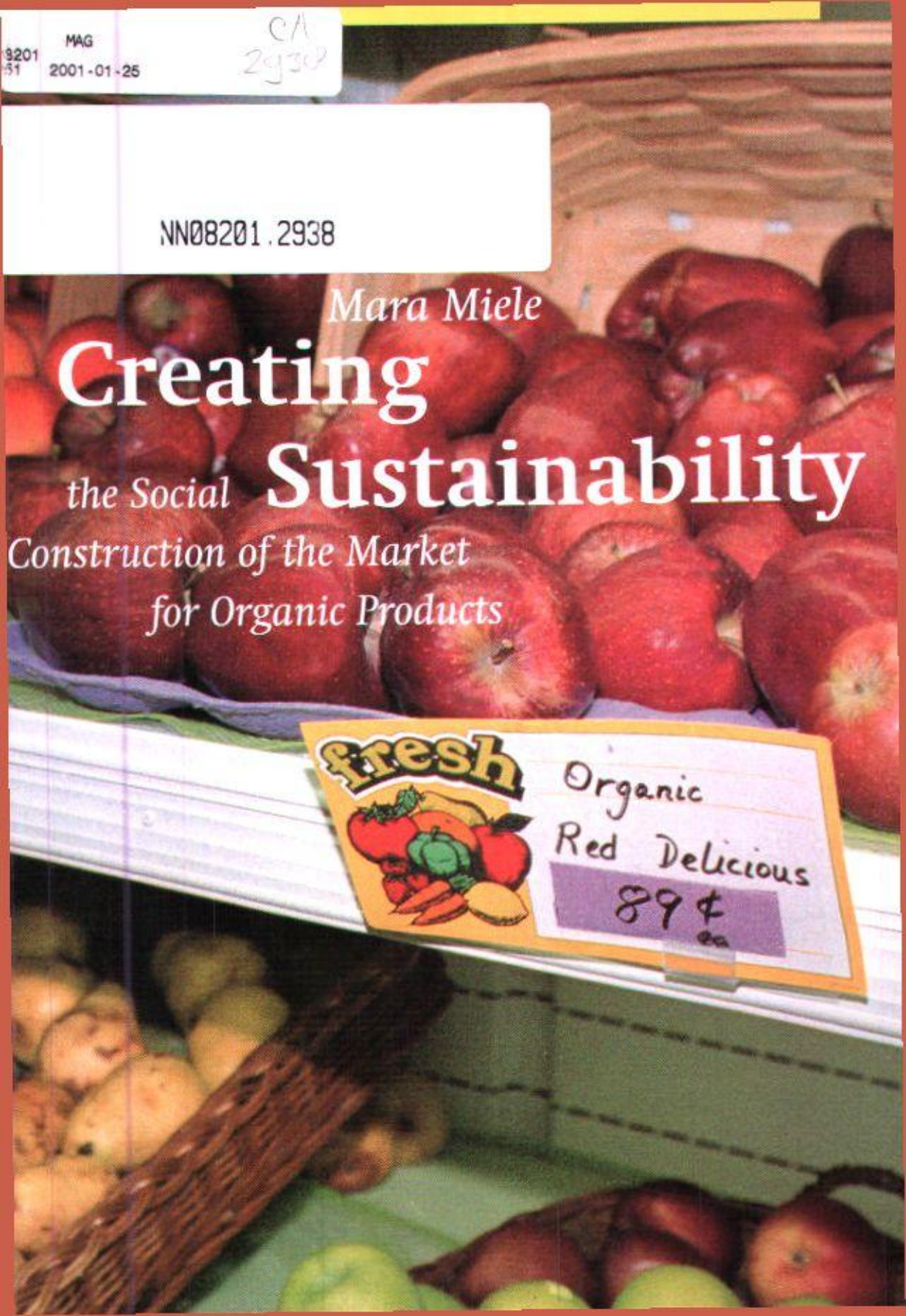
Mara Miele

Creating Sustainability

the Social Construction of the Market for Organic Products



Statements

1 The growth of the demand for organic products is part of a more general shift in food consumption trends in Europe and in the other industrialised countries that took place since the seventies. The main characteristics of these new trends are represented by new consumer values, such as health and quality, and new consumer concerns, such as food safety.

2 The market for organic products has grown remarkably in Europe during the last ten years: from being a niche-market for dedicated consumers it is now becoming mainstream and this success is reshaping the supply chains of organic food.

3 While the first elite of consumers of organic products seems to be motivated by both environmental and health concerns, the new consumers of organic products are mainly concerned about health and safety.

4 One of the consequences of organic market's growth during the last decade is a sophistication in the demand for this type of product. Increasingly the requirements for quality characteristics of organic products expressed by the new consumers are closer to those of conventional products, chiefly in terms of aesthetic characteristics, availability and convenience.

5 The growth of the market for organics in several European countries did not represent an opportunity for the growth of national organic farming movements and the demand had to be met by import from other EU and non-EU countries.

6 After the financial incentives provided by the EU Regulation 2078/92 organic farming has grown more in the South of Europe and in marginal areas rather then in the North of Europe and in areas characterised by intensive agriculture.

7 Even though organic farming is regulated by the European Union and has been financially supported by EU funds, there is growing evidence that national, regional and local institutions can play an important role in promoting the development of organic farming.

8 Policies for the promotion of organics must find a way of responding to the diverse contexts of supply and demand.

CREATING SUSTAINABILITY

The Social Construction of the Market for Organic Products

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CREATING SUSTAINABILITY

The Social Construction of the Market for Organic Products

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1 Reflection on Globalisation

Introduction

This chapter starts with some reflections on the concept of globalisation and reviews the literature in sociology of agriculture and food and rural sociology that deals with this issue. Two contrasting bodies of literature are confronted: the political economy studies that share a macroscopic level of analysis and focus attention on food production and food industries. These studies underline a key feature of globalisation, That is the growing homogenisation of food provision brought about by the new possibilities offered by trade liberalisation processes to TNCs. The second body of literature, that can be categorised as studies on 'new ruralities', represents a different line of interpretation of the globalisation phenomenon. Attention is still focussed on production, but the aspects that are investigated are the 'universal' processes of endogenisation and selection of scientific and technological knowledge realised by the actors actually involved in the production processes. The latter studies show that new forms of production, which are linked to new patterns of consumption based upon the symbolic nature of food, health concerns, and the desire to promote conservation of the natural environment, lead to the emergence of many differentiated rural spaces. In short, this literature suggests that rural change is now driven by a highly 'cultured' set of consumption aspirations.

The second section of the chapter investigates how these new 'cultured' sets of consumption aspirations came into being at a specific time in Europe. Firstly a brief overview of the shift from a historical food scarcity to the present overproduction in Europe is provided. In the following section the changes that have taken place in the 1990s are described as these indicate some key trends in food culture, including fragmentation at the micro level, in the context of growing homogenisation at the macro level. The processes underpinning fragmentation and homogenisation are then discussed and these include time-saving and shifting, health and safety concerns and a growing interest in quality. In the final section organic foods consumption, as well as the growing market for animal friendly produced products and vegetarianism is discussed as an example of the existence of a new sensibility towards food as elements of a context of food abundance. The reason for selecting this case is that it not only illustrates contemporary changes, but also that it shows how ancient food values can be rediscovered by (post)-traditional consumers. This last point brings the need to

understand how consumption needs and desires have evolved and how have been interpreted in social sciences. This point leads to the subject of Chapter 2 that will review the perspectives in sociology and cultural studies that have addressed this issue.

Reflections on Globalisation

During the last twenty years, the concept of globalisation has come to be widely used by economists, sociologists, and geographers in order to describe global processes of political economic 'restructuring' (i.e., economic and political changes that have reduced barriers to trade and facilitated the global mobility of capital). Descriptions of an ongoing transformation of the world economy have stressed de-monopolisation, deregulation, the internationalisation of labour and commodity markets, and the emergence of a new global economic space. This transformation is usually seen as accompanying a new phase of capitalism which engenders multi-dimensional processes of transnational and trans-societal change. These processes assume diverse forms and facilitate '*the flux of goods, people, information, knowledges, and images*' mostly carrying elements of wealth and prosperity from the West to the rest of the world (Featherstone 1991:1). Even though globalisation has been conceived in a wide variety of ways, it is generally understood as a process that operates in the same fashion in different parts of the world and thus produces cultural homogenisation[1].

Turning to the food sector, many authors have stressed that the major refinements in food processing, preservation, and transport technologies which have increased the consumption of durable foods during the last twenty years have also facilitated the development of a global food system.[2] The meat sector has been similarly modified with the emergence of the 'global steer' and the ubiquity of McDonalds based on consumption of the standardised burger. Agricultural sociologists have proposed different and sometimes contradictory explanations of the globalisation process: some have stressed the emergence of food production forms linked to a new phase of capitalism while others simply see a deepening of historic trends. For example, Friedland (1994, 1997) rejects the interpretation of industrial change proposed by Piore and Sabel (1984),[3] – which suggests we are currently witnessing a transition from the supposedly bygone era of mass production and mass consumption to a new set of 'rules', 'routines' and 'institutions' that constitute a qualitatively different, historical phase of capitalist development – as he believes that no such shift in industrial

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[1] For a broad discussion of this topic, see Mlinar 1992. This author refers to five dimensions of globalisation as: increased interdependency at the international level; growth of domination and dependency; homogenisation of culture; diversification within territorial communities; and as instruments for overcoming territorial discontinuities.

[2] For a comprehensive review of this topic, see Bonanno, Busch, Friedland, Gouveia, and Mingione 1994; Bonanno 1993; Malassis and Ghersi 1995.

[3] See the recent literature on industrial districts and 'The Third Italy' e.g. Bagnasco (1988); Amin (1994).

organisation has taken place. In his view, the success of niche markets reflects the growth of a relatively privileged professional-managerial class and occurs side-by-side with the expansion of an increasingly global system of mass production and consumption (Friedland 1997:226-231). For Friedland it seems to be the latter that is the key force for change.

Other authors, such as Antonio and Bonanno (1995), while likewise rejecting Piore and Sabel's interpretation, distance themselves from Friedland's position by arguing that a transition from Fordism to post-Fordism is currently taking place, provoking a crisis and restructuring in the institutions that regulate the relations between capital and labour. They argue that in an increasingly deregulated environment, where the state's role has become ambiguous and contradictory, and the power and mobility of capital has been increased, and trade unions and local communities have experienced an erosion in their abilities to mediate their relations with capital. In this scenario, new actors, like transnational corporations, operate at the global level, overcome the constraints associated with national borders, state regulations toward work and environment, and other efforts to put limits on the prerogatives of capital, in order to engage in 'global sourcing' or the search for the least expensive labour and resources on a global basis.[4]

Even though approaches to globalisation vary, as illustrated above, almost all share a macroscopic level of analysis and give special emphasis to production. Very few give serious attention to the role of consumption in driving the system of food provision. In agricultural sociology, these tendencies are manifested in the attention given to changes in the organisation of agricultural production itself and to the analysis of social and political institutions that regulate this production. Work of this type generally focuses upon economies of scale and concentrated ownership, the emergence and spread of transnational operations, and appearance of similar types of organisation of production in culturally different and geographically dispersed localities. However, in the field of rural sociology and sociology of food new concerns are coming to the fore, prompted by changes in patterns of consumption.

Changes in consumption patterns, such as the new relevance of quality foods in Western Europe, and the new uses of rural spaces (e.g. for leisure time, environmental protection activities) have informed a number of studies carried out in Europe in recent years. These studies – which might be categorised as concerned with the emergence of 'new ruralities' (e.g. Hoggart and Buller 1995, Marsden *et al.* 1993) – have concentrated attention on the changes in rural spaces caused by global economic restructuring processes linked to new demands for new rural products (food, environment and so on). Studies of rural development which are attentive to the reproduction of diversified conditions, and describe the new scenarios formed in the

[4] For example, see Bonanno and Constance, (1993) on the tunafishing industry and Heffernan and Constance, (1994) on global chicken production.

face of contrasting tendencies (globalisation/homogenisation versus individualisation /diversification), include those on 'farm styles' (van der Ploeg 1990), 'agro-industrial districts' (Iacoponi 1990; Fanfani 1994; Favia 1995; Brunori and Rossi 1995) and the cluster of works that go under the common name of 'restructuring the countryside' (e.g. Murdoch and Marsden 1994).

These studies represent a different line of interpretation of the globalisation phenomenon. Attention is still focussed on production, but the aspects that are investigated are the 'universal' processes of endogenisation and selection of scientific and technological knowledge realised by the actors actually involved in the production processes. These phenomena have been interpreted as the main reason for the appearance of technologies and forms of work organisation with strong 'local' characteristics, as in the amply studied cases of the reproduction of diversified and specific farm styles in the Netherlands (Van der Ploeg 1990), of the Parmigiano Reggiano and the fresh fruit districts of Emilia Romagna (de Roest 2000; Giovannetti 1988; Fanfani 1994), and of quality meat in Umbria (Ventura and van der Meulen 1994). Regardless of the continued existence of mass agricultural production and consumption processes, these authors show that the era of globalisation has brought new food circuits into being which have increased the complexity of the global food system and established many new connections and interdependencies. These studies show that new forms of production, which are linked to new patterns of consumption based upon the symbolic nature of food, health concerns, and the desire to promote conservation of the natural environment, lead to the emergence of many differentiated rural spaces. In short, rural change is now understood as being driven also by a highly 'cultured' set of consumption aspirations. Before considering how new forms of consumption are making themselves felt on food producers we will briefly consider the current trends in consumption that are most relevant.

The new context of consumption: From food scarcity to overproduction

Food consumption in Europe has been changing rapidly over the last fifty years. During the 1950s and 1960s, in tandem with rapid economic growth, there was an exponential increase in consumption, which made marked impressions on human nutrition. The new social pattern that emerged was generally referred to as *mass society* (Fabris 1995), whose characteristic features were defined as growing uniformity of culture and values. In a nutshell, people were believed to share the same basic values (and above all to want the same things), to share the same objectives in life, and to crave for the same consumption goods and corresponding services. Differences in consumption patterns were essentially concerned with the *quantity* of good consumed rather than the *quality* of such goods.

