

Organics Break Free

As more manufacturers jump on the organics bandwagon, these products are becoming positively mainstream. By Pamela Mills-Senn



It wasn't so long ago that organic products (and those who purchased them) were kind of on the fringe. Relegated to health food stores or corralled in special areas of the supermarket—when they were carried there at all—organic products were limited in selection, pricey, poorly packaged and, in the case of consumables, not that great tasting. But organic product manufacturers persevered and improved and as consumers became more aware of the link between food and health—and as their alarm over the use of pesticides, hormones, antibiotics and other additives in their food grew—organic products found an increasingly receptive audience and started muscling their way out of the narrow box they had been placed in.

Now, organic has gone positively mainstream. No longer segregated into organic-only sections (although some outlets still opt for this strategy) organic items can be found throughout the store, sitting right next to their conventional cousins within their particular product category. Organics are hardly limited to consumables as they once were. At this point, all manner of organic items are making an appearance, from personal care, clothing, cleaning products, pet care, paper goods, baby care; almost every category has something organic to offer.

Further evidence of how accepted organic products have become is the fact that private label organics are growing, says Gillian Christie, CEO and founder of

Christie Communications, Inc., a Santa Barbara, CA based, full-service communication company.

David Becker, president of PhilippeBecker, a San Francisco, CA based branding and packaging agency, says the same. Becker's firm was behind the creation of Whole Foods' 365 Organic and Safeway's O Organics private label brands. Both include a broad spectrum of products that are carried throughout the stores. For example, the 365 Organic line even includes charcoal. Becker says in the case of O Organics, they handled about 500 different products but that the line is much more extensive than this.

O Organics is about four years old now and is the largest organic brand in the world, sold not only in Safeway-owned stores but in other retail outlets overseas, says Becker. "What is interesting about this is that typically private label stays in that retailer's stores, but this brand now competes with national brands and other private labels brands belonging to other retailers," he says.

A SELLING APPROACH

For 365 Organic and O Organic, the objective was to counter the perception of organic items being costlier than conventional, and therefore not for everyday use, says Becker. They also had to overcome the lingering attitude that organic foods don't compare favorably taste-wise to conventional, he adds. They tackled this through packaging that highlighted the taste appeal of these products and that also moved away from the browns and earth tones traditional to organic packaging. "Here the idea was to make the brand even more mainstream," he says, speaking now about O Organics. "We wanted to create something that looked very familiar rather than less familiar in the way organic products can appear to those that are not hardcore organic."

Consumer education is essential to organic sales,

says Christie, and one of the places this needs to happen (in addition to in-store signage, POS material and so on) is on the packaging itself. When it comes to organic, Americans like to know who made the product, she explains. They like to see the results and the ingredients.

She uses the example of one of her clients, The Healthy Beverage Company, which makes Steaz, a USDA-certified, fair-trade, ready-to-drink line of beverages that includes energy drinks and sparkling and flat teas. "The package on the tea shows the farmer, and when you turn it over you see a note from the owners," Christie says. "This allows you to demonstrate at shelf-level the connection between the source and the consumer."

This same approach is taken by another one of her clients, Alter Eco, which manufactures a line of fair-trade, USDA-certified chocolates, cooking oils and grains. The packaging shows the farmer and where the farm is located. "I think more manufacturers are jumping on the organic bandwagon," Christie continues. "They see it as a buying motive. Organic has gained top-of-the mind status. Consumers look for the organic symbol almost above all others on the packaging."

Consumers are also looking at socially responsible companies as a buying motivation, Christie says. Consequently, in addition to organic, fair-trade is becoming increasingly relevant to consumers, and therefore to companies who, as noted, make certain to call attention to this quality as well. For example, Wholesome Sweeteners, an Imperial Sugar brand, has a line of sugars made from organically grown sugarcane that includes granulated, powdered and brown sugar forms, as well as an organic sugar substitute made from agave, that are also fair-trade, and are being deliberately marketed as such, says Jeff Bodenhamer, marketing manager with the S&K Sales Co, a Virginia Beach, VA based broker to the military resale system.

CONSUMER PURCHASING

The Organic Trade Association (OTA), a membership-based business association for organic agriculture and products that is headquartered in Greenfield, MA, says consumers are still buying organics in spite of the challenged economy.

According to the OTA's 2009 Organic Industry Survey (released in May 2009) organic food sales grew in 2008 by almost 16 percent, ringing up sales of close to \$23 billion, accounting for four percent of all U.S. food product sales that year. Organic non-food sales grew by over 39 percent resulting in sales of approximately \$2 billion (this category includes personal care products, nutritional supplements, fiber, clothing, household cleaners, flowers and pet food).

Christine Bushway, the executive director of the association, says, "Organic products represent value to consumers, who have shown continued resilience in seeking out these products." Organic sales are also growing because they are being offered by more and more stores and by bigger outlets, such as Target and Wal-Mart, as well as the proliferation of private label brands, says Christie.

