Traditional Agricultural Marketing Orders: Are they Effective for Organic Producers?

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Overview

- Agricultural Marketing Orders
- Organic Market Background
- Research Methodology
- Common Themes/Conclusions
- Recommendations
Traditional Agriculture Marketing Orders

got milk?
incredible!

pork®
The Other White Meat®

IT'S WHAT'S FOR DINNER

THE CALIFORNIA RAISINS
California Ag Marketing Orders
Marketing Activities

- Mass Advertising
- Print Media
- Retail Support - point of sale advertising
- Website - farmer directory, recipes, industry data
- Social media
- Nutrition Research
Organic Market Growth

Sales ($B) vs. Growth %

US Organic Product Sales

Growth

Food 93%
Non-Food 7%

Santa Clara University
Food & Agribusiness Institute
Organic Food Sales

U.S. organic food sales estimated to reach nearly $25 billion in 2010

Organic % of U.S. Food Sales

Organic as % of total food sales in 2011

- Organic: 4%
- Non-organic: 96%
Confusion in the Marketplace

Natural

CAGE FREE

Hormone Free

*Meets the Humane Farm Animal Care Program standards, which include nutritious diet without antibiotics or hormones, animals raised with shelter, resting areas, sufficient space and the ability to engage in natural behavior.*
Research Goals

- Identify organic producer perspectives
- Evaluate impact of MOs on organic sales
- Identify marketing activities to increase organic sales
- Determine recommendations for MOs
Methodology

- 20 Interviews
- 3 Focus Groups
- Online Survey
Organic Farmer Perceptions

“The rising tide floats all boats”

What is a Marketing Order?

Marketing orders provide little or no benefit

Marketing orders are in opposition to organic
Survey Results

- 49% believe consumers do NOT understand the difference between certified organic and other eco-labels.
- 47% disagree that organic is a niche market and will never be mainstream.
- Organic farmers are split as to whether a generic promotion benefits the sale of organic products.
- 63% sold certified organic crops at a conventional price.
- 60% consistently receive a premium price for their certified organic crop.
Conclusions

- MOs don’t promote organic products
- Lack of awareness of MOs
- Farmers leery of government as marketer
- Need for consumer education
- Need for organic industry voice
Recommendations for Marketing Orders

- Reach out to organic growers
- Establish organic marketing program to:
  - Provide retail support to produce buyers
  - Educate consumers to understand “certified organic” and increase demand
Recommendations for Marketing Orders (cont.)

1. Modify existing MOs to allocate a proportional share of marketing budget to promote organic products
2. Keep marketing dollars in farmers’ pockets
3. Establish non-governmental organic producer association
Recommendations for Marketing Organic Products

- Relationship with Buyer
- Communicate Value Proposition
  - Environmental stewardship
  - Values based supply chain
  - Family and future generations
- Consistency, Quality, Integrity
- Monitor Market Trends
Questions?
Thank You!

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