During the 1960s, economic growth promoted social mobility (in the form of an expanded middle class) and, while the increase in consumption impacted upon the

nutritional regime mainly in terms of quantity and calorie intake, the issue of quality started to be discussed. During the 1970s growing importance was attached to the issue of food quality and quality differentiation processes started to multiply. The quantity of food that was produced continued to rise so that more affluent consumers situated in a context of over-abundance began to become more discerning. This trend became very clear in the 1980s, which has been commonly defined as the years of *hedonistic consumers* (Fabris 1995:49-50). By this time, the agro-food market had become segmented into different market-*niches*. Much importance was now attached to the food brands that were shaping consumer shopping preferences. Yet, during this period the quantity of consumption (most especially of food) increased more slowly than in the previous 20 years. Indeed, the share of food expenditure in household income started to decline rapidly. In Italy, for example, food expenditure accounted for 24 percent of household spending in 1984, which was a huge drop from the 1950s figure of 50 percent. Such trends prevailed across Europe and North America, with the typical 1980s share of household income spent on food being at around 20 percent, compared with 15 percent in the USA. In southern Europe (Portugal, Greece, Spain and Ireland), the tendency was the same, but food accounted for a higher share of the household budget.

In the 1990s attention turned to quality issues with even more vigour, as market segmentation increased and the share of food in household income continued to fall. By 1997, food accounted for just 17 percent of the average Italian household budget, and this fell to 14 percent in 1998. Subsequently a growing number of consumption studies pointed out that traditional economic variables, such as food price or household income, no longer explain household purchasing strategies at the micro-level (Rosa 1998:400). In support of this view, market analysts such as Malassis and Gersi, (1995:71-75) pointed to the fact that in most industrialised countries the energy limit (the calories intake per head per year has no longer changed during the last 10 years) had been achieved. This has led to the 'saturation' of the market for several food items i.e. a number of products are coming close to their consumption limit. Connected to such a saturation, as well as to the trends previously explained, a further key reason for the poor explanatory power of 'traditional' economic variables is that when overall food expenses represent a minimal rate of the available income, variables like food price or personal income are no longer determining consumer choice, since most products are costed within a same 'price bracket'[5]. Conversely, increasing relevance is now given to socio-economic variables such as formal education, lifestyle and rural or urban residence (Malassis and Gersì 1995; Fabris 1995).

The main effect on the food sector can be described as growing complexity in food supply processes, represented most starkly by the activities of the retailing companies

[5] This is a technical term in marketing and it means that all the possible final prices of a categories of products, especially when they cost little money (let's say eggs or milk) they have prices varying within a limited range that does not influence consumer choice.

in moulding food choices. Such developments have resulted in two contrasting tendencies: on the one hand, there has been a growing homogenisation within the EU countries of food consumption at the macro level (Fanfani and Salluce 1997, in Rosa 1998); on the other hand, there has been a growing fragmentation of food demand at the micro level. These coexisting and contrasting trends have characterised food consumption trends over the last decade.

Food consumption in the nineties: Micro *fragmentation* and macro *convergences*

Alan Gordon in the OECD report on the Future of Food (1998) argues that within western Europe, there are two different approaches to food: what he terms the '*fuel*' and the '*pleasure*' approaches. The United Kingdom, The Netherlands and, to some extent, Germany, have traditionally been linked to the 'fuel' approach; France, Spain, Italy and Belgium are in the 'pleasure' camp. The former is characterised by standardisation and homogenisation while the latter is marked by strong regional influences and culinary traditions. The same author argues that, apart from the above-mentioned differences in food consumption, there are several factors which promote similarities:

> *'Until the first half of the nineteenth century, what people ate was mainly influenced by the natural endowment of their country: Mediterranean climate versus Northern Europe, types of fruit, vegetables and oils cultivated, pasture availability for cattle (beef meat, milk), appropriate conditions for wine, cider, beer or spirits, and so on. These influences remain in varying degrees, but have been attenuated by such factors as industrialisation (urban living); the development of the food processing industry to meet the needs of the city-dwellers; organised food retailing; and the intermingling of food cultures (immigration, travel and media)'* (Gordon 1998:93).

Gordon maintains (it would be better to say that he *laments*) that the countries that first industrialised have also lost their earlier traditional foods and have developed a modern, more international food system. For instance,

> *'the United Kingdom was the first European country to receive (or suffer) the impact of the Industrial Revolution, and 'cheap food for the labour classes' became a necessity from the mid-nineteenth century onwards. The peasant farmer had already been eliminated by the enclosures of the sixteenth, seventeenth and eighteenth centuries. The result: very little attachment to the soil, destruction of food culture, low value attachment to bread, regional cheeses and fresh fruit and vegetables'* (ibid.).

Comparing the consumption trends and the variables of price and income, Rosa (1998:396) highlights the converging processes amongst EU countries. In his conclusion, notwithstanding the differences in food price and households income in each different country, EU food consumption tends to be homogeneous at the macroeconomic level. After having compared the current trends in the both Western and Eastern European countries, other authors agree with this view (Elsner and Hartmann 1997; Ryan and Jones 1997 quoted in Rosa 1998). In order to explain this finding, Rosa outlines the evolution of food expenditure over total expenditure from

1970 to 1995 (Table 1.1) within Europe, and shows how, in all countries, food expenditure has decreased in comparison with total family expenditure. Such a convergent process is particularly strong in the decade 1980-1990: expenditure on cereals fats, meat, fruit, vegetables, coffee and sugar was stable; consumption of fish and milk was growing, together with the group generically defined as 'others'. The demand for proteins was also increasing, and vegetable proteins began to be substituted for animal proteins. As to cereals, consumption of corn flakes, bakery products and crackers was growing because these products began to be valued for their high fibre content. Consumption of animal fats was decreasing and in recent years these have been replaced by organic fats. These trends indicate a growing consumer awareness of the effects of food on health, as well as of their deeper understanding of medical information.

Table 1.1 Food expenses percentages over total consumption in several European countries and convergence processes

Countries	*1970-75*	*1975-80*	*1980-85*	*1985-90*	*1990-95*	*Convergence to:*
Belgium	24.8	22.7	21.9	20.8	19.1	-1.40
Denmark	25.5	23.9	25.1	23.2	22.7	-0.63
Germany	20.1	18.5	18.7	17.5	16.4	-0.84
Spain	25.4	24.5	25.3	23.4	20.1	-1.17
Greece	43.2	40.3	40.5	39.4	37.2	-1.29
France	23.4	21.6	28.8	20	18.8	-1.08
Ireland	44.4	42.7	42.5	36.4	33.5	-2.81
Italy	31.4	28.2	25.7	23.4	22.4	-2.28
Luxembourg	26	23.8	23.9	21.4	18.2	-1.80
The Netherlands	21	19.7	19.8	19.3	18.7	-0.50
Portugal	n.a.	38.8	37.8	36.1	33.1	-1.72
United Kingdom	30.6	29.4	27.1	23.1	20.9	-2.57
Average	29.7	29.9	28.1	25.4	23.4	-
Stand. Dv.	8.5	8.3	7.9	7.5	7	-

Source: Rosa 1998

The same author underlines the growing relevance of the supermarket chains on the homologation process (Rosa 1998:403). The distribution chains changed consumers' habits (decrease in the number of shopping trips, shopping time, and shopping hours) and also influenced the typology of the purchased food, with a strong dominance of branded items, over the unbranded. The choice to buy a certain product comes from a comparison between the different brands and prices and not from a perusal of the limited numbers of locally produced traditional agricultural products available in corner shops. And with the emergence of the supermarket chains, consumption tends to become similar in both the Northern and Mediterranean countries, even though in these latter areas anthropic and cultural factors still maintain some degrees of specific influence.

Owing to its minimal food 'price elasticity', its pronounced development of retailing chains, and the widespread habit of eating out, the United Kingdom is considered the country in Europe with the most modern food system[6], and is the closest to USA. There is some speculation that the UK/USA model will subsequently be reproduced in other European countries (as it is promoted by some of the largest transnational companies such as McDonald's).

Another significant contributor to changes in food consumption is the general shift in shopping habits that has emerged in the 1990s. One element of this is increased purchasing of durable goods, but an especially significant trend is additional expenditure on health and leisure. This latter trend is one that experts forecast will continue to rise[7]. Expenditure growth in these sectors is seemingly a common occurrence across Western Europe and North America and is a sign of a shift in values toward health and leisure. Health has become a pre-requisite for a high quality of life and, for the first time in history, leisure time has become a scarce resource for the wealthier classes (Fabris 1995, Warde 1999). This cultural change has had a marked impact on perceptions of the quality of food.

Quality in food is a complex concept. We might distinguish the following qualities in the food chain: productive quality (e.g. efficiency and cost), ecological quality (e.g. sustainable production), brand quality (trademarks, labelling) and consumer-perceived quality (taste, nutrition, lifestyle) (Murdoch and Miele 1999; Murdoch *et al.* 2000). There is a growing literature showing that consumer perceived quality is the one that affects the consumers' purchasing choice the most (Becker *et al.* 2000). Peri classifies the consumers' requirements of food quality (see also Figure 1.1), in perceivable and not-perceivable terms (Peri, 90:189). The perceivable attributes refer to the contents of service and sensorial quality (convenience and organoleptic characteristics), whereas non-perceivable quality features pertain to health, safety and symbolic values, such as 'organically produced' or 'animal friendly', 'fair trade', 'country of origin denomination' and so on.

Amongst the multifarious demands for improved agro-food quality characteristics (Figure 1.1), the most pressings are the demands for healthy food and higher food safety, which create the condition for the development of the dietetic or *light* product lines and for the decline/substitution of meat. The demand for services (simplification of preparation, higher conservation, saving time etc.) led to the increase in the market for 'convenience' products. Both 'convenience' and 'health/safety' are food characteristics that have gained enormous relevance during the last decade (even though convenience foods have been evident in Europe since the end of the '50s). The concerns about simplifying food preparation or conservation and the concern about health are common to a wide range of consumers and are not strongly segmented by

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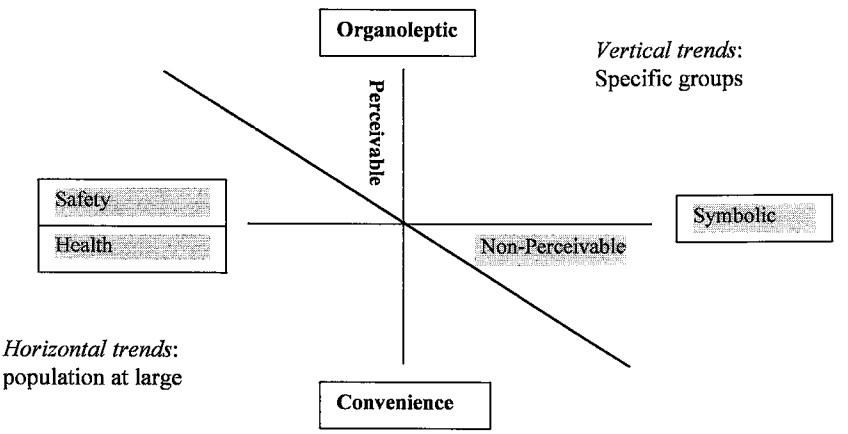
[6] See Rosa 1998 and McMichal 2000 for a broader explanation on this point.

[7] XXVIII, XXIX, XXX Rapporti Censis sullo Stato del Paese 1997, 1998, 1999.

socio-demographic characteristics or lifestyle[8], therefore they can be defined as *horizontal* trends. They represent key elements in homogenisation, the common lines of the evolution of food consumption in Europe. The new relevance attributed to the symbolic aspects of food and the sophistication of consumer taste represent the elements driving the segmentation and fragmentation of food demand.

Figure 1.1 Perceivable and non perceivable requirements of quality food



Source: Elaboration from Peri 1990

Saving time, shifting time and promoting health and safety: Horizontal trends

Convenience

Convenience foods are a growing segment of the food market and meet a relatively new social demand for simplification of meal preparation. A large number of items (packaged, canned, frozen, pre-cooked foods, ready meals) are commonly referred at as 'convenience foods'. Warde *et al.* (1998:2) say the term convenience has been used in English since the 15th century and they identify three meanings of the term. The first refers to something that is suitable or well adapted to the performance of some action or attainment of some satisfaction (fit for purpose). A second meaning concerns the avoidance of personal trouble in particular practices, and also to material advantage and the personal comfort so derived (saving trouble, saving toil). A third sense refers to furnishing an opportunity or advantage. Basically, 'modern' conveniences are those oriented towards comfort and labour saving. The instruments of modern convenience reduce the amount of work required in the accomplishment of routine domestic tasks (Warde *et al.* 1999:6).

[8] See Alan Gordon in the OECD report on the Future of Food (1998)

It was only during the 1960s that another usage was imported from the USA. The term 'convenience store' suggested that the organisation of shopping or goods might be 'designed for convenience' or used when needed. At that time the term convenience became linked with the re-ordering of time. Warde *et al.* connect the evolution of the meaning of the term 'convenience' with a new relevance attributed to 'time management' in everyday life:

> *'the concept has changed recently, perhaps because shortage of time has been identified as a contemporary 'trouble' which requires 'saving', or more properly re-ordering. [...]'* (Warde 1998:3).

Interestingly, many studies have tried to test whether or not 'availability of time' was the main dependent variable for the purchasing of convenience foods, but the results showed that 'household income' more than 'free time', was the main factor affecting the purchasing of convenience foods (Bonke 1992). These findings are coherent with more recent market analyses which point to the fact that the demand for convenience food in the organic or animal friendly foods is increasing (even though such foods are more expensive than conventional products). This fact suggests that convenience foods have gained legitimacy and the previous opposition between the use of convenience products and 'care' or 'authenticity' in food preparation is not so strongly felt anymore (even though issues of acceptability or appropriateness of convenience foods do survive for baby foods) (Warde 1997:127-129, Miele *et al.* forthcoming).

In regard to the role of time (e.g. availability) in affecting the attitude towards convenience foods Warde suggests:

> *'The alternative explanation that I wish to canvass is that the appeal to convenience increasing involves appeal to a new way of conceptualising the manipulation and use of time. It speaks to the problem of living in a social world where people in response to the feeling that they have insufficient time, set about trying to include more activities into the same amount of time, by arranging or rearranging their sequence.* This is about timing rather than about time. *Peas in the freezer reduce the number of shopping expeditions and provide vegetables to hand at whatever time it might be desirable to eat. [....] What certainly is* eliminated is any need to include shopping into the schedule every day *of the week.'* (Warde 1999:6, emphasis added).

Therefore one can conclude with Warde that the desirability and increased popularity of convenience foods rely on their acting as both time-saving and time-shifting devices. They help to free leisure time which is today perceived as a scarce resource, especially in terms of quality-time for other uses (e.g. enjoy the company of one's co-residents and which it seems middle class dual earner households at least are much concerned about, as underlined by Gregson & Lowe 1994, in Warde 1999:9).

Health and safety

During the 1990s health and safety concerns became pivotal for the purchasing of food products. For a large number of consumers, these concerns manifested themselves in the selection of food products, with the increase in the purchasing of diet and low-fat foods. For example, by 1987, diet products covered 37 percent of all processed foods in Germany while 'light' foods already accounted for 50 percent of supermarket supplies in the USA (Malassis and Gersì 1995:79).