Bushway notes that consumers are using various strategies to aid them in purchasing organic products, including increasing their use of coupons and paying attention to "value-positioned products," which have also fueled sales. Manufacturers of organic products should take heed, says Michelle Keating, president of Alder Food, Inc., in Walpole, MA. "Over and over again, people are tightening their belts, although there are the organic and natural consumers that have firm beliefs and won't compromise on these when it comes to certain things like fruits and vegetables, dairy, meat and eggs," says Keating, whose company has the Organic Prairie (a line of meat products that includes ground beef, turkey, and chicken chubs) and the Organic Valley brands (which includes items like milk, butter, eggs, cheese and cottage cheese). "But even organic shoppers are really looking at coupons and at specials, sales and saving," she continues. "They're looking for ways to make organic a part of their everyday experience, and I think we need to pay attention to this."

The OTA's survey also points to the impact of carrying the "USDA Organic Seal" on product labels; half of the organic producers display this seal. For companies with \$5 million or more in organic sales, this climbs to 83 percent, with about half of them saying that use of this seal helps generate sales. Catching on, approximately 20 percent of the companies that don't display this seal indicated they intended to do so within the next three years.

A more recent survey entitled, 2009 U.S. Families' Organic Attitudes and Beliefs Study, jointly conducted by the OTA and KIWI magazine's Parental Advisory Board, underscores the importance of

product labeling for organics. (KIWI magazine, with corporate offices in NY and NJ, is a consumer publication focused on natural and organic living for families.) The survey, which consisted of data collected from 1197 families between April 6th and April 13th 2009, divided respondents into those who had purchased at least some organic products (73 percent) versus those who had not (27 percent). When queried as to why they had not bought any organic products, 27 percent responded it was because they didn't know much about organics. Additionally, 17 percent said they didn't believe organic farming was better than conventional. The top three reasons parents gave for choosing organics were because these products are perceived as being healthier; they wanted to avoid highly processed foods and artificial ingredients; and because of their concerns over the effects of pesticides, hormones and antibiotics on children.

ORGANIC CHALLENGES

A more interesting reason why the non-buyers stayed away from organic products is also a more troubling one for manufacturers; 21 percent of the respondents stated they didn't trust that products claiming to be organic really were and six percent indicated they didn't trust that organic products were reliably inspected and certified. Some of this concern is warranted, says Christie. "Organic is being integrated into branding statements whether this is justified or not, because organic is being perceived by a growing part of the population as value-added," she explains.

This is not as much of an issue when it comes to consumables. For example, says Stephen Richards, president and CEO of Salt Lake City-based BetterBody Foods & Nutrition and manufacturer of an organic and Kosher complete sugar replacement called Xagave, when a food product carries the "USDA Certified" seal (as his does) it must meet prescribed growing and processing requirements. Xagave, grown organically in Central Mexico, is made from a blend of white and blue agave and can be used for cooking, canning and baking. Richards says he decided to develop an organic product rather than one that was merely "natural" because he wanted to provide customers with the security of knowing the product met established, well-defined organic and non-GMO standards.

But not every product category operates under similarly strict organic standards, says Christie, citing the personal care category as one that has come under scrutiny as of late because of unfounded product claims ("For example, saying that something is 85 percent organic when it's mostly water," says Christie). Ann Garrity, president and founder of Organic Divas, an online personal care products retail company headquartered in Minneapolis, agrees this is a huge issue for the organic personal care industry and a big irritant for her personally.

Garrity—who features all kinds and brands of products on her site in a variety of personal care categories—draws the line even closer, preferring to describe the items she offers as non-toxic rather than organic primarily because of the disagreement around what organic signifies in the personal care industry. "Unless something says it's 100 percent, USDA organic, the product can still contain toxic chemicals in addition to the ingredients that are labeled 'organic,'" she explains. "The term 'organic' has been terribly misused by people who are trying to profit from the misinformation out there." "The personal care world needs to come up with what organic means or it will mean nothing," Garrity continues. "It means something when it comes to food but not in personal care."

When people shop for personal care products, what they are really looking for is less-toxic or non-toxic, she explains. For example, 33 percent of the respondents to the OTA/KIWI study who purchased organics said they bought organic personal care products because they deem them safer to use than conventional products. Garrity says that in addition to concerns over what they're putting on their bodies, just as often visitors to the Organic Divas website are looking to manage a personal health issue or are hoping to minimize their chances of developing a health problem. Although women between the ages of 35 to 54 make up the biggest bulk of her shoppers, men are increasingly looking for non-toxic personal care products as well, says Garrity. Her figures show that in November and December of last year—January data was not available as of this writing—30 percent of the traffic was from men purchasing men's products.

The lack of standards and the willingness of personal care manufacturers to make organic claims are confusing for consumers, particularly as more manufacturers jump on board, says Garrity. "What everyone needs to be are label readers," she says. "Just like they read food labels for trans fats, they need to read their personal care labels and know what they are shopping for." This will become even more of a necessity as organics continue to infiltrate shelves throughout the stores. "Organics will continue to grow. It really is about people raising their consciousness about themselves, their children and the planet," says Christie, who bemoans the fact that to most consumers, the benefit to the environment comes second to their own personal use and benefit, although, she adds, there are some that give both equal weight. "Manufacturers will have to incorporate organic into their brand, and include it in their branding," Christie concludes. "And in the end, it will all make a better benefit for mind, body, and planet."