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How can we make short supply chains and sustainable organic consumption a reality

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22 – 23 October 2024 in Brussels

Background

Organic markets are affected by difficult framework conditions

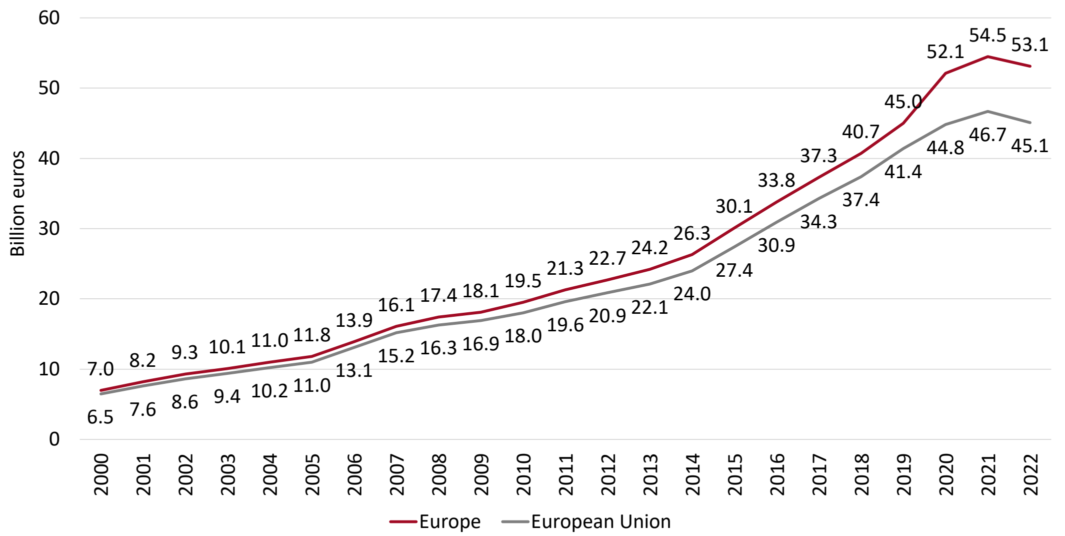
- Covid 19
- Rising prices
- War – insecurities

→ Increasing price sensitivity of consumers

→ Effect on purchasing behaviour, demand for organic food ? German example

Political goal organic area	30 % in Germany
	25 % in Europe

Organic retail sales 2000 to 2022 (Willer et al. The world of organic agriculture. Fibl-IFOAM)



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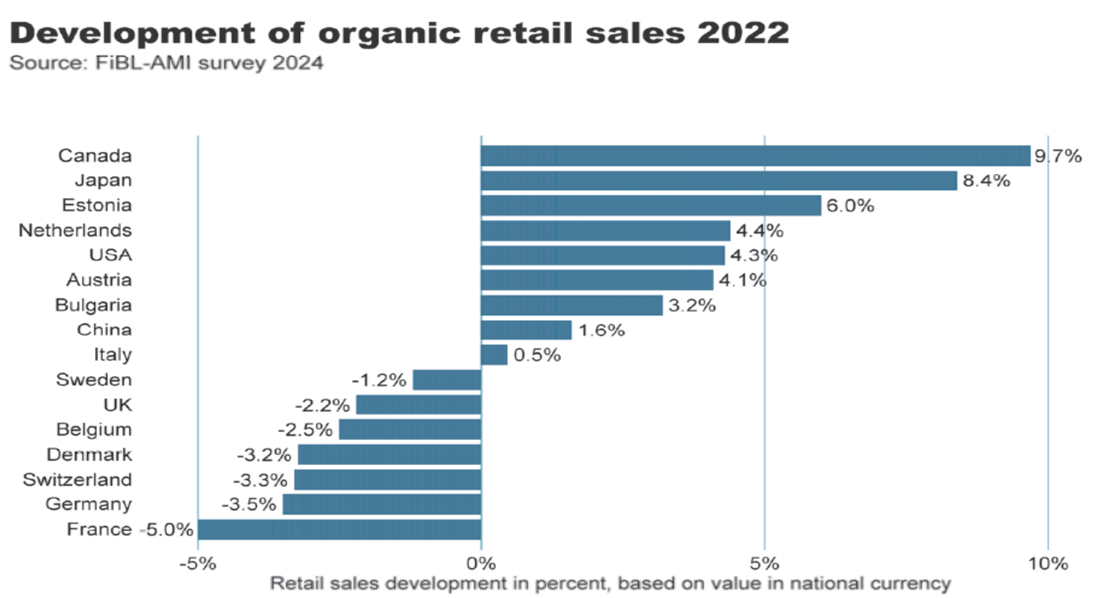


Figure 85: Organic retail sales development in select countries 2022

Source: FiBL-AMI surveys 2024. For detailed data sources, see annex, page 335.