Health and safety are two different concepts, since safety involves production, processing and sales, which can be achieved without the food being particularly healthy – as seen in many 'junk foods'. Therefore, safety issues relate to questions of codes and standards, whilst health issues encompass questions that focus on the impact of food consumption. That said, in reality it is extremely difficult to define the contribution of food to consumer health.

In the 1950s and 1960s consumers were barely aware of health and food safety issues. There were groups seeking to protect the environment who warned against the risk to health that could emerge from food based on refined, processed methods, which are obtained after the widespread application of chemical pesticides (Milenkovich 1978). But these were minority groups, involving a small number of consumers, who were very marginal in political terms. The large majority of consumers tended to be concerned merely with seeking quantitative increases in their food consumption. It was not until the 1980s that the agro-food sector really witnessed an increase in healthy food lines. Principally this was as a result of growing concern that diets should be healthy and nutritional. In Italy and other southern European countries, the ideal of a healthy diet has imposed itself even more recently, for in the previous decade this ideal was the focus of attention in Northern Europe and North America.

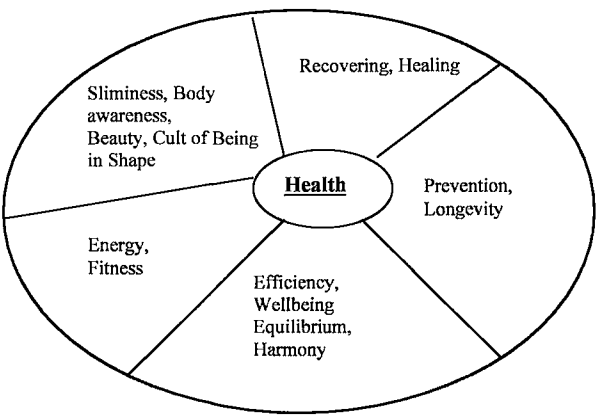
Healthiness is not an inherent characteristic of the single product, nor is it solely dependent on food consumption. Moreover, owing to the multitude of lifestyles and living conditions that impact on health, insofar as consumers conceptualise a role for food in health promotion, this is dependent on personal perception. For individual products this will be influenced by the general pattern of food consumption into which a single item is inserted, which can hardly be codified or standardised.[9]
Fabris (1995:55), one of the most attentive experts on consumption trends in Italy, has noted that there has been an evolution in people's understanding of the concept of health:

[9] As 'health' is an inexpressible and elusive concept that can be hardly measured, there are direct consequences for rules governing food advertising. Within the European Union any reference to the healthiness of a food product is forbidden, or at least open to regular challenge, as 'the facts' cannot be verified. By contrast, in the USA so-called 'health claims' are allowed, with many producers making extensive use of this freedom, as seen in promotions of meat originating from maize-fed or free-range livestock.

'the attention to health issues, which was typical of the most aged or hypochondriac segments of the population, has nowadays changed and is fuelling a large phenomenon whose starting point is redefinition of health to a previously inconceivable extent and size'.

This new orientation (see Figure 1.2) affects large population segments, irrespective of age and economic status. It is moulding consumer behaviour across a wide range of choices, from food to holiday locations, from items of clothing to their use of leisure time, from avoiding certain consumption products (like cigarettes and alcohol) to the rise of new market sectors (e.g. the low-fat sector and organically produced products). What lies behind these new concerns is an evolution in citizen understandings of the concept of health. Until the 1960s and 1970s, the concept of health was used either as the opposite to traumatic events and illness or else it indicated treatment and recovery. During the 1980s the concept became something more. Certainly it no longer became a factor to be considered when traumas occurred.

Figure 1.2 The dimensions of Health



Source: Elaboration from Fabris 1995:58

Rather it was a prerequisite in order to reach specific aims (viz. the improvement of one's body, physical beauty, etc.). In the 1990s a holistic concept of health, as illustrated by Fabris (1995), has become a dominating element in fields from which health concerns had previously been excluded (e.g. health as a prerequisite for energy and fitness, efficiency and wellbeing, balance and harmony, longevity and as a key element in the quality of life in a broad sense).

This understanding of health has become especially relevant in the food sector, and has gained enormous potency so far as consumer choice is concerned. Levenstein (1988) has identified progress in scientific knowledge about nutrition as the most influential determinant of our perception of food and eating, and created a situation in which we assume:

> *'that taste is not a true guide to what should be eaten; that one should not simply eat what one enjoys; that the important components of food cannot be seen or tasted, but are discernible only in scientific laboratories; and that experimental science has produced rules of nutrition which will prevent illness and encourage longevity.'* (Levenstein 1988 in Gronow1997:113).

Health and nature are now often seen to be closely connected. This vision is more and more a key distinguishing element for consumer choice, which is fostering the development of new markets. Most evident in this regard is the decline/substitution in consumption of red meat (beef) with white meats (poultry and pig meat) or meat substitutes (tofu and seitan) and the rise in consumption of *light* or dietetic products, foods enriched with fibres, minerals and vitamins or less processed.

Several studies give evidence of Europe having reached the saturation level in meat consumption, so in the European market further increases in the consumption of meat are not anticipated (Becker 2000). On the contrary, substitution among different types of meat can be forecast, such as white meat replacing red, or exotic meats like oyster or kangaroo becoming more popular.

That said, we do need to recognise differences across Europe. For example, pig meat is consumed in greater quantities in northern European countries and Spain. Italy and France are characterised by high beef consumption, although recently poultry-meat becomes more popular. Qualitative substitution across meats began to be noticed in the 1980s, as the humblest cuts (offal, fore quarters) were neglected in favour of choice cuts, and as white meats were substituted for red. In the Italian meat sector, consumption trends followed this general path, with exponential growth in meat consumption recorded around the 1960s and 1970s. From that time on there has been an increase in annual consumption from 10 kilos per capita to the current 86 kilos. Noticeably, in the early 1990s meat consumption did not increase, which suggests that a consumption limit was reached; in the UK a decline in meat consumption had started much earlier and, after the 1996 scandal of 'mad cow disease', meat sales actually collapsed. Although this situation has now reversed, and current consumption is at the same level as that preceding the BSE scare, total meat consumption is stationary (it is decreasing for red meat).

Health concerns and safety issues are not the only reasons for the decline in meat consumption. Franklin (1999:51) ascribes the *'demise of meat'* to a general loss of 'image':

> *'First, the quantities of meat eaten have declined in response to health scares and raised thresholds of repugnance. Meat is no longer required to centrepiece meals or as a symbol of social progress; high consumption can indicate vulgarity. Meat is increasingly sold in marinades, stir fries or sauces as a pre-prepared meal with exotic origins, thus further disguising its animal beginnings; [...] Fordist mass-production,*

factory meat systems have attracted substantial criticism and section of the service class avoid their products. A substantial minority has become semi-vegetarian.'

Franklin points to the rise of a new sensibility towards animals in post-modern culture, one that leads to a growing legitimacy or attractiveness of lifestyles once perceived as extravagant and radical such as vegetarianism. The diffusion of these values among some consumer elites (middle class, young, highly educated segment of the population) has promoted the advance of new consumption styles and new niches in the food markets, here defined as vertical trends.

Vertical trends, or the rise of new food consumption styles

New orientations in food consumption are also affected by what Chaney (1996:123), in his book on lifestyles, calls a *'...moral and aesthetic concern in contemporary culture'*. Chaney points to three areas of change in discourses about food. The first refers to a shift from seeing food as a matter of practicality to food as an aesthetic concern, that is a display of social competence or even sophisticated taste.

The second is the vast increase in the *'...disciplinary focus upon regulating the amount and types of food eaten, with a consequent industry of advice on the need for, and most effective modes of, dieting'* (*ibid*). This latter point links to the third area, which refers to an enormous increase in moral discourses around the symbolic meanings of food (see Warde 1997:86-88 and Mennel *et al.* 1992). Moral concerns are perhaps most evident in the ideas and values associated with terms such as 'vegetarian', 'organic', 'natural', 'traditional' and 'animal friendly':

'Common to these values are beliefs that the mass marketing of food has led to bland, tasteless merchandise that not only exploits the raw material of animal products but also the producers of vegetable products, has contributed to the chemical destruction of the soil and other natural resources, and is harmful to consumer's health through over-use of pesticides, chemical ingredients and ingredients such as salt and fats. In addition to those who value more traditional style of production and preparation of food items, there are consumers who seek assurance that their food has been produced in ways that are not exploitative of their environment. In these moral concerns over food it is unsurprising that vegetarianism, in a variety of guises, should be a growing aspect of lifestyle practice'. (Chaney 1996:124).

Investing food with moral significance is clearly not peculiar to the current era. However, a genuine innovation is what Chaney refers to as 'lifestyle politics', by which he means the politicisation of many lifestyle choices. This process of politicisation has generated a large number of new social movements, some of which have come to concern themselves with the production and consumption of food. Examples include those who promote animal welfare through to concern about animal rights and environmental concerns (see Tester 1992; Miele and Parisi 1997), those who oppose the diffusion of so-called 'Frankenstein Foods' (i.e. genetically modified organisms), and those that oppose the McDonaldisation of world food and act for the

protection of traditional cusines and local production (e.g. the Slow-Food movement – Miele and Murdoch 2000). It is in this context that we can assess the emergence and diffusion of new niche-markets, like the 'animal friendly produced', the 'suitable for vegetarians', the 'organic products' and the 'typical products'[10]. This new interest in local foods is also reflected in the number of local, regional, national and transnational policies aimed at organic and typical production. Such policies have been evident for some time in the European context, for instance European Council Regulation 2092/91, which defined the rules for certifying organic production, European Council Regulation 2081/92, which allowed food producers to register products with geographical names if they could show that region of origin gave special characteristics, and European Council Regulation 2082/92, which was concerned with specific product types (traditionally processed foods). The 'animal friendly produced' and the 'suitable for vegetarians' foods have been developed mostly by private retailing companies (with the exception of Sweden, where animal welfare has represented a focus of attention of the public quality policy towards animal products). These 'cruelty free', 'traditional', 'authentic' food stuffs have become highly valued in the 'moralised' culture of contemporary food consumption. The growth of the market for organic foods and the increased popularity of vegetarianism represent a good example of this trend.

[10] The EU laid down a regulation (Reg. 2081/92) for the protection of typical products PDO/ IGP 'country of origin designation'.

2 The Culturalisation of the Food Market

Introduction

In recent decades the attention to forms of consumption has grown in the social sciences (Miller 1995:1-57), especially among those authors involved in the debate about the definition of the 'post-modern' condition. The term 'culture of consumption' has been used by Featherstone (1991) to emphasise the world of consumer goods and to show that their structural principles are of ever increasing importance to the understanding of current changes in western society. More specifically over the last two decades increasing attention has been paid by social scientists to the meanings, beliefs and social structures giving shape to food consumption (Warde 1999:1-21, Lupton 1996:6).

This chapter explores some of the main perspectives that provide insights for understanding the contemporary food practices of Western societies, practices that Malassis has defined as specific to *satiety societies* (Chapter 1). Therefore the perspectives here discussed are culturally specific and address the multifarious aspects that affect the changes in food preferences, eating habits, cooking repertoires of individuals who are in the position of having good access to food and a wide range of foodstuff from which to choose.

The body of literature relevant to understanding the changes in food practices is vast, and ranges from the specific area of 'the sociology of food' and to a general concern with eating (Mennel 1985; Mennel *et al. 1*992; Montanari 1996; Harris 1986; Lupton 1996; Warde 1996,1999, 2000; Fine 1995), or broader cultural studies (Douglas *et al.* 1979; Bourdieu 1984; Lamont 1992; Bocok 1993; Campbell 1995; Gabriel and Lang 1995; Chaney 1996; Featherstone 1991; Maffesoli 1996 and Franklin 1999). This chapter does not aim to comprehensively review the literature; rather, the approach taken here is interdisciplinary and aims at discussing several dimensions of food habits, notably: symbolic aspects of food, new values, sites of consumption, new food subcultures that are relevant to the understanding of the growing popularity, and the rise in the consumption of organic foods.

Foods as symbols

Food and drink have been widely used as symbols of social position and status in sociological analyses. The classic study of conspicuous consumption and status symbols by Thorstein Veblen in 1898 (Veblen 1934) can be considered the first example and has been recognised as a model for the sociological analysis of consumer behaviour (Gusfield 1994:80). Nevertheless, as Campbell (1995:102-103) has pointed out, even though classical thinkers such as Veblen, Simmel, Weber and Marx are cited in contemporary discussions of consumption, a major influence in the type of research that has been produced in this field comes from more recent theorists, like Goffman, Bourdieu, Baudrillard, Jameson, and Maffesoli.

In the area of sociology of food and eating habits Deborah Lupton (1996) seems to share the same view. In her monography on *Food, the Body and the Self*, this author acknowledges that the study of modern consumption has been greatly influenced by the specific theories and methodologies known as 'structuralism' and 'post-structuralism'.

The structuralist perspective first developed in France after the end of the Second World War and may be seen as having had some of its main sources in the work of earlier scholars such as Saussure (1857-1913), and later twentieth-century linguistics such as Jakobson and Chomsky. The emphasis that these authors gave to the idea of underlying depth structures, below the level of conscious knowledge of effective language users (which were seen as determining grammatical rules and the production of 'sense' in language), came to influence other scholars outside linguistics. The idea of 'deep' structures (deep in the sense of being outside conscious awareness) which enable language users to produce sense, and to communicate meanings, without being able to state explicitly the rules of grammar they used, seemed to hold exciting possibilities for the human sciences (Bocock 1993:58). The structuralist perspective in general is interested in the ways in which individuals' actions, values, thoughts and identities are largely structured through social norms and expectations, which are in turn linked to the broader organisation and structure of societies. In the late seventies and the eighties, in the field of consumption, this perspective firstly stressed the role of *commodities as communicators* and, in the study of food and drink, has been as attentive to the 'text'(the content of consumption) as it has been to its context (the setting and the participants) (Gusfield 1994:80).

Deborah Lupton distinguishes two main perspectives in the structuralist body of literature that deals with food practices: the functional structuralist and the post-strucuralist. By *functional-structuralist* approaches Lupton refers to the work of Levi-Strauss (1970), Barthes (1972) and especially Douglas (1975-81). This body of literature has focused on the search for the 'rules' guiding the food practices or food habits in specific cultures. According to Lupton, from a functional structuralist perspective, these norms and social institutions (such as structure of a meal,

combination of foods, status of different foods) act to maintain social order. Their existence means that individuals are able to hold certain expectations about the behaviour of others and to meet others expectations.

