Part two of a two-part series

A survey of Australian organic consumers

The second part of a series looking at the results of the *Australian Organic Consumer Report 2005* looks at where organic consumers shop, why they buy organic products, and the effectiveness of branding.

By JAMES MELDRUM

Of all organic consumers, about 42% claimed they regularly bought most of their organic products from an organic food store, compared with 20% for large supermarkets (for example, Coles and Woolworths) and 10% for farmers markets. About 6% mostly did their organic shopping over the internet.

Farmers markets had strong appeal for organic consumers aged 35 to 49, while those aged under 35 tended to reject farmers markets in preference for organic food stores and large supermarkets.

Perhaps baby boomers are becoming more disenchanted with supermarkets and yearn for a more authentic shopping experience? Indeed, about 87% who preferred farmers markets did so because of a sense of community, and 97% wanted to support local farmers and producers.

In contrast, those who preferred supermarkets said they did so because they could do most of their other shopping there (80%) and supermarkets were conveniently located (57%).

A major tipping point in retail channel preference occurred once consumers spent more than 25% of their weekly shop on organics. For those who spent less than 25% (about 41% of all organic consumers), supermarkets were generally the most preferred channel for buying organics.

However, when organic spending reached 26%-50%, almost two-thirds of consumers nominated an organic food store as their preferred channel, followed by farmers markets (14%).

Clearly, there were very different drivers motivating consumers to shop at supermarkets compared to those who preferred organic food stores.

Supermarket shoppers were motivated by two distinct tangible benefits (price and convenience) while organic food store shoppers placed greater importance on intangible benefits (sense of community, supporting local store owners and farmers, and better store atmosphere).

In fact, a sense of community was important for 54% of organic food store shoppers while the same attribute had, unsurprisingly, no importance for supermarket shoppers.

But the importance of supermarkets in the future cannot be underestimated. If you remember from Part One in the previous edition of the *Journal*, about 41% of consumers would buy more organic products if supermarkets provided more.

Coupled with this, 71% would buy more if prices were lower. No doubt supermarkets will play a role in reducing the current price differential between organic and conventional products as they respond to rising consumer demand by providing more organic merchandise.

Why do you buy organic food/products?

(Multiple responses allowed)	%
Better for my health	93
Free from pesticides / herbicides / residues	93
Free from growth hormones / antibiotics	87
Free from artificial additives / preservatives	85
Better for the environment	77
They taste better	74
Contain more nutrients / vitamins	71
Help support local farmers / growers	69
GMO free	69
It's more ethically / socially responsible	68
Better quality	59
Better for animal welfare	56
Help support Free Trade	44
I use organics as preventative medicine	30
They look more natural	26
Better for my children	22
I have a food allergy / medical condition	10
Organic food is more gourmet	4
Other reason	2
Did not respond	1

Preferred retail channel

Reasons for buying the majority of organic food from a preferred retail channel (Multiple responses allowed)

	Organic food store	Large supermarket (eg Coles, Woolworths)
Wide range of products	60	12
To support local store owners	58	0
Sense/feeling of community	54	0
Convenient location	53	57
Better store atmosphere	46	0
To support local farmers/producers	41	2
Knowledgeable staff	41	0
Better customer service	38	0
To discover new brands/products	19	3
Products are always available	17	12
I buy most of my other groceries there	17	80
Convenient opening hours	16	48
Cheaper prices	4	42
Convenience of home delivery	2	2
Other reason	9	10
Did not respond	1	0

Nevertheless, Australia is relatively early in the consumer adoption path for organic products as most organic food is still bought through organic stores and farmers markets.

We have yet to witness the widespread adoption of organic products by the consumer market and the corresponding shift to supermarkets as the dominant buying channel, as experienced in Britain and the United States.

In fact, a recent US Department of Agriculture report estimated about 82% of organic sales at the retail level in Britain were made through key supermarket chains.

HEALTH BENEFITS OF ORGANICS ARE DRIVING DEMAND

The two main reasons why consumers buy organic products were: organics were better for their health (93%); and they were free from pesticides, herbicides and residues (93%). Free from growth hormones and antibiotics (87%) and free from artificial additives and preservatives (85%) also ranked high.

Overall, about 69% also claimed supporting local farmers and growers was important in their decision to buy organic, while 30% used organics as preventive medicine, but only 4% said organic food was more gourmet.

It appeared that as spend on organic products increased, so did social and ethical motivations. For consumers who spent less than 5% of their weekly shop on organics, 52% bought organics because they were free of genetically modified organisms (GMO); 52% said it was better for the environment; 48% said it was better for animal welfare; and 44% stated it was more ethically/socially responsible.

However, compared with consumers who spent more than 75% of their weekly shop on organics, 82% cited GMO-free; 82%, better for the environment; 70%, better for animal welfare; and 85%, more ethically/socially responsible.

MOST CONSUMERS COULD NAME FAVOURITE BRANDS

Although only 15% of all organic consumers claimed a well-known brand was very important or important to their buying criteria for organic products, the number of brands mentioned was surprisingly high. About 60% of all organic consumers could mention (unaided) at least one organic product brand they regularly bought while 39% could not think of any. Of those who could recall an organic brand, 80% mentioned at least three brands and 36% named at least six brands.

The top 28 brands accounted for almost 67% of all brands mentioned, with no brand scoring more than 6% of total consumers' awareness. Of all organic brands mentioned, the top five were: Pure Harvest, BioNature, Parmalat, Spiral and Melrose.

Coles Organic home brand was mentioned by 2.5% of all organic consumers nominating at least one brand, just behind Green & Black at 2.6%. ■

The Australian Organic Consumer Report 2005 **is published by Nourish. For copies, please contact James Meldrum, phone (03) 9421 6880; email james@nourish.net.au.**

Top 10 organic brands

Brands	% of all brand mentions
Pure Harvest	5.8
BioNature	5.4
Parmalat	5.2
Spiral	4.1
Melrose	3.1
Four Leaf	2.8
Barambah	2.8
Kialla	2.6
Green & Black	2.6
Coles Organic	2.5