European organic markets

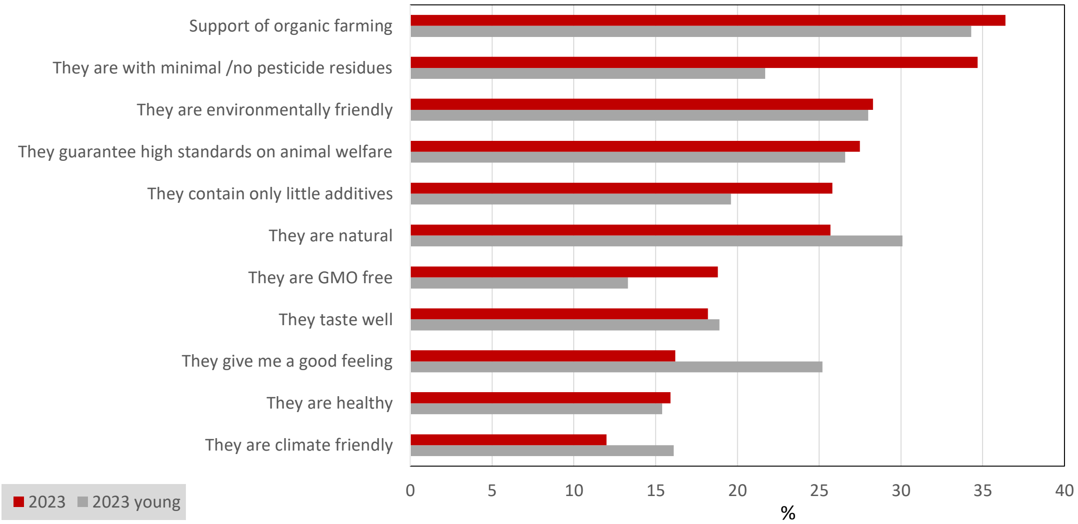
- Large variations between countries
- Inflation and high costs of living
- Increasing purchases in discount stores
- More private labels
- Inflation rates lower for organic food
- Price gap between conventional and organic is decreasing

Data source

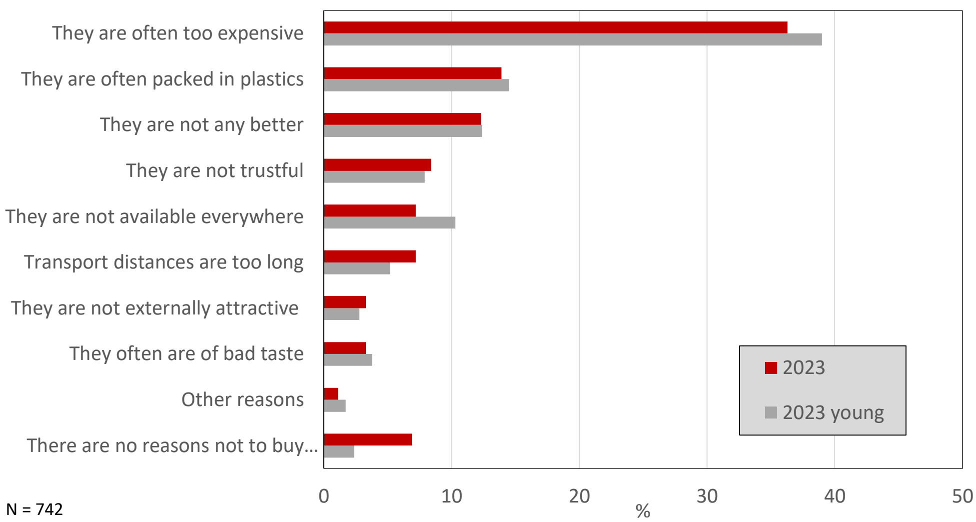
Online consumer survey May 2023 in Germany