The aim of most of this type of research is primarily to explore the use to which food is put as part of social life. M. Douglas (1975) has approached the process of 'deciphering a meal' from the premise that food categories encode, and therefore structure, social events. For this author food consumption is a ritual event, both in western and non western societies and she argues that food categories constitute a social boundary system; the predictable structure of each meal creates order out of potential disorder. The meal is thus a microcosm of wider social structures of boundary definitions: 'the ordered system which is a meal represents all the ordered systems associated with it' (Douglas 1975:273). Douglas for example examines the structure of the evening meals in British working class families and she identifies the following rules: 'it consists of a hot and savoury main course, with a staple serving of potato, a centre-piece of meat, fish or eggs, doused in brown gravy, followed by a sweet course with a pale, creamy, sweet dressing. Cold water is drunk with the meal, and hot tea or coffee after the meal is eaten. Hot and cold foods are kept separate: no addition of cold foods to a hot plate is permitted, or vice versa (Douglas and Gross 1981:6-8 in Lupton 1996:9). The attempts by functionalist structuralists to determine the unwritten rules underlying food consumption in western cultures disclose the ritualised and apparently static nature of everyday food practices. Such analyses therefore concentrate attention on continuity and consensus and point to the difficulties of introducing 'novelties' or 'foreign' elements into traditional diets.

Distinctions

Another leading author, one who is working out of the Western Marxian tradition perspective, is Pierre Bourdieu. In his analysis of taste and social structure, Bourdieu (1984) examines how consumer goods are used to underline social differences and act as communicators of distinctions. In *Distinctions: a Social Critique of the Judgement of Taste,* he presents both an empirical study of consumer habits in France (based on extensive fieldwork (about 1000 interviews with consumers in France) done during the 1960s and 1970s) and an interpretative theory, that is applied to food and drink. Bourdieu sees in food and meals the communication and representation of more general orientation to life-style. His work focuses on the way in which consumer goods, including food, were used by specific groups, socio-economic classes in particular, to demarcate their distinctive modes of living. Goods allow groups to mark themselves off from others (Bocok 1993:61). Bourdieu develops a complex thesis in which he stresses the centrality of consumption practices (especially the manifestation of taste) in the creation and maintenance of social relationships of domination and submission. His emphasis is on the hierarchical nature of status systems in modern society and he underlines the individual's possession of symbolic or cultural capital,

more than material possessions, and the way in which this can be put to use in the display of taste (Campbell 1995:104).

Therefore for Bourdieu the pleasure deriving from consumption is only partly related to the material aspects (the physical consumption) of goods; it also derives from the 'communicative' uses that consumers make of goods. This author underlines the crucial importance of 'cultural capital', 'taste', or ' the ability to discriminate' and the pleasure of sharing with others the knowledge and appreciation of certain goods, or occasions. Bourdieu's definition of taste, which is both an outcome of class position and a way to reproduce class, is thus crucial to his analysis:

> *'Taste is the propensity and capacity to appropriate (materially and symbolically) a given class and classified object or practices, is the generative formula of life-style, a unitary set of distinctive preferences which express the same expressive intention in the specific logic of each of the symbolic sub spaces, furniture, clothing, language or body hexis.'* (1984:173).

Taste, in Boudieu's view, is inevitably linked to difference and such taste must be distinguishable from the taste of others:

> *'Tastes (i.e. manifested preferences) are the practical affirmation of an inevitable difference. It is no accident that, when they have to be justified, they are asserted purely negatively, by the refusal of other tastes. In matter of taste, more than anywhere else, all determination is negation; and tastes are perhaps first and foremost distastes, disgust provoked by horror or visceral intollerance ('sick-making') of the tastes of others. 'De gustibus non est disputandum': not because 'tous les gouts sont dans la nature', but because each taste feel itself to be natural – and so it almost is, being a habitus*[11] *– which amounts to rejecting others as unnatural and therefore vicious. Aesthetic intolerance ca be terribly violent. Aversion to different life-style is perhaps one of the strongest barriers between the classes; class endogamy is evidence of this.'* (1984:56)

Bourdieu identifies a basic distinction in taste: a taste of luxury and a taste of necessity. The taste of luxury is developed in a context of freedom from necessity (in food it is expressed by a preference for light meals, small portions, moderate drinking, salads instead of potatoes, fish such as salmon and delicate and expensive fruits like peaches or grapes). A taste of necessity (which may look a negation in terms) is the taste that is developed by the ones who cannot choose (in food there is a taste for filling and cheap food, big meals, abundance of drinking, with plenty of staples like potatoes, beans and pasta). In addition, Bourdieu emphasises the importance of knowledge of the most appropriate ways of obtaining and using each commodity, so a taste of necessity can survive in the '*noveau riches*' (and he shows that the food they consume is increasingly rich, both in cost and calories, and increasingly heavy: more meat, game, foi gras). Therefore, for Bourdieu there are inherent limitations on an individual's

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[11] Habitus can be defined the personal cultural inheritance (Campbell 1995:104). For a broad explanation see Bourdieu 1984.

possibilities of advancing in his/her status, because of the personal cultural inheritance or *habitus*. By contrast, the taste of the professionals or senior executive defines the popular taste, by negation of heavy, fat and coarse foods, and by tending towards the light, the refined and the delicate. Moreover taste in foods is also affected by the ideas each class has of the body:

> *'Taste, a class culture turn into nature, that is,* embodied, *helps to shape the class body' (1984:190); and of the effects of food on the body (physical strength, health and beauty). But also the categories used to evaluate these effects differ from one class to the other: some of these may be important for one class and ignored by another. The hierarchy of these characteristics is very different between the classes: 'the working class ideas of the body concentrate more on (male) strength and tend to neglect body's shape (and therefore working class people tend to prefer products which are both cheap and nutritious), while the people belonging to the upper and middle class prefer products that are tasty, health giving, light and not fattening'* (1984:190)'.

Taste in food also depends on gender: '*Charcuterie* is more for the men, and later the cheese, especially if it is strong, whereas the *crudités* are more for the women, like the salad. [...] Meat, the nourishing food par excellence, strong and strong-making, giving vigour, blood and health, is the dish for the men, who take a second helping, whereas the women are satisfied with a small portion' (1984:192).

The most clear divide and specific hierarchy in food tastes is illustrated by Bourdieu in the manners of food. The analysis of working-class and bourgeois ways of treating food, of serving, presenting and offering it, are, according to this author, infinitely more revelatory than the nature of the products involved:

> *'Plain speaking, plain eating: the working class meal is characterised by plenty (which does not exclude restrictions and limits) and above all by freedom. 'Elastic' and 'abundant' dishes are brought to the table – soups or sauces, pasta or potatoes (almost always included among the vegetables) – and served with a ladle or spoon, to avoid too much measuring and counting, in contrast to everything that has to be cut and divided, such as roasts. This impression of abundance, which is the norm on special occasions, and always applies [...] for the men, those plates are filled twice, is often balanced, on ordinary occasions, by restrictions which generally apply to the women.[...] These strongly marked differences of social status (associated with sex and age) are accompanied by no practical differentiation (such as the bourgeois division between the dining room and the kitchen) and strict sequencing of the meal tends to be ignored. Everything may be put on the table at much the same time (which also saves walking), so that the women may have reached the dessert, and also the children, who will take their plates and watch television, while the men are still eating the main dish and the 'lad', who has arrived late, is swallowing his soup (1984:190)'.*

This freedom, which may be seen as inaccuracy, has its motivations. Firstly it saves labour, which is seen as an advantage since men do not contribute to the housework, every economy of effort is welcome. Thus, Bourdieu describes that

> *'when the coffee is served, a single spoon may be passed around to stir it. But these short cuts are only permissible because one is and feels at home, among the family, where ceremony would be an affectation. For example, to save washing up, the plates are not changed between dishes. The soup plate, wiped with bread, can be used right trough the meal'*(1984:191). Bourdieu interprets these *'liberties' as an area of life where 'at least there will not be self-imposed controls, constraints and restrictions- especially not in eating, a primary need and a compensation- and especially not in the heart of domestic life, the one realm of freedom* (1984:191)'.

In opposition to the free-and-easy working class meal, the bourgeoisie meals are described as dominated by a concern to eat with all due form. Form is first of all a matter of rhythm, which implies expectations, pauses, restraint i.e. waiting until the last person served has started to eat, taking modest helpings, not appearing over-eager. A strict sequence is observed and all coexistence of dishes which the sequence separates (fish and meat, cheese and dessert). For example, before the dessert is served, everything left on the table, even the salt-cellar, is removed, and the crumbs are swept out. This extension of rigorous rules into everyday life is the expression of a habitus of order, restraint and propriety which may not be abdicated. The relation to food –*the* primary need and pleasure- is only one dimension of the bourgeois relation to the social world. The manner of presenting and consuming the food, the organisation of the meal and setting of the places, strictly differentiated according to the sequence of dishes and arranged to please the eye, the etiquette governing posture and gesture, ways of serving oneself and others, of using the different utensils – the very refinement of the things consumed, with quality more important than quantity. This whole commitment to stylisation tends to shift the emphasis from substance and function to form and manner, and so to deny the crudely material reality of the act of eating and of the things consumed.

Given the basic opposition between form and substance, Bourdieu identifies an opposition between the two antagonistic approaches to the treatment of food and the act of eating. In one case, food is claimed as a material reality, a nourishing substance which sustains the body and gives strength (hence the emphasis on the heavy, fatty, strong foods, of which the paradigm is pork- fatty and salty- the antithesis of fish- light, lean and bland) and prevails an 'ethic of convivial indulgence'(1984:179); in the other, the priority is given to the acceptance of the new cultural norm of restraint (1984:179), to form (the shape of the body, for example) and, formality, puts the pursuit of strength and substance in the background and identifies true freedom with elective asceticism of a self-imposed rule. Less well-off but highly educated people (possessing more cultural than economic capital) such as teachers were more inclined towards ascetic rather than conspicuous consumption, preferring inexpensive original and exotic foods (such as Italian and Chinese foods) and traditional peasant dishes (1984:185), not as a moral choice, but by making a virtue of necessity.

According to Bourdieu the rules and norms of good taste (cultural capital) are not acquired from formal education, but rather they are secured from family teaching at home. Table manners are taught from early childhood, as well as what appropriate foods are[12]. The contrasting world views of the working class and the middle class embody two different representations of human excellence: substance (or matter) is also what is substantial, not only filling, but also real, as opposed to all appearances, all the fine words and empty gestures that are purely symbolic. Reality as against imitation, simplicity as against embarrassment, posturing as a substitute for substance, i.e., for sincerity, for feeling, for what is felt and proved in action.

> *'On these world views, there is no neutral viewpoint; what for some is shameless and slovenly, for others is straightforward, unpretentious; familiarity is for some the most absolute form of recognition, the abdication of all distance, a trusting openness, a relation of equal to equal; for others, who shun familiarity, it is an unseemly liberty'* (1984:194-199).

Talking about France during the sixties and seventies, Bourdieu points to the disappearance of economic constrains in food consumption and underlines that this phenomenon is accompanied by a strengthening of the social censorship which forbids coarseness and fatness, in favour of slimness and distinction.

The critics of the structuralist perspective: the de-hierarchalisation of tastes

In her study *Food, the Body and the Self* Lupton criticises the functionalist structuralist approaches of Levi-Strauss and Douglas by underlining that these studies tend to be more descriptive than analytical and that often they do not engage with the broader social, political and economic context in which food is produced, prepared and consumed. Moreover the same author emphasises that in these accounts there is little sense of history, they tend to suggest that this is the way 'things have always been' without exploring the contingent nature of food practices and preferences (1996:10). The structuralist perspective has been criticised also by the exponents of a 'developmentalist[13]' approach to the study of food habits (Mennel *et al.* 1992:14). The authors grouped in this perspective share a dissatisfaction with the structuralist interpretation of food practices, e.g. Mennel (1992), among others, criticises this approach for being biologically reductive and ethnocentric, assuming for example that westernised taste preferences are universal (Mennel *et al.* 1992:7). These authors share an interest in understanding the development of specific national and regional cuisines (Mennel 1985), national diets and food preferences or food avoidance (Harris 1986)

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[12] Middle class children may be banned from regular ingestion of sweets or from eating fast foods from chain restaurants such as McDonald's. The rationale given is not generally related to class disposition but to the relative nutrition of the food or its propensity to cause tooth decay. However, the effect of such bans is to reproduce the notion in children that such foods are not appropriate, not part of their habitus, not for 'people like us' (Lupton 1996:97).

[13] Mennel, Murcott and Otterloo classify the work of Harris (1986), Goody (1982) Mennell (1985) and Mintz as developmentalist. (1992:16).

and the influence of the broader context (environmental constraints, population growth, access to resources) in shaping them.

Bourdieu's strong emphasis on clear distinctions in taste and lifestyle based on class has also been criticised by several authors, both in the field of cultural studies (among others, Lamont 1992), and from many authors in the sociology of food (Mennel and Murcott 1992; Warde 1992, 1997, 1999). These studies, even though related to different matters, have in common the questioning of Bourdieu's theory of hierarchalisation of tastes.
Michèle Lamont, in her comparative study of *Money, Moral and Manners* of upper middle class in France and USA, based on interviews of 160 successful male managers, professionals, entrepreneurs and expert, by building directly on Bourdieu's apparatus that shared cultural style contribute to class reproduction, arrives to different conclusions. Firstly Lamont, by referring to the US context, contrasts Bourdieu's point about hierarchalisation and from her study arrives at the conclusion that: 'Bourdieu fails to recognise tolerance and that

> *[...] upper- middle-class men have particularly broad cultural repertoires and often appreciate diversity. In this context, it is unlikely that preferences are defined primarily through a closed semiotic system of reference. Instead, especially in rapidly changing societies, they are more likely to be defined by invidious comparisons whose reference base changes across contexts.*' (1992:183).

While Bourdieu almost exclusively stresses the importance of signals of socio-economic and cultural status, Lamont's research indicates that moral signals are very important as well, and contests Bourdieu's point that they are the privileged concern of a small group of people(those who are, to a marked degree, either upwardly or downwardly mobile are the privileged bearers of morality). Lamont argues that Bourdieu's conceptualisation of status is limited since he fails to grasp how the relationship between moral, socioeconomic and cultural status changes across time and space. For example she points out that in *Distinction* Bourdieu analyses the 'bourgeois ethic and aesthetic' in terms of bipolar oppositions: he opposes the heavy to the refined, the dull to the brilliant, the ordinary to the rare. Terms such as *common*, *crude*, or *coarse* which could in principle be opposed to moral terms, are instead contrasted with *unique*, *elegant* and *fine*, which pertain more to the cultural than to the moral distinction. In addition, 'moral referents such as *solidarity* or *honest*, *truthful, fair*, *good*, *peaceful*, and *responsible* are altogether absent from Bourdieu's semiotic analysis (1992:185)'.

