

Analysis of Socio-Economic Aspects of Local and National Organic Farming Markets

Despite a growing body of research on different aspects of organic farming, the socio-economic dimensions of organic food and farming remain less well documented. A joint CRPR/CCRI project, led by the Centre for Rural Policy Research at the University of Exeter and funded by Defra (2007-2009), provided one of the most integrated studies to date on organic production, consumption and marketing in England and Wales. Some of the main findings from that project are summarised below.

The purpose of this study was to take a fresh look at the nature of organic production, consumption and marketing in England and Wales in order to better assess its current and likely contribution to rural development and its ability to meet consumer expectations. It was designed to deliver policy-relevant knowledge on organic food and farming, and aimed to provide an analysis of:

- the socio-economic impacts of organic farm supply chains on rural development
- barriers affecting conversion to organic farming and expansion of existing organic farms
- how well the organic food chain delivers public expectations

The research drew on a range of socio-economic research methods, including large-scale postal questionnaires of consumers and organic producers, face-to-face interviews with producers, focus group meetings with consumers and producers, and stakeholder meetings to measure, benchmark, model and map the development of the organic sector as a whole (and its main component parts), as well as exploring the extent to which organic food delivers consumer expectations. Consulting with over 2,000 individuals in England and Wales, the study revealed a complex and multi-dimensional sector with a highly committed consumer base.

Socio-economic impacts

Compared to other sectors in UK agriculture, organic production is still small and, geographically, very unevenly distributed. It is also highly differentiated in the sense that the largest 10% of farms sampled account for over half of sales and half of all full-time staff employed. However, the report argues that organic production involving large numbers of small, locally embedded producers can be particularly beneficial to rural economies. Specifically, the research

identified a group of highly committed, typically small-scale and locally orientated organic producers who manage a diverse range of marketing channels compared to those with a more national and/or regional market focus. While prospects for the survival of the smaller, locally orientated organic producers depend, inevitably, on enterprise profitability, the study revealed that less than 5% of farmers surveyed were currently planning to leave the sector, despite evidence of financial pressures, representing less than 1.5% of organic land covered by the research.



Barriers to organic farming

Nevertheless, the study highlights that the long-term viability of smaller producers in the sector depends on mitigating the escalating costs and availability of primary organic inputs such as feed and seed, limiting the concentration of box schemes by supermarket chains and national organic suppliers, and facilitating adding value in regions with limited demand for organic food and a shortage of processing capacity. In addition, the regulation of organic farming is perceived to be too bureaucratic and congested in terms of the number of organic certifying bodies.

Organic consumer profiles and expectations

Consumers of organic products emerge from this study as a distinctly well-educated, and overwhelmingly white, social group that associated the purchase of organic food with concerns for bodily health and environmental sustainability. They are also brand loyal, expect to continue to consume organic food in the future and, unlike non-consumers of organic food, are relatively price insensitive. Nonetheless, the research also suggests that organic consumers can be segmented into different types of purchasing groups – from deeply committed organic consumers preoccupied with issues of food traceability, quality and proximity to ad-hoc purchasers of organic food, agnostic about many of these claims.

Conclusion

The research revealed an organic sector with large differences in terms of the scale of production and how it is marketed, in the size and make-up of businesses and in the market orientation of operators. It also identified a highly committed but ethnically monolithic consumer group. Indeed, the research throws new light on the nature of organic consumption, underlying both the ongoing commitment of the majority of loyal organic consumers and the gap in perceptions, degrees of 'brand trust' and price sensitivity between this group and the majority of consumers who rarely or never buy organic food.

In terms of policy recommendations, the research suggested the need for:

- improved support for organic businesses and the easing of bottlenecks in the system.
- increased (and redirected) central government funding for the organic sector.
- increasing the levels of direct public procurement of organic products.
- better branding, improved consumer information and the facilitation of choice

Further information on the CCRI's contribution to the research can be found in:

Ilbery, B., Courtney, P., Kirwan, J. and Maye, D. (2010) Marketing concentration and geographical dispersion: a survey of organic farms in England and Wales. *British Food Journal*, 112, 962-975

Ilbery, B. and Maye, D. (2011) Clustering and the spatial distribution of organic farming in England and Wales. *Area*, 43, 31-41.

