

Retail debate:

What size fits best for organic retail – big or small?

By Holly Vyner

It is a common concern in Australia that the organic movement will lose track as it enters the mainstream. One example of the ideals of the movement being compromised is the involvement of large corporate business, including supermarkets.

There are several fears surrounding this argument. Some of these include:

- supermarkets in their dominance of organic food networks are likely to dictate what they believe to be realistic premiums and push down wholesale and farm-gate prices;
- supermarkets preference for large economies of scale will not look after smaller producers;
- larger economies of scale will make it difficult for smaller retailers to compete on price; big business does not value the organic ethos.

The obvious benefit in organic becoming mainstream is that more people will be encouraged to eat organic. While supermarkets remain the most preferred location to shop, this is the likely starting point for more consumers to convert to organic.

What will become of our specialty food stores and cooperatives?

In countries with more developed organic markets such as Germany, UK and the US, supermarkets are now reported to own the largest share of organic retail sales. While most retail types, including independent retail stores, box schemes, mar-



Grassroots Eco Store, Armidale NSW

kets, restaurants and so on, are increasing in retail sales, supermarkets are increasing sales at a faster rate.

As competition from supermarkets grows, independent organic retailers will need to capitalise on those areas where supermarkets are not able to deliver.

Scott Kinnear, owner of Organic Wholefoods in Melbourne advises "Smaller retailers need to form stronger relationships with their customers, providing them with reasons other than price to shop with them.

"Some of the ways we are achieving this in our business include friendly staff with knowledge of organic foods and how to achieve good health, thereby assisting customers in their buying decisions, providing background as to where produce originated including the name of the grower, providing additional services such as online shopping and delivery service, and providing educational information.

"As price is still a barrier to the decision of many to purchase organic, incentives such as loyalty schemes are effective at getting over this initial hurdle."

Going forward, education will likely be the greatest key motivator for more consumers to seek organic food. Organics is gradually being realised to be for everyone, not only for environmentalists and the health conscious. As BFA's nutritionist Shane Heaton constantly reminds us "Organic food is not a luxury, it is how food is supposed to be."

As this new perception takes place and as organic food sales in Australia continue to grow at the current rate there will no doubt be room for both large and small stores to share in the growing sales of organic food. ■

Coles commitment to the certified organic industry

AOJ, in the autumn edition, published an article about Coles' recent commitment to the certified organic industry.

In an interview with Coles we learnt that the supermarket is increasing its commitment to certified organic, the reason being, increased consumer demand for organic products in Coles stores.

As the supermarket increases its organic range it wishes to assure its customers of the integrity of the produce and products and therefore has entered into an agreement with Australian Certified Organic (ACO). All of Coles' organic brand products (*You'll love Coles Organic*) will carry the ACO Bud logo making it easier for shoppers to verify for themselves the integrity of what they are buying. In the case of non-Coles brand products, some items will carry other logos however these also will be verified that they are certified by a reputable

company before being allowed on Coles' shelves.

Some of the positive points of this initiative include more opportunities for suppliers to sell to Coles, more accessibility of organic products by the mainstream public (meaning more people start to buy organic as part of their every day shopping), and an assistance to the certified organic industry to cut down on fraud and misleading marketing claims of "organic" on products, setting an example for other retailers to follow suit.

The verification process of Coles' products is currently under way and gradually the shelves in Coles' stores will become free of incorrectly or misleadingly labeled product. Later this year Coles plans to launch news of the results of the initiative to its shoppers. We will report on the progress in coming editions of AOJ. ■