Lamont argues that Bourdieu's work relies too heavily not just on French attitudes but on Parisian (even more specifically 'Parisian intellectual') attitudes, thereby exaggerating the importance of cultural boundaries:

> *'...even if Bourdieu is not concerned with the American case, it is useful to stress again that many Americans do not show signs of cultural goodwill, do not acknowledge the legitimacy of high culture and the importance of accumulating*

> *knowledge about it. In keeping with the populist tradition, drawing boundaries using such signals can be seen by Americans as undemocratic, the way selecting on the basis of religion or ethnicity is perceived by many as illegitimately bigoted.'* (1992:186).

Finally, according to Lamont, Bourdieu neglects to analyse how people's preferences are shaped by broader structural features as well as by the cultural resources that are made available to them by the society they live in.

Going from the themes of cultural boundaries, high status signals and manners to the specific of food consumption, many authors have argued that clear class divisions are diminishing – though few would claim that they have disappeared (Bocock 1993). In parallel, market research is abandoning, or at least downgrading, the use of socio-economic information as a way of identifying and targeting consumer markets, convinced that it is increasingly less effective for that purpose (Warde 2000:12). As Willis has pointed out:

> *'The early history of marketing was precisely about separating consumer groups in to socio-economic categories so that products could be aimed at them more exactly. Modern marketing , however, has moved on from delineating socio-economic groupings to exploring 'new' categories of life style, life stage, and shared denominations of interest and aspirations. This is a crucial move since it attempts to describe market segments not from an 'objective' point of view, but from the point of view of the consumer. Far from being the passive victim of commercialism's juggernaut, the consumer has progressively been recognised as having substantial and unpredictable decision-making power in the selection and use of cultural commodities'.* (Willis 1990:137 in Bocok 1993:29).

Such trends challenge sociological theories that have stressed the centrality of class differences in structuring consumption opportunities (Warde 2000:12).
The diminishing role of class in explaining food consumption is underlined both in the studies that point to an evolution of food consumption models in European societies towards a common standard and a growing homogeneisation (such as Mennel 1985; Montanari 1996) and in studies that underline a growing fragmentation brought about by the proliferation of food sub-cultures (meat avoidance, vegetarianism, macrobiotics, organic – Fiddes 1991), and the sophistication of food tastes (omnivourouness, cosmopolitanism – Warde 2000)

Mennel underlines that social contrasts in food consumption have diminished during the later twentieth century. In his study *'All Manners of Food: Eating and Taste in England and France from Middle Ages to the Present'* (1985) he argues that contrast between classes especially, but also between regions, seasons and so forth, are less prominent. Mennel's work has been influenced by Norbert Elias's theory developed in *'The Civilising Process'* (1978/1982- orig. 1939), and it is argued that taste in eating is formed in the same way as the shaping of personality more generally (Mennel

1992:17). Mennel interprets the evolution of the attitude towards food in European societies from Middle Ages as a long term taming process of appetite:

> *'In the Middle Ages there were great inequalities in the social distribution of nourishment, but in all social ranks there was an oscillating pattern of eating related to the insecurity of life in general, and food supply in particular. The pressure towards foresight and self-restraint were relatively weak and discontinuous. The problem of appetite in relation to over-abundant food had still scarcely arisen earlier than eighteenth century for the majority of people in western Europe; for them the most pressing external constraints on appetite were still the shortage or irregularity of food supplies. Until then, the upper classes often distinguished themselves from the lower by the sheer quantity they consumed. [...] During the eighteenth century (*with the general improvement of the food supply*) social distinction came to be expressed more through the quality and refinement of cooking than through sheer quantitative stuffing. The change towards restraint of appetite began to be expressed in medical opinion in France and England [...]. In the nineteenth century the virtue of moderation and disdain of gluttony were increasingly stressed by bourgeois gastronomes, as a concern with obesity as a result of overeating began to be felt in well-to-do circles.[...] The problem and the fear of fatness gradually spread down the social scale, 'slimming' becoming a prominent concern in the popular press in the twentieth century. The social standards of expected self control over appetite have developed so that they make much greater demands on individual people than formerly, and the growing incidence of eating disorders like anorexia and bulimia afflicting a minority appears to be related to these changes in social standard of the majority.'* (Mennel 1992:49).

Warde also questions Bourdieu's assumption that 'differences in taste' are used to draw distinctions from 'others'. According to this author the relevance that Bourdieu (like Veblen and Fine and Leopold) ascribes to social class and social distinction as determining consumption practices has left under-investigated other social groupings, particularly associations based on gender and generation, but also ethnic, local and national differences. By acknowledging that '*much individual consumption behaviour is contextually determined*' Warde questions the theory of the survival of a social hierarchy of taste and wonders whether '*distinction in consumption can be mapped onto class structure or indeed onto any system of social positions*' (1996:307).

Warde underlines that one of the main features of European affluent contemporary societies is the enormous increase in the variety of the commodities and services in the field of food (as broadly illustrated by Mennel 1985) and that this phenomenon has important consequences: it becomes hard to read the signs of social and aesthetic classification when there are too many cultural items on display, because the proliferation of variety makes aesthetic judgement and the detection of a cultural hierarchy more difficult (Warde forthcoming). In a study on the diffusion of ethnic restaurants in UK, *Eating globally: cultural flows and the spread of ethnic restaurants*, forthcoming, Warde identifies three main consumer attitudes or strategies towards food

which address the different social meanings of ethnic cuisine: omnivorousness, cosmopolitanism and distinction. In the sociology of culture the term cultural omnivorousness has been used by Peterson (1992) in order to describe the process by which people develop an appreciation and knowledge of an increasingly large number of cultural genres in different fields, e.g. music[14] or food. Cultural omnivorousness has been interpreted as a move away from snobbish claims of exclusivity on the basis of an appreciation of high culture. It represents an attitude of denial and illegitimacy of any possibility of 'distinctions' in Bourdieu's sense. Cosmopolitanism conveys a different set of meanings to ethnic cuisine, which refer to the reception of foreign foods as symbol of and an appreciation of cultural difference and multiculturalism. It represents an attitude of tolerance and respect for diversity. As Warde points out:

> *'Bourdieu presumes that cultural and social hierarchies coincide. Thus food tastes position people in social location which reflect the social hierarchy. However, it is difficult to establish empirically whether there is a commonly acknowledged hierarchy of taste, for plurality of practices need not necessarily imply a relationship of superiority and inferiority. It is not entirely satisfactory to conclude that merely because privileged persons engage in particular cultural practices exclusive to them that other groups recognise any special cultural merit in those practices, even while participation is a marker of social privilege.[...] One problem in making that presumption today with respect to ethnic cuisine it that both omnivorousness and cosmopolitanism might themselves be marks of social distinction. It is possible that having a wide knowledge is itself the current way to express high social position, exert social closure and operate effective cultural exclusion of others who lack this form of cultural capital.'* (Warde forthcoming).

In *Eating Out: Social Differentiation, Consumption and Pleasure* a recent study of eating out in UK, Warde and Martens (2000) aimed at investigating the symbolic significance of eating out and the relationship between public eating and domestic cooking. Their analysis aimed to describe contemporary patterns and the symbolic association of eating out and to relate these to socio-demographic characteristics of households, their domestic provisioning of food, diet and taste. The main findings of the study show that different social groups frequented different types of restaurants and provide evidence that some tastes have more status than others, a tendency currently noticeable with respect to establishments specialising in particular ethnic cuisines. Bryson (1996, in Warde and Martens 2000:226) identified a paradox, that while inequalities and income have increased over the last two decades, cultural differentiation has apparently diminished. One explanation is that there is now so much variety of choice that it is impossible to connect people's tastes to their social position. Thus, as these authors underline, taste becomes socially unimportant and obsolete, as a tool for marking distinction between classes. However, class differences have not disappeared.

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[14] Warde quotes the study of Peterson and Kern (1996) that shows that all groups in the population professed to have a knowledge of a greater range of types of music in 1993 than in 1983, with those with more highbrow tastes having extended their repertoires most markedly.

> *'The professional and managerial classes are thronging to ethnic cuisine restaurants, while poorer, working class, older, provincial people are not. Familiarity with ethnic cuisine is a mark of refinement'* (Warde and Martens 2000:226).

They define omnivorousness

> *'as a strategy that gives those involved both a means of selecting among goods and activities when faced with bewildering variety in circumstances where they no longer have the capacity or guidance to make 'reliable' aesthetic judgements. It is also a means to communicate with as large a number of other groups as possible, hence increasing the chances of being recognised as being a socially competent person of style and good taste. Thus command of variety becomes a key form of social and symbolic capital. It is unclear, however, whether omnivorousness is a solution to the anxiety associated with an ambivalent modernity, an expression of greater cultural tolerance, or a particular form of social distinction in its own right'* (Warde and Martens 2000:79).

The same authors draw the conclusion that eating out is a major and expanding conduit of sociable interaction. Informality seems to increase, even though basic rules of behaviour are maintained (2000:14).

> *'Few people go out to dine alone, and only a small proportion of eating out occasions are for purposes of business. Hence most people eat out in the company of family or friends, parties often containing both, thus increasing opportunities for social mixing. Overall, the practice of eating out provide a context for sociability and for the maintenance of social networks of close relationships and [...] is a source of conviviality and co-operation'* (2000:227).

The proliferation of food sub-cultures

Another criticism of the theory of hierarchalisation of tastes comes from the literature pointing to the proliferation of food sub-cultures in affluent societies as a phenomenon associated with the increased availability and variety of foods (see also Chapter 1). These studies do not necessarily contradict those that point to a decrease in food contrasts in the evolution of food models in Europe; in a context of abundance, when the average diet has reached the saturation level in terms of calories intake, the increased availability of different qualities of foods and the reduction of the food costs, make possible a higher degree of individualisation of food consumption.

The processes of 'individualisation' have been widely discussed by Beck in *Risk Society* (1992) and, according to this author, they characterise contemporary social change. Individualisation may be observed when actors cease to behave like other people in a similar social position and with whom they share roots and trajectories. Collective norms are less binding, the claims of other people less obligatory. It refers to a process of social uprooting, suggesting processes either of detachment from the group or of much greater differentiation within groups (Warde and Martens 2000:13).

According to Warde and Martens individualisation may manifest itself in many aspects of food consumption. It might be demonstrated by the decline of the *family* meal and the reduced likelihood of eating with other family members. Members of the same household might adhere to different diets and have more diverse tastes than before (2000:13-14).

The process of individualisation can be identified as instrumental for the criticism of traditional diets and foods and for the proliferation of food sub-cultures. Many of these sub-cultures (macrobiotic diets, vegetarianism, natural foods, fair trade) question traditional meanings attributed to foods, and represent processes of 'crafting' a diet around different desires or values e.g. health, equilibrium, well-being, beauty, environmental protection, animal rights, animal welfare, social justice and solidarity.
One set of ideas currently being expressed are those associated with a new morality of food. This new morality stems, in part, from a changing perception of animals (Franklin 1999). It marks a shift from a utilitarian view (in which animals are seen as machines whose only value is derived from the way they meet human demands) to a more compassionate and altruistic view (wherein animals are seen to have intrinsic value). This shift is taking place across Europe and appears to be associated with a context of abundance as consumers now have access to various sources of protein (vegetable sources of protein are widely available); thus, animals are potentially freed from fulfilling this role. As a result, growing numbers of consumers have come to see vegetarianism as a dietary option and meat as a morally questionable food.

Nick Fiddes in his fascinating anthropological analysis of meat eating in Great Britain, *Meat: a Natural Symbol* (1991) provides evidence of the contingent nature of the meanings attached to food. Fiddes describes the evolution of meat consumption and underlines how eating meat was, in the past, primarily linked to class and sex:

> *'At the beginning of the last century the diet of the then numerous working class was the worst ever and the majority of workers had rarely seen fresh meat. A mouthful of bacon was a luxury and a landowner could oblige his workers to accept the meat of sick animals instead of pay.... The wealthy, on the other hand, consumed large quantities of meat. The Family Oracle of Health, published in 1824, declared that a dinner was poor if it did not include at least five dishes: a large plate of fish, one of meat, one of game, one of poultry, and above all a ragout with truffles.'* (Fiddes 1991:24)

The studies of Land (1977), Marsden (1969),and Kerr and Charles (1986), show that up until recently, for less well-off families, the consumption of meat was linked to sex: men, employed in more remunerative jobs, ate more meat than women and children:

> *'The lion's share was reserved for the men...while.... the women , who bore the responsibility of managing the limited family finances, in order to be sure that the family was adequately fed, often abstained from eating to ensure that their husbands and children got enough. The alimentary requirements of the men were often put first*

> *due to their need to stay in good shape for work,'* (Kerr and Charles 1986:116, in Fiddes 1991:158)

Thus meat eating was traditionally a luxury activity. However, with increasing affluence the status of this luxury changed. Meat consumption increased steadily from the end of the Second World War to the early 1970s, but from that time onwards it has slowly decreased. According to Fiddes, in the United Kingdom, between 1984 and 1990, the number of vegetarians increased by 76 percent, while the numbers of those not eating red meat more than tripled. Refusal to eat meat is more common in young women than in men: 22.4 percent of women between 16 and 24 (and 12.8 percent of all women) rarely or never eat meat, while the equivalent figures for men are 9.1 percent and 7.1 percent respectively. In addition, abstinence from eating meat is now more common among the middle and wealthier classes: 4.5 percent, against 2.5 percent for the poorer classes. Fiddes thus concludes that:

> *'...probably for the first time in history abstinence from meat eating is now more a question of choice than necessity, and is prevalent among those in better economic circumstances and better informed.'* (1991:29)

Fiddes interprets the changes in attitude to meat diachronically and synchronically. On the one hand, it is clear that in the last twenty years in the United Kingdom an alternative alimentary culture has developed, one which attributes non-traditional significance to foods, where meat is an example of a luxury that became a food of the masses and then subsequently something to be avoided; it became a 'negative symbol', i.e. an indicator of human domination over animals, or a symbol of masculinity (see also Barthes 1973). However, the new negative meanings linked to meat do not replace the positive ones all together, but coexist and traditional consumption models do survive[15] amongst the ones who do not share the new values.

Postmodern approaches to consumption

Warde acknowledges that 'many contemporary authors like Giddens 1991; Beck 1992; Bauman 1988 share the claim that people today use consumption to signify who they are to other people from whom they hope for approval and esteem for their 'style''. Even though Warde does not understand consumption practices as mainly motivated by the aim of creating an identity, but, rather argues that other sources of identity, particularly of identification with national, ethnic, occupational and kin groups remain strong without being dependent upon shared patterns of commercial consumption (Warde 1996:307). Nevertheless he agrees that *'in modern urban societies people are known through their presented selves and that this involves concentrated attention to details supported by vigorous bouts of shopping'* (Warde forthcoming).

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[15] As in the case of the less rich strata of the Western European countries, or in China and many Eastern European countries in which meat consumption is presently low compared with USA and Western Europe, although it increasing.

More pronounced post-structuralist approaches, on the contrary, conceptualise consumption as a process in which a purchaser of an item is actively engaged in trying to create and maintain *a sense of identity* through the display of purchased goods. As Baudrillard suggests, contemporary consumers do not buy items of clothing, food, body decoration, or a style of entertainment, for instance, in order to express an already existing sense of who they are. Rather, people create a sense of who they are through what they consume (Bocock 1993:67).

Mike Featherstone has incorporated some post modern insights into conceptualisation of consumption and has suggested that:

> *'The term 'life-style' is currently in vogue. While the term has a more restricted sociological meaning in reference to the distinctive style of life of specific status groups, within contemporary consumer culture it connotes individuality, self-expression, and a stylistic self-consciousness. One's body, clothes speech, leisure pastimes, eating and drinking preferences, home, car, choice of holidays, etc...are to be regarded as indicators of the* individuality *of taste and sense of style of the owner/consumer. In contrast to the designation of the 1950s as an era of grey conformism, a time of mass consumption, [...] we are now moving towards a society without fixed status groups in which the adoption of styles of life (manifest in choice of clothes, leisure activities, consumer goods...) which are fixed to specific groups have been surpassed'.* (Featherstone 1991:83, emphasis added)

All the above mentioned authors address individualisation as the key character of a post-modern condition and interpret consumption as an activity aimed at creating a sense of identity. It has been suggested by Lupton that these approaches provide better tools for exploring the changeable and contextual nature of meanings of food in contemporary affluent societies (Lupton 1996), even though this author most often refers to the construction of *subjectivity* instead of *identiy* through food consumption. However, Melucci (1989) has underlined that Maffesoli's concept of *neo-tribalism* suggests useful insights for understanding the characteristics of the new social movements and therefore could provide a frame for understanding the proliferation of contemporary food movements such as organic movements and vegetarianism. Maffesoli criticises the emphasis upon the emergence of a highly 'individualistic' society which is evident in the writing of Beck 1992 and Giddens 1991 among others. However, as Evans has pointed out

> *'the opposition between 'individualism' and 'neo-tribalism' is not as stark and antinomic as might be thought. For 'neo-tribalism' depends upon a highly individualised society where people are released from the chains of traditions and are therefore in a position to consciously or semi-consciously choose between the life-style alternatives offered up to them by consumer capitalism.'* (Evans 1997:239).

Maffesoli's neo-tribalism.

The 'sociology of the everyday' proposed by Maffesoli has been influential in the post-modern debate and in most recent consumption studies (Campebell 1995). Maffesoli theory arises from the attempt to understand what he defines 'the founding tension characterising sociality at the end of the twentieth century:

> *'The ambience is built on a fundamental paradox: the constant interplay between the growing massification and the development of micro-groups, which I shall call 'tribes''* (1996:6).

Maffesoli is concerned with the contemporary transformations of social structure that define postmodern sociality, signalled by everyday practices such as *'relativisation of the work ethic, the accentuation of the body, polymorphous perversity, ideological disengagement, periodic groupings of consumption, the importance of dress and cosmetics.'* (1994:156 in Evans 1997:226) and defines a research agenda around these ideas: 'Henceforth we must undertake the investigation of the

> *'underground centrality', the 'black' economy, the 'civil society' [...]. The sociology of the everyday aims to draw attention to a whole series of social phenomena which can no longer be ignored: networks, the new 'tribalism', groups attitudes, the interplay of the media, and the banalisation and technologisation of images' (1987:VI in Evans 1997:226).*

The metaphor of the tribe is crucial for addressing the shift from modernity to post-modernity. Maffesoli develops the concept of neo-tribalism by pointing to the networks of friends, acquaintances, small groups of people we are members of at different times during our day. According to Shields, Maffesoli's *post-modern tribes or affectual tribes* are more than a residual category of social life: they are the central feature and key social fact of our experience of everyday living. While the power of class to influence outcomes is not in doubt, it is less significant in everyday social interaction than might appear from abstractions of sociological statistics:

> *'Between the time one might leave one's family or intimates in the morning and the time when one returns, each person enters into a series of group situations each of which has some degree of self-consciousness and stability. While the passengers of a commuter bus are hardly a group, the 'regulars' know and may well salute each other as well as the regular driver. Sport clubs, friends at the office, coffee 'klatches', associations of hobbists, the crowd of fans at a sports match, the local level of a political party, 'Neighbourhood Watch' community policing, and single-issue pressure groups are all examples of neo-tribes.'* (Shields, in Maffesoli 1996:IX).

The glue (energy) that holds and is expressed in these groupings is the *puissance*. Puissance is a concept defined in opposition to power (pouvoir): the latter refers to the power of institutional politics and the ruling elite and classes, while the first[16] refers to the 'inherent energy and vital force of the people' (1996:1).

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[16] In the Time of Tribes, Don Smith, the translator, explains: the term 'puissance' in French conveys the idea of the inherent energy and vital force of the people, as opposed to the institutions of 'power'

Shields points to the fact that more than a new social structure, the 'tribes' have roots in pre-modernity and have survived in modernity, neglected by modernist theorists. Evans has pointed out that, in this regard, Maffesoli would agree with Latour's claim that 'We have never been modern'(1993) insofar as both authors deny the distinction between pre-modernity, modernity and post-modernity. But the post-modern affectual-tribes thus differ from the tribes described in anthropology since they are 'chosen', they are not permanent and are characterised by individuals who share more than one tribe. The neo-tribes have been identified in a variety of settings, like sports clubs, or shopping malls (Shields 1992), but, as Melucci may lead us to think, they can also been recognised in farmer's markets, community food circles, alternative food stores, animal rights local groups or organic food supermarkets.

Conclusion

This chapter aimed at taking the reader through an itinerary of current approaches to food consumption: from structuralist perspectives that stress the role of eating and diets as elements stabilising social orders to Bourdieu's analysis that underlines the role of class in determining hierarchies of tastes as symbols of socio-economic statuses. More attention has been dedicated to the criticism of these positions for going towards a comprehension of contemporary de-tradizionalisation of food consumption in affluent societies and for identifying the approaches that could provide insights for understanding the rise of a multitude of new food sub-cultures, such as vegetarianism, organic foods, macrobiotic, and so forth.

Warde's description of 'omnivourouness', 'cosmopolitanism' and 'distinctions' represents a key conceptualisation of contemporary trends in food consumption in affluent societies vis-à-vis the increasing abundance of food and increased possibility for choosing different foods, different qualities, different cusines. His work points to the process of overcoming 'old' hierarchies of tastes that do not exclude the possibility of the creation of new forms of social distinctions.

Post-modern approaches to consumption point as well to the de-hierarchalisation of tastes but underline the process of individualisation in consumption. Post-modern positions such as those of Featherstone (1987) or Beck (1992), conceptualise consumption as a domain of freedom and disembeddeness from traditional social groupings (primarily class) and as an activity aimed at creating a sense of identity. These approaches are relevant in understanding the questioning of traditional meanings of foods in contemporary food sub-cultures.

('pouvoir'). Maffesoli makes a clear distinction between these two terms, both of which are usually rendered as 'power' in English. I have chosen to leave the term 'puissance' in the original French, in order to maintain this distinction. (Maffesoli 1996:1)

Among the post-modern approaches Maffesoli's work is distinctive since it underlines the process of formation of new social groupings (neo-tribes) rather than total disembedding and individualisation processes. His conceptualisation of post-modern tribes provides a frame for making sense of the process of re-embedding of these critical or individualised post-modern consumers in a different type of social grouping, the neo-tribes. Examples of neo-tribes have been identified in sport clubs, environmental movements and mall-shoppers. The *affectual tribes* described by Maffesoli are different from traditional tribes described in anthropology because they are characterised by weaker ties, are temporary formations, are spontaneously chosen and are not mutually exclusive. They represent a key element of daily life ('le *quotidien*') and inspire specific paths of consumption as a way of constructing a sense of subjectivity.

This conceptualisation of consumption practices is relevant for understanding the contemporary proliferation of food-subcultures and the growing number of small groups such as food clubs, alternative agriculture movements and animal welfare organisations and it clearly shows that changes in practices of consumption are now yielding a very changed consumption context for food. The proliferation of subcultures is leading to numerous markets which can take a variety of forms in different socio-economic contexts. In later chapters we will see a range of such forms in the organic food market. Finally we describe the growth of this market.

3 The Growth of the Market for Organic Products

Introduction

This chapter will build upon the analysis presented in previous chapters by outlining the emergence of a new consumption market – the organic one. It aims to describe the development of the market for organic products and the growth of organic agriculture in the EU. It thereby highlights the complex processes of change that lie behind any new consumer trend and illustrates in detail the variety of factors that must be orchestrated if new consumer markets are to be stabilised. It shows that the changes in consumption so far described have far reaching implications for the provision systems in food and require complex recompositions in supply chains. As we shall see in later chapters, these recompositions vary from context to context.

In Europe the first organic movements emerged at the beginning of the 1920s in Germany and other North-European countries but organic food has become established as a part of the food industry with an identity defined and protected by law only during the 1990s (EC2092/91) In recent years organic farming has progressed considerably in the European Community context, especially in terms of land and number of farms (see Lampkin *et al.* 1999). The demand for organic produce is not however being met from within the community. Imports from countries outside the EU, some with no internal demand for organic food, have filled the gap between supply and demand (USDA Fas reports 1995-2000). Some of this can be attributed to the demand for exotics or year-round availability, while other aspects are due to lower prices. Among the countries exporting organic products to the EU, USA is the most important (USDA Fas 1995). There are however, large quantities of products that could be produced within the EU agricultural sector (CEPFAR 1996). In addition, whilst currently a niche market, consumer attitudinal and purchasing behaviour surveys strongly suggest the potential for significant future growth in the organic market in the EU and also in USA, New Zeland, Australia and Japan (Promar 1999). Thus, organics illustrates the more general arguments presented in earlier chapters.

Regulations relating to organic products (up until 1997):

2092/91	2381/94
94/92	529/95
1535/92	1201/95
2083/92	1202/95
3457/92	1935/95
207/93	418/96
2608/93	522/96
468/94	314/97
1468/94	345/97
1488/97	

Regulation 2092/91 contains framework provisions aimed at governing the emerging market of organically produced agricultural products and foodstuffs. These provisions specify the conditions under which labeling may refer to organic production methods. Traditional labeling requirements under Directive 79/112/EEC, as well as rules on production and inspection of inter alia, notification of manufacturing, producing or importing activity.

For the purposes of this regulation: a product shall be regarded as having organic production methods when the labeling, advertising material or commercial documents are in accordance with the rules of production.

(i) (i) In English: organic

(ii) (ii) In Italian: biologico

*Such terms are not applied to agricultural products in foodstuffs with no connection with the proper method of production.

The labeling and advertising of a product may refer to organic production methods only when:

(a) indications show that they relate to a method of agricultural production;

(b) the product was produced in accordance with rules of production or imported from a third country that has been approved;

(c) the product was produced or imported by an operator who is subject to the inspection measures;

(d) the labeling refers to the name and/or code number of the inspection authorities.

The labeling and advertising of products intended for human consumption composed essentially of one or more ingredients or plant origin must indicate references to organic production methods in the sales description of the product only when:

(a.) at least 95 percent of the ingredients of agricultural origin of the product are, or are derived from products obtained in accordance with the rules of production or imported from a third country that has been approved;

(b.) the product or its ingredients have not been subjected to treatments involving the use of ionizing radiation.

Member states may not prohibit or restrict the marketing of products that meet the requirements of regulation 2092/91.

Subsequent regulations set out details on:

Substances permitted as ingredients; substances used in preparation; fertilizers and conditions of use; third countries entitled to export the original organic products; rules on the raising of animals, in the case of animal ingredients; details on inspection certificates; conditions for plants; regulations for the coexistence of conventional and organic farming.

In the following, the development of the market for organic products and organic farming in the EU will be presented and three main features will be illustrated: the different speed of market growth in the EU countries with a trend toward the *polarisation* of demand of organic products in the Northern European countries and production in the Southern European countries; consumers' behaviour and motivations for buying organic and the *sophistication* of the demand for organic products; and the impact of the accompanying measure of the CAP Reform on the development of organic agriculture movements. The description of these phenomena will show how complex processes must be put in place and stabilised if new consumer aspirations are to be met. It will therefore point to the growth of organic products consumption impact on the evolution of diverse organic food supply chains in different nations/regions in the EU and it represents a context for the selection of the case studies described in Chapter 4, 5 and 6.

Evolution of the market for organic product in Europe: Is organic destined to remain a niche?

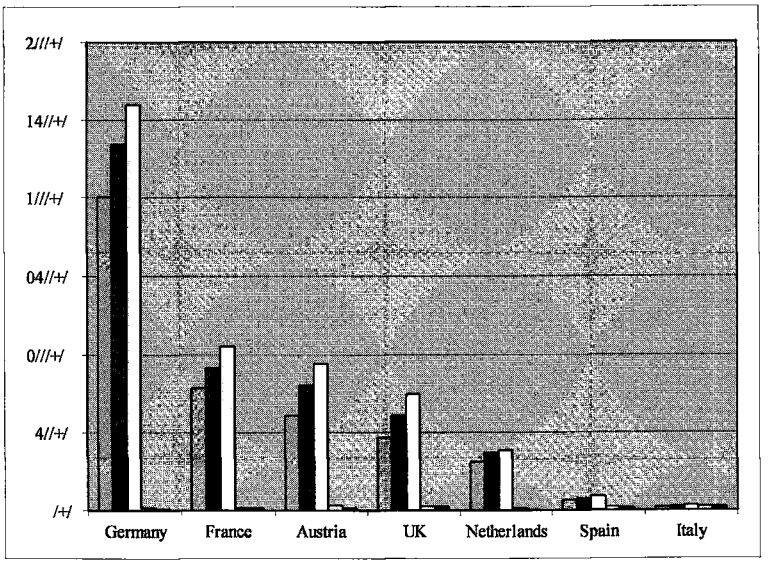
In 1998, the European organic food market was valued at 5.05 billions €. Though currently less than two percent of total food sales in Europe, the sector is expanding very quickly, 22 percent per year, on average (Promar 1999). This growth is remarkable since it is happening in a sector, food, that is characterised by saturation for many products and overall stagnation (see Chapter 1). According to many market forecasts this growth is destined to continue well into the next decade, led foremost by northern European countries (Germany, Austria, Switzerland, UK and Scandinavian countries) (Promar 1999). The main reasons for the development of the market for organic products during the last decade seem to be associated with the growing concerns about health connected to eating habits and the food-related scandals widely publicised by the media: GMOs, BSE and the use of dioxins and pesticide in food production.

Table 3.1 European organic market values (€ m) 1997-99

Country	*1997*	*1998*	*1999e*	*Growth 1997-1998*	*Growth 1998-1999*
Germany	2,010.1	2,345.4	2,598.1	16.7	10.7
France	789.7	915.1	1050.9	15.9	14.8
Austria	613.2	807.4	942.6	16.7	10.8
UK	471.1	611.3	751	29.8	25.3
The Netherlands	316.4	369.7	386.6	16.9	4.6
Spain	65.6	78.8	93.6	20.1	18.8
Italy	19.5	25.4	31.8	29.8	22.9

*=estimate
Source: Datamonitor

Figure 3.1 European organic market values (€ m) 1997-99



*=estimate
Source: Datamonitor

At present, the European organic sector is dominated by fresh produce. However, in the countries with the most developed market for organic products the demand for processed foods and baby foods is growing rapidly and according to market forecast will characterise the future demand for organically produced foods. For some companies, especially food processing and catering companies, organic lines are starting to represent an important means of adding value to an otherwise stagnant industry (see the case of Ovopel in Italy, in Murdoch and Miele 1999).

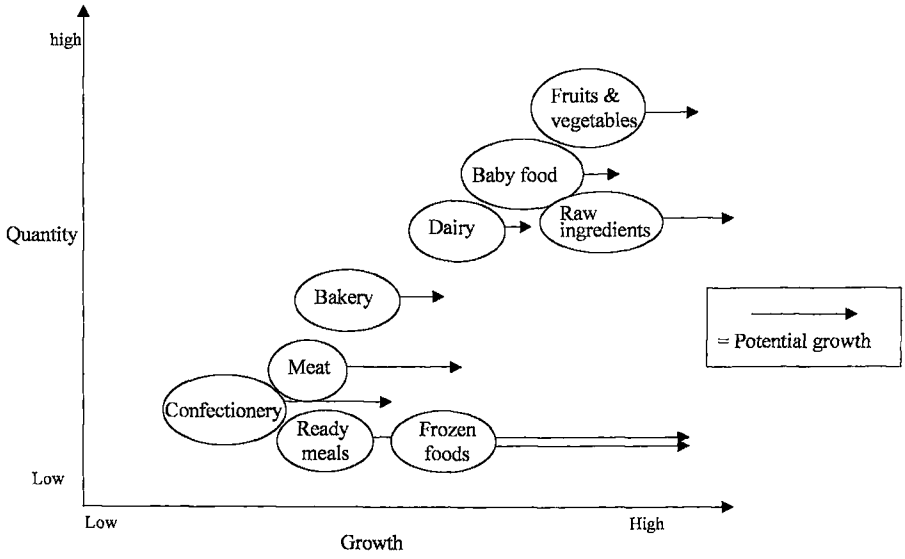
Promar's analysis of the evolution of the market for organic products in Europe forecasts a growth towards seven percent of total food retail sales in the EU by year 2005. Growth will initially be absorbed by lower added value products, such as pre-prepared fruit and vegetable, dairy and bakery. By 2005, however, the organic sector will include more sophisticated meal components and meal solutions.

Promar identifies the multiple retailers as the main actors playing an increasingly active role in moving this consumption segment from *niche* to *mainstream* market. Evidence of this trend comes from the countries with the most developed organic market, such as Sweden and Denmark where as much as 80 percent of all organic food sales are channelled through supermarkets. This opinion seems to be shared by Michelsen *et al.* (1999): in fact, according to the results of their research carried out in15 EU Member States (together with Switzerland, Norway and the Czech Republic),

there is considerable potential for developing market demand for organic food since consumer demand has not yet reached an upper limit in any of the countries included.

Significant differences are documented in market size and growth between countries (Figure 3.1 and Table 3.1).

Figure 3.2 Product category growth potential in Europe, to 2005, within organic sector



Source: Promar International 1999

Likewise, major differences are found regarding price premiums paid to farmers (Table 3.4) and price premiums paid by consumers (Table. 3.3), showing no clear inter-relationship between them. Nevertheless it is evident that in some countries the premium paid by consumers is lower for a higher degree of vertical integration between organic producers and retailers, as in the case of the Netherlands, and in other countries is affected by the high level of imports (Germany and UK). In the case of Italy the high level of premium paid by consumers and the low premium paid to producers seem more linked to the inefficiency of the distribution channels (both specialised shops and conventional retailers) and the lack of vertical integration within the supply chain (Miele 1998). The major barriers to market development are identified in the lack of supply, the failure to adapt production to demand, and the shortage of marketing organisations geared to this sector. The main impetus of developing markets is to increase deliberate and targeted marketing efforts through co-operation with supermarkets and other food firms (Michelsen *et al.* 1999).

Table 3.2 Organic market and premiums in selected European countries

Country	*Organic share of total food sales (%)*	*Export share of organic production*	*Import share of organic sales (%)*	*Average retail price premium (%)*
Germany	1.5	< 50%	50-60	30
France	0.4	< 50 %	10	25-35
Austria	5.8	< 50 %	30	10-20 50 – meat products
UK	1	50% (processed foods)	70 80 - fruit & vegetables	0-30
Netherlands	1	60-70%		15-20 - fresh produce 25-50 - processed food
Spain	<1	50-60% (fresh fruit and vegetable, olive oil)	50 – (processed food)	15-200
Denmark	<3 20 – milk	30% (milk; dairy)	25	15-40
Italy	3	>50% (fresh fruit and vegetables, wheat, olive oil and wine)	30 (est.) (processed food, dairy)	20-200

Source: USDA FAS Reports, Lohr 1998

Table 3.3 Price-premiums paid by consumers (1997/98 - %)

	Vegetables	*Cereals*	*Milk and dairy*	*Eggs*	*Beef*	*Fruit*
AT	n.a.	20-30	25-30	25-30	25-30	n.a.
BE	40	50	30	70	35	50
DE	20-100	20-150	25-80	30	30-50	20-150
DK	20-50	0-20	20-30	7-50	20-50	50-100
ES	50-200	15-75	15-75	15-100	n.a.	50-200
FI	94	64	31	n.a.	33	n.a.
FR	n.a.	n.a.	20-150	n.a.	30	n.a.
GB	30-100	n.a.	20	n.a.	20-50	n.a.
GR	50.100	30-50	n.a.	n.a.	n.a.	25-50
IE 1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IT	50-220	125-175	20-50	50-200	20-50	50-100
LU	60	100	10	50	40	60
NL	20-50	37	38	43	n.a.	26
PT	25-200	n.a.	n.a.	n.a.	n.a.	5
SE	30-100	10-100	15-20	25-115	20	100
CH	40-80	40-50	10	50	20	50-60

n.a. = not available
Source: Michelsen *et al.* (1999) in Zanoli 1999

Table 3.4 Price-premiums paid to producers (1997/98)

	Vegetables	*Cereals*	*Milk and dairy*	*Eggs*	*Beef*	*Fruit*
AT	n.a.	100	20-30	30	20-25	n.a.
BE	35	65	20	75	35	n.a.
DE [1]	50	100	15	40	20	50
DK	25-50	60-70	20-25	10-95	10-30	>100
ES	0-30	0-50	10-30	10-30	n.a.	15-30
FI	50	50	10	100	40	300
FR	n.a.	60-100	20-30	n.a.	n.a.	n.a.
GB	20-100	n.a.	40	n.a.	40	5-40
GR	30-50	10-20	n.a.	n.a.	n.a.	20-25
IE [2]	25	n.a.	n.a.	n.a.	20	n.a.
IT	15-20	25-30	15	20-100	n.a.	15-20
LU	60	100	10	50	40	60
NL	n.a.	100	10	n.a.	n.a.	n.a.
PT	10-100	n.a.	n.a.	n.a.	n.a.	10-100
SE	0-30	50-100	15-20	70-200	5-25	40
CH	30-70	40	10-12	50	20	40-45

1= for beef premium is about 10-15%.; 2= premium of 23-26% if not differently specified.; n.a. = no data available. Source: Michelsen *et al.* (1999) in Zanoli 1999

This undeniable growth is taking place at different speeds and with different modalities in each country. The countries with the highest consumption of organic food in Europe are Austria (5 percent), Denmark (3 percent), Germany (2.5 percent), Sweden and Switzerland (1.5 percent). The countries with the lowest consumption of organic foods are Greece, Portugal, Spain, France, Belgium and the Netherlands, where organics represent less than 1 percent of the total food sales. Italy, Finland, UK and Norway have an intermediate position and the market for organics represents one percent of the total food sales (Table 3.5).

Table 3.5 Summary results on organic production and consumption in 15 European countries

Country	*Organic land acreage in 1998 (ha)*	*Relative Share or organic Land (%)*	*Average Growth rate 1993-1998 (%)*	*Consumption of organic food (%)*	*Imports (%)*	*Exports (%)*	*Government support*	*Supermarket Involvement (%)*	*Food industry Involvement*
Austria	350,000[a]	10.1	15.5	5	35	< 50	High	65	Low-Medium
Belgium	6,800[a]	0.5	12.3	1	<50	< 50	Low>>Medium	65	Low
Denmark	90,000	3.3	28.2	3	< 50	< 50	High	75	Low-Medium
Finland	119,000	5.5	25.6	1	< 50	< 50	High	> 50	Low-Medium
France	230,000	0.4	13.9	< 1	> 50	< 50	Low>>Medium	< 50	Medium
Germany	374,000	2.2	10.7	2.5	> 50	< 50	Medium/High	< 50	Medium
Greece	7,200	0.1	78.3	< 1	< 50	75	Low	< 50	Low
Italy	610,000[a]	4.1	46.6	1	< 50	60	Low/Medium	< 50	Medium-High
Netherlands	19,000	1.0	16.1	< 1	> 50	> 50	Low>>Medium	< 50	Low-Medium
Norway	15,581[b]	1.5	32.8	1	n.a.	< 50	High	< 50	Low-Medium
Portugal	17,000	0.4	33.6	< 1	< 50	< 50	Low	< 50	Low
Spain	140,000[a]	0.6	36.1	< 1	< 50	75	Low	< 50	Low
Sweden	110,000[a]	3.2	12.9	1-1.5	< 50	< 50	High	80	Medium-High
Switzerland	78,369[c]	7.3	n.a.	1.5	< 50	< 50	High	75	Medium
UK	188,000	1.0	18.1	1	> 50	< 50	Low>>Medium	70	Medium

a-Situation in 1997; b-Based on data received from Debio, 10/6/1999; c-Based on data from Helga Willer, 17/3/1999. Table partly based on: Rippin (1998), Comber (1998).

Source: van der Grijp and den Hond 1999

Table 3.6 Organic acreage, including land in conversion, in the EU member states

Country	*Organic acre-age in 1993 (ha)*	*Organic acreage in 1998 (ha)*	*Relative share in 1998 (%)*	*Average annual Growth rate 1993-98 (%)*
EU	800,000	2250,000	1.6	23.0
Austria	170,000	350,000 [a]	10.1	15.5
Belgium	3,800	6,800 [a]	0.5	12.3
Denmark	26,000	90,000	3.3	28.2
Finland	38,000	119,000	5.5	25.6
France	120,000	230,000	0.4	13.9
Germany	225,000	374,000	2.2	10.7
Greece	0,400	7,200	0.1	78.3
Ireland	5,500	29,500	0.7	39.9
Italy	90,000	610,000 [a]	4.1	46.6
Luxembourg	0,320	0,750	0.6	18.6
Netherlands	9,000	19,000	1.0	16.1
Portugal	4,000	17,000	0.4	33.6
Spain	30,000	140,000 [a]	0.6	36.1
Sweden	60,000	110,000 [a]	3.2	12.9
United Kingdom	82,000	188,000	1.0	18.1

a-Situation in 1997; Table based on: Rippin 1999 and Eurostat.

Source: van der Grijp and den Hond 1999

In the first group of countries Austria, Denmark, Sweden and Switzerland have a low level of imports and a low level of exports: it seems that production is attuned to consumption trends. The situation differs in Germany as it contains the biggest organic consumer market in Europe (Figure 3.1); it has a very high level of imports and a more limited level of exports. In the second group there are the countries more oriented towards exports: The Netherlands, which exports almost 60 percent of total organic production and has a remarkable market size and the Mediterranean countries, which are exporting the same percentage of their production, even though this involves more limited quantities. The third group of countries is characterised by higher degree of diversity: Finland and Norway have limited imports and exports (like the countries in the first group). Italy is the country with the highest quantity of land cropped organically and is exporting nearly 50 percent of the total organic production, but the market size is very modest. The UK is one of the fastest growing markets: consumer demand for organic food has risen for the past two years at 40 percent per year. However, Austria is by far the most advanced country in Europe in terms of the consumption of organic products (5.8 percent in 1998) and percentage of land cropped organically(10.1 percent in 1998).

Consumer behaviour and motivations for buying organic products

As outlined in Chapter 1 the modernisation of European agricultures during the period post World War II has brought Europe from a condition of food scarcity to a condition of abundance and even overproduction. This has led to a increasing segmentation of the food market and to a growing consumers' interest in the methods used to produce food either for health, environment or animal welfare concerns or for moral issues, as indicated in Chapter 2. In the last decade a number of public and private quality policies have addressed the issue or have attempted to guarantee 'process quality'. Examples of public policies are the regulation EU Reg.2092/91 on organic production, the EU Reg. 2081/92 on typical production and the regulation on Animal Welfare. One example of private quality policy in this area is represented by the 'Fair Trade' trademarks, such as CTM or Trans-Fair, which insure that the production processes adopted, entails respect of 'human dignity' and fairly remunerate the labour employed in the production.

Several studies have tried to understand how consumers perceive the production method. Alvensleben, (forthcoming) in *Beliefs associated with Food Production Methods* has reviewed the recent studies on public beliefs associated with different types of agricultural production methods, such as modern agriculture production in general, organic, free-range livestock products, functional foods and Genetically Modified foods. This author tried to identify the determinants of these beliefs and how they affect consumer behaviour. The results of the study point to a negative attitude amongst consumers towards modern agriculture methods, (which is very clearly documented in Germany and also confirmed in many other European countries), suspicion towards functional foods, very negative towards GM foods, and positive towards organic and free-range foods.

The negative attitude towards conventional farming seems to be more pronounced when reference is made to animal production rather than to crops. For example in a spontaneous association study[17] conducted in Germany the answers to the stimulus 'animal husbandry' provides evidence of the negative opinion that consumers have about current livestock production: out of 60 associations only three were positive 17 could be regarded as neutral and 40 were clearly negative. The majority of these negative associations were related to the animal welfare aspects of production: exploitation and factory farming (nine associations); keeping masses of animals, mass production, animal factories, cows side by side in giant sheds, etc. (three associations). A similar set of beliefs was associated with crop production: 10 positive associations

[17] The association test is a method to measure salient beliefs and consist in recording all the free associations to a specific stimulus. It can be applied in different ways in order to understand consumer beliefs about food production methods – for instance by asking the question: "What is on your mind, when you hear the word ....? In the study here quoted the stimulus for animal production was: What is in your mind when you hear the word Animal husbandry? In the case of conventional crops production the stimulus was: '[...] Plant protective agents?'

against 50 negative. In this last case the answers indicate the widespread latent concerns associated with the application of chemistry in modern crop production (poison, pesticides, poisoned food, causing illness of men, causing malformation, etc.). Similar, but slightly less negative results have been obtained for the stimulus 'fertilisers' (Sies and Mahlau 1997 in Alvensleben forthcoming). According to research results in other European countries, the widespread negative perception of modern animal husbandry seems to be similar across different European countries.

The opposite situation is been found in the case of organic products. In an association test conducted as a part of a consumer survey (n = 2000) in Germany in 1999, respondents associated the stimulus 'Bio-products' first of all with *absence* of chemical applications (29 percent), natural production (19.4 percent), caring animal husbandry (8.7 percent) and the health value of the products (10.6). The majority of the answers were related to the production method, rather than to the product (Bruhn 2000 in Alvensleben forthcoming).

Many authors agree on the point that consumers concerns about modern agricultural production methods have been important in the development of the organic food market (Miele 1998; Miele and Neri forthcoming; Harper and Henson 1998; Alvensleben forthcoming).

The reasons for buying organic are similar across Europe, and everywhere there is a special emphasis on health motives. For example, according to a Mori survey (1999), one third of the public in the UK buy organic food, primarily perceiving it as:

Healthy/better for you:	53 percent
Tasting better	43 percent
GM free	30 percent
Environment/animal welfare friendly	25 percent

In Germany, the country in which a market for organic products developed earlier than in most European countries, the motives for buying organic have changed during the last decade as shown in Table 3.7.

These results are consistent with the findings of numerous other studies in Germany and other countries. Consumers seem increasingly interested in the assumed health value when buying organic produce. In Italy, Miele and Neri (forthcoming) have found that special type of consumers such as people who experienced an important disease (cancer or MS) or young mothers with babies are more interested in organic products and buy organic regularly or more frequently than other consumers. In Italy, consumers buying organics have an average age between 30-45, an average or higher level of formal education, and most likely belong to double-income households (USDA Fas-on line report 1999).

Tabel 3.7 Motives for buying organic in Germany (percentage of motives) (1989, 1994, 1999)

	1989	*1994*	*1999*
More healthy	57	59	64
Better for the environment	17	15	12
Less residual	11	10	8
By chance, curiosity	9	9	6
Better taste	6	7	9

Source: Alvensleben forthcoming

Alvensleben (forthcoming) by comparing consumers motivations for buying organic in the Netherlands (one of the EU countries with the lowest level of consumption) with Germany (one of the EU countries with the highest level of consumption) suggests that the ideological motivations linked to specific lifestyles represent a characteristic of the pioneers, but with the broadening of the segment of consumers interested in buying organic these early, ideologically-oriented consumers tend to become a minority within a more heterogeneous group. Torelli (1999) and Miele (1998, and forthcoming) have identified the same trend in Italy and have pointed out that the 'new organic consumers' promote a *sophistication* of the demand for organic products: they ask for a higher variety of produce, all year round availability of fruit and vegetables, more baby foods, more convenience foods, more one-stop outlets where they can buy organic, lower prices, and new 'gentrified' ambiences for shopping ethnic, organic, vegetarian foods and meals.

In the Netherlands Schifferstein and Ophuis (1998) found that regular consumer of organic food were more health conscious, and were more likely to adopt a healthier lifestyle than the general population. Wholesomeness, absence of chemicals, environmental friendliness, and better taste were the primary reasons for buying organic foods. They also measured a range of life-style variables of the respondents and concluded that the differences between buyers and non-buyers on a multitude of measures suggest that organic food consumption is part of a way of life. It results from ideology, connected to a particular value system, that affects personality measures, attitudes and consumption behaviour (in Maffesoli's terms, such organic consumers constitute an 'affectual tribe'). According to Bruhn, (2000) in Alvensleben (forthcoming) even though the 'alternative', lifestyle oriented consumers represented the majority of organic consumers in the 1970s and 1980s, in recent years the major growth of organic food demand in Germany has occurred within the older and wealthier groups of the population. Health is their main motivation for purchasing organic and rarely it is a part of an alternative lifestyle. According to the same author if this continues, organic food will be marketed as a health food, particularly for older people, who may be more concerned about the health aspects of food choice.

Alvensleben (forthcoming) suggest that the market growth during the last years has not primarily been driven by the demand side, but was mainly caused by activities of the supply side, such as lower prices, better availability, originate by a higher offer by supermarkets, product diversification, better quality and presentation, intensified communication (advertising, sales promotion, public relations). If this is true, the future development of the organic food market will depend heavily on the intensity and quality of the marketing activities of the suppliers.

The development of organic farming in Europe

Organic farming in Europe grew rapidly during the last decade. In 1985 the number of organic farms was estimated to be about 6,300 and the farmland was about 100,000 ha, which represented less than 0.1 of the total farmland in the EU. European organic production increased steeply in the following decade: the number of organic farms rose from less than 10,000 to more than 80,000, and the acreage from less than 250,000 to more than 2,200,000 ha (van der Grijp and den Hond 1999). In 1998 the number of certified farms was 120,000 with about 3,000,000 ha (Lampkin 1999). In the same year 50 percent of the all farmland certified organic in the EU was concentrated in four countries: Germany, Sweden, Italy and Austria. But there were great differences among these countries (Table 3.5 and 3.6):

In Germany organic land represented 2.5 percent of the total farmland, but domestic production was far below the domestic consumption and almost 50 percent of the organic products sold in Germany came from imports. In Italy the land cropped organically was 4.8 percent, but the demand for these products was still very low and more than 50 percent of the total production went to the export market. Austria was the country with the highest percentage of land cropped organically (10.1 percent).

All European countries show a growth of acreage and the number of farms involved. Since 1997, Italy has been the country with the highest organic acreage in absolute terms, notably 610,000 ha in 1997, while Germany and Austria follow at a considerable distance with respectively 374,000 ha in 1998 and 350,000 ha in 1997. Countries with relative shares above the EU average of 1.6 percent include Austria (10.1 percent), Switzerland (7.3 percent), Finland (5.5 percent), Italy (4.8 percent), Denmark (3.3 percent), Sweden (3.2 percent), and Germany (2.2 percent). The Netherlands with 1 percent of organic land use can be classified somewhere in the middle and UK, Belgium, Greece and Portugal have the lowest percentages, around 0.5 percent of organically cropped land. Among the countries with the highest growth rates in recent years are the Mediterranean countries, Ireland, Norway and Denmark. Between 1993 and 1998, their average annual growth has been above the EU average of 23.0 percent. Dutch growth rate was in the same period well below the EU average (16.1 percent).

In their report on *Green supply chain initiatives in the European food and retailing industry* (1999) van der Grijp and den Hond combined the figures of relative organic acreage and annual growth and classified the EU countries into four groups. The first group consists of countries with a high relative share as well as a high growth rate (both above the EU average); they have been defined as the *booming* countries in organic production. Denmark and Italy fulfil these conditions, and Finland is not far behind. Countries belonging to the second group have passed the 'boom' years and are now *stabilising* which is indicated by a high relative share in combination with a low growth rate (below the EU average). These are Austria, Sweden and Germany. The third group consists of countries with a low relative share in combination with a high growth rate, including Greece, Ireland, Norway, Portugal and Spain. These are the countries with a *high potential*: in a few years, they may turn out to be either booming or lagging behind. Countries with a low relative share of cropped land as well as a low growth rate are defined as *lagging behind,* Belgium, France, Luxembourg, The Netherlands and the UK fall into this category (1999: 12).

The relative position of each single country in one of four groups identified by van der Grijp and den Hond represents a snapshot of the development of organic agriculture at a certain point in time, but this outcome is affected by many factors, among the most important of which are the history of the organic farming movements in terms of early or late start, the more or less favourable political climate at national or regional level, the alternative agriculture movements capacity to build alternative networks linking production to consumption, the attitude of the institutions devoted to promoting scientific development in the field of agricultural science, the attitude of the food retailers, wholesalers and processors in the conventional sector towards organically produced products, and the relationship with the conventional agriculture institutions and organisations. Thus Michelsen *et al.* (forthcoming) in their in-depth study of six selected European nations/regions (Austria, Belgium, Denmark, UK, Greece and two regions in Italy, Marche and Sicily) attempted to interpret the development of organic farming by adopting an 'institutional theory' approach and gave an overview of the interrelationship between policy and growth of the organic farming sector in 15 EU member states and three non-member states (Switzerland, the Czech Republic and Norway). The focus of their in-depth studies was on the institutional environment or the institutional conditions under which farmers choose to convert to organic agriculture.

They show that the institutional approach is useful in addressing how farmers' decisions regarding conversion to organic farming involve many aspects other than the exact content of the regulations in support of organic farming. Michelsen *et al.* emphasise that organic farming regulations are formulated within the context of EU institutions, but are implemented in national contexts where each country has developed specific ways of dealing with agriculture. Many public agencies and private organisations are involved in implementation. Therefore the theoretical proposition behind the study is that the specific – institutional – conditions in each country help

explain the major variations in outcome of common EU regulations (Michelsen *et al.* forthcoming: 2).

Organic farming movements are described as institutions in the sense that they affect the behaviour of each individual member of the group in a stable manner over time and they are based on shared values and which again, following Maffesoli, give them 'tribe-like' characteristics. Furthermore these movements have defined a coherent system of norms, rules, customs and habits which are shared collectively and enforced on individuals by the collective. In the majority of the countries in Europe these movements emerged at the beginning of the century and over a period of 70-80 years have given birth to many organisations with formal rules governing membership and involving particular norms for farm production. During the last decades these norms of production increasingly have become formalised in written production standards (EU Reg. 2092/91) which are enforced by inspectors and supported by organisations of organic farming.

In the above mentioned study Michelsen *et al.* analyse the interrelationship of a policy instrument (the environmental measures accompanying the Reform of the CAP, EU Reg. 2078/92), the specific institutional environment of the nations or regions, and the different impacts of implementing a policy within an institutional environment. The authors identify two main aspects of these relatively new institutions, the organic farming movements, which are crucial to understanding the different types of relationships they were investigating:

> *'One is that organic farming was developed through the joint effort of many different interests: farmers, consumers, traders as well as scientists and ordinary citizens. The other characteristic trait found in the organic farming movement is an open wish to change parts of agriculture on the basis of a deep critique of certain elements of mainstream – or what organic farming has successfully defined as 'conventional' – agriculture. The critique originates in a perception of agriculture that emphasises environmentally friendly or sustainable production working within agro-ecological systems to achieve adequate levels of production based on farm-derived and local resources and recycling of nutrients as well as animal welfare [...].This perception is formulated in direct opposition to perceptions that aim at maximising agriculture production by using artificial inputs'.* (Michelsen *et al.* forthcoming:2)

Given the broad social basis of organic farming, it is clear that the development of organic farming is strongly influenced by society at large and specifically by social movements addressing new values, typical of urban population, such as environmental protection and animal rights or animal welfare. In fact organic farming movements did not develop as part of mainstream agriculture and pioneers were neither exclusively nor primarily members of the circles that usually domintate the development of agriculture. Instead, organic farming was developed on the basis of new values in agriculture production and by people who had little connection with, or who stood on the sidelines of, mainstream agriculture. Developers had, however, well-established

relationships with other parts of society such as environmental sciences or environmental movements. This is important because it emphasises that organic farming, from the outset, should not primarily be seen as one among several alternative farming systems as Michelsen *et al.* have pointed out.

Therefore organic farming has some unique traits because it represents an outside interest in agriculture and outside influence on the otherwise rather closed agricultural world. In the other worlds, it illustrates how a new tribe forms and seems to extend its influence into a previously closed area. From the first characteristic (the heterogeneous group of actors, more often *urban* rather than *rural*, that started the organic movements) the authors draw the conclusion that from the agricultural sector perspective organic farming is to be considered a 'foreign body' or at least a representative of outside influence. From the second characteristic – the critique of mainstream agriculture- it has to be expected that in order to develop this critique, the organic agriculture movements created an alternative set of production standards which form the basis of an entire set of related but distinct institutions (within the agricultural sector and in the broader political arena). They thus lead to the creation of alternative organisations and networks of producers, processors, retailers and consumers and thereby both reflect and promote the contemporary fragmentation of food consumption processes.

These two characteristics have important consequences in the interrelationship between organic farming institutions and mainstream agriculture institutions. As organic farming involves a critique of mainstream farming, in fact the move from conventional farming to organic farming is often described as entailing a paradigmatic shift in values and forms of knowledge, therefore the relationship between these two 'worlds' is expected to involve some kind of disagreement in perceptions of agriculture, which in turn is expected to lead to different types of conflicts (Sabatier 1993, in Michelsen *et al.*, 2000:8). On the other hand, organic farming is also a farming system and is based, in many cases, on traditional knowledge and traditional farming practices, whose better impact on the environment and on the quality of the products is widely acknowledged (and often nostalgically missed) also among conventional farmers. These aspects call for *co-operation* or association between 'tribes'.

These characterisations of the relationship between organic and conventional farming institutions, i.e. conflict, co-operation have been used by van der Grijp and den Hond (1999) in describing the spatial diversity of organic farming within the EU countries at the present time. It has also been used for outlining the development of the organic movements in each national (or regional) contexts through time (Michelsen *et al.* forthcoming). Such analyses of the evolution of organic farming in Europe identify three types of interrelationship: *pure co-operation*, *pure competition* and *creative conflict*.

> 'Pure co-operation *is one extreme type of interrelationship between organic farming and general agriculture institutions. Pure co-operation is a situation where the two parties cooperate in such a comprehensive and encompassing way that the