons from the fair trade movement according to Dr Caroline Wiertz, senior lecturer in marketing at Cass. She says: "The certification mark of the Fairtrade Labelling Organisation is recognised and everybody knows what it stands for. There is no equivalent in organic. It is loosely defined. There is no agreed label. Those in the organic industry have to get their act together and manage to organise themselves in a way that will result in one set of guidelines across the industry and result in a label recognised across consumers."

The need for retailers to convey a clearer message to justify organic price premiums was made more pressing by a scientific study funded by the Food Standards Agency and published in July 2009 which concluded that organic food was no healthier than non-organic. Researchers from the London School of Hygiene & Tropical Medicine concluded: "There is no good evidence that consumption of organic food is beneficial to health based on the nutrient content."

#### **Price premium**

The study contained good news and bad for the industry. Those who see organic products as an important part of their lifestyle seem unlikely to be swayed by the nutritional findings. It found a surprisingly high number of people trusted organic labelling and marketing claims, especially frequent purchasers.

Infrequent purchasers, however, indicated that they were more sceptical, suggesting more work was needed on both marketing and new scientific research – such as into whether concerns over pesticide residues have any foundation.

On pricing, the study found that a price premium created perceptions of quality but it was also seen as a “serious barrier toward purchasing.”

Vince Mitchell, Professor of Consumer Marketing at Cass, also highlights the impact of price, especially during the recession.

“Partly due to price differentials, partly due to food fashionistas finding new causes to champion such as fair trade or food miles, and partly because organics have failed to gain favour with a wider consumer base, the organic label is not looking as healthy as it once did. Green used to be the new black in terms of food fashion but, since the country went into the red, pale green is now more the order of the day.”

While price was a barrier, the Cass study found that a perception of quality, health consciousness and concern over food safety influenced consumers positively. Social and environmental aspect of organic produce hardly entered the equation. But organic producers and food policy professionals believe environmental issues will move up the agenda as the need grows for alternatives to intensive farming methods and their reliance on oil.

“Gradually it is dawning on people that the last 70 years’ cheap food policy has been based on lots of assumptions: endless oil, land, water and soil,” says Tim Lang, Professor of Food Policy at City University. “In that sense the organic movement has begun to engage with this bigger picture of sustainability and, for that, I think they should be supported.”

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#### **Notes to editors**

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