- 742 participants, representative for age, 50% women/men
- Contingent Valuation to elicit consumers' willingness to pay plus questionnaire

Reasons to buy organic food

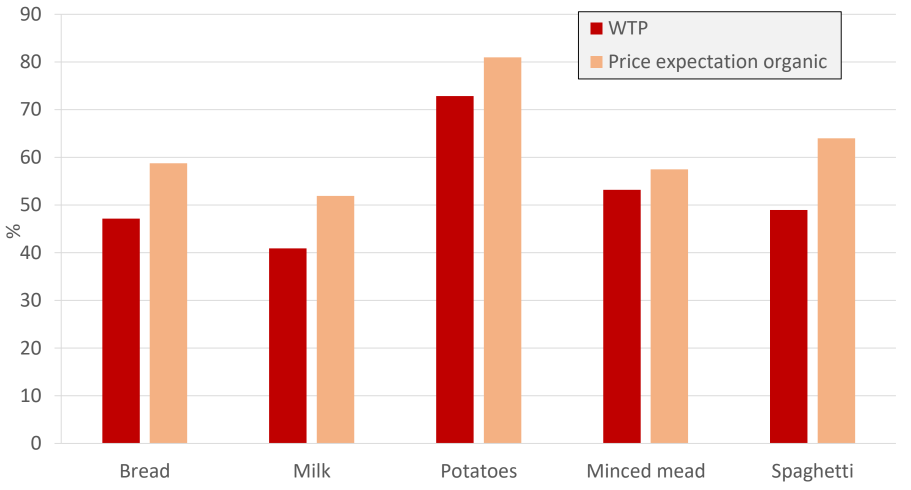


Reasons not to buy organic



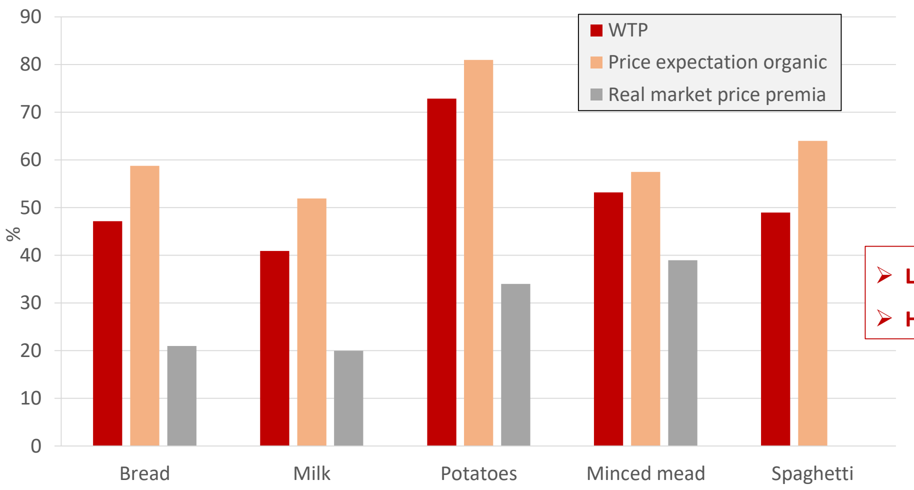
N = 742

Price expectations for organic food (PE) are higher than willingness to pay (WTP) (% on average)



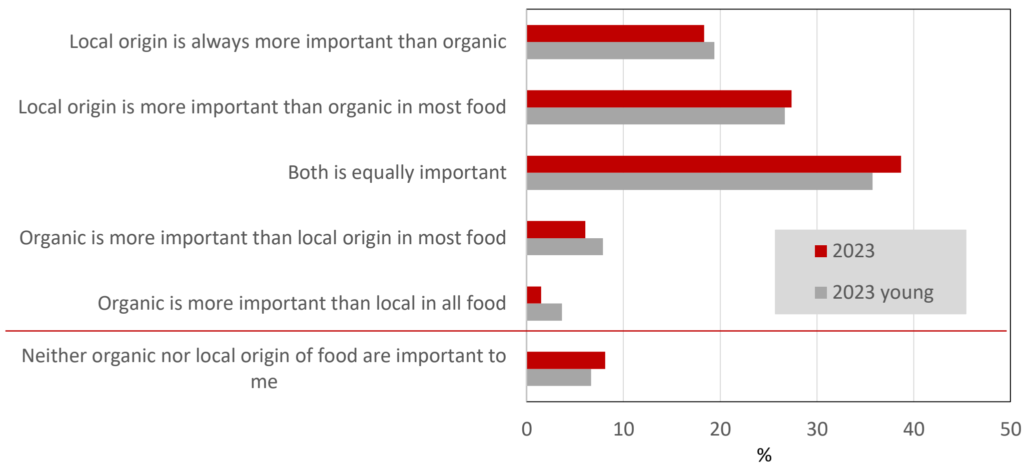
- **¼ PE < WTP**
- **¼ PE = WTP**
- **½ PE > WTP**

