

Organic consumers drive the new world marketplace

By [David Wolstenholme](#)

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The boom of the natural and organic industry worldwide signals a huge shift in marketing and manufacturing. Big brands - products and stores traditionally don't really embrace change; most prefer to tweak existing models with a percentage move to the left or right. They prefer to implement a new PR spin or design an "improved" package. Those days are over!

The organic market - with everything from food, clothing, cosmetics and natural medicines - is growing globally at more than 30% while conventional produce is only achieving a 2% growth rate. The organics movement is about vitality - the over-riding trend of the next decade. Everyone, regardless of income group, geographic location or race wants to look good and feel better. They want healthy foods and supplements, sustainable textiles and yes, even the environment is high on their agenda.

Worst economic crisis in 30 years

In a recent trend survey the Hartman Group from the US found that despite the fact that Americans are facing the worst economic crisis in more than three decades, 62% of all consumers are still willing to pay 30% more for organic milk. This is up from 49% in 2006. 65% of all consumers surveyed were prepared to pay 30% more for organic meat; this was up from 54% in 2006. These numbers show the power of the organic consumer - while most are looking for cheaper alternatives, the organic shopper remains convinced that their health and vitality are more important than trying to save a dollar or two.

Consumer demand

Some retailers get it. They are on the frontline of this conscientious consumer movement because shoppers are demanding more and they hold the retailer accountable. The backlash for manufacturers and producers is going to be enormous and far reaching as buyers demand more organic solutions.

Let's look at a few examples:

Whole Foods has been the fastest growing retailer worldwide for the past decade. The founders of Whole Foods decided to go organic, not just add a few lines here and there. They invested 100% in supporting natural and organics and walked their talk. No product in Whole Foods is grown with or has harmful chemicals added in the manufacturing process. They took the best products and branded them in Whole Foods packaging ensuring their customers that they, as a retailer, were part of the quality control process and that these products were authentic.

The result: After 20 years, Whole Foods "house brands" outsell commercially branded products at a ratio of 9 to 1. Why? Consumers trust Whole Foods and they feel (this may well be perception only) that Whole Foods cares about their well-being and far less about shareholder value.

Putting shareholder value first?

Global brands and their management talk about shareholder value first - how obscene and anti-consumer is that? Translated in consumer speak, it means brands can take any manufacturing short cut, add cheaper, harmful ingredients just to make a bigger profit and please their investors. Today's savvy consumers are over this and their 9 to 1 support (a consumer vote) for the Whole Foods brands tells the entire story.

Wal-Mart goes organic

The largest retailer in the world Wal-Mart is going organic. In two short years they have become the world's largest seller of organic milk. They also went into the organic cotton marketplace and this past year has an "open to buy" order for the entire world's organic cotton production. One company ready to buy the entire world's organic cotton production - yes it's worth repeating, how fantastic is that? Talk about a commitment to their customers.

Wal-Mart is also taking on the big brands. They want organic solutions for every washing powder, soap and detergent. They have given Unilever a 24-month deadline, for Unilever to provide organic solutions for all their products or they are out of Wal-Mart! That will seriously hurt Unilever's bottom line. The strange thing is that Unilever has been working on organic solutions for the past 10 years - for all their products but are reluctant to launch these products into the market.

Reasons for slow introduction

So why have they been so slow to introduce them? It's all about shareholder value. It means as Unilever retools to provide organic solutions it will show up on their balance sheet. Investment in new production lines means less profit or even a loss for that financial year, and less profit means less shareholder value and no executive bonuses. The big decision then is, does consumer health and well-being come first or is executive greed and shareholder value more important? Pity it takes a Wal-Mart to force that decision. It would be great to see them pressure Unilever to "private label" all of those products into Wal-Mart brands - as it was Wal-Mart who was clearly on the consumer's side, and not the manufacturer.

Environmentally-friendly options

Wal-Mart is going further. They are looking at new packaging options - green packaging - that will be 100% biodegradable. They are looking at bio-fuels for their trucking fleet, the largest in the world. They are also looking to buy local where possible to cut down on their carbon footprint.

Tesco, Waitrose and Sainsbury's in the UK have also made the mind-shift to organics and sustainable, responsible retailing.

SA market lagging

We in South African are 20 years behind but we are slowly seeing a movement towards an organic and sustainable lifestyle. Local retailers and their shoppers are getting motivated. Our problem here is the growers and manufacturers are extremely resistant to change. We are the sixth largest producer of organic products in Africa. Most producers and manufacturers, when asked, say there is no market for organics. If you have no products on the shelves and no promotion you get no sales - pretty simple. It does not mean there is no market.

In business, there are those who get out in front of market trends and make a fortune and the early followers survive comfortably. Those in denial and who reject change claiming it's just another fad, go bankrupt.

Thankfully we have a very educated retail industry, that is making the changes we as consumers demand. Now it's up to

each one of us to vote, with our hard earned cash, and to make that authentic, natural and organic choice.

ABOUT THE AUTHOR

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