Price expectations and WTP are higher than real market prices for organic (% on average)

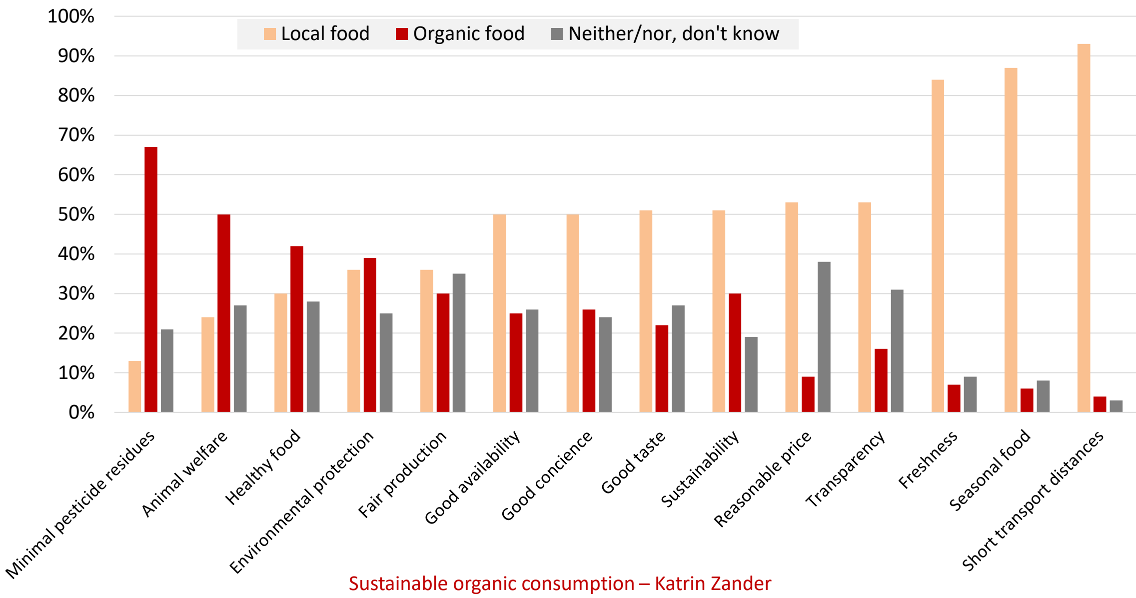


- **Low price knowledge**
- **High price image**

Local origin is becoming more relevant



Organic or local ?



Conclusions

- Different situations across Europe
- Consumers are becoming more price sensitive → purchasing behaviour is changing
  → Increasing organic food sales in supermarkets (discount stores, drug stores)
- Switch to conventional food only a share of consumers

Barriers for organic food shopping

- Food purchases are loosing relevance, more leisure activities, travelling etc. → less attention
- Reduced offer of organic food in some supermarkets
- High price image effective barrier for organic food consumption

Conclusions

How to increase organic food consumption?

- Organic prices perceived to be high → lower WTP for organic
  → Talk about prices!
- Reduce organic prices? → No! But ‚cheap' price entry products, e.g. milk, offers!
- Better communicate added value → emotional values (good feeling, natural)
- Address young consumers, topics, communication channels
- Political will and communication

- Identify target groups
- Marketing strategies – to connect farmers with consumers
- Communication efforts

!

Short food supply chains

- Potential for rural areas
- Local communities and relationships
- Alternative for a smaller but important share of consumers

Short supply chains and sustainable organic consumption

Many thanks for your attention !

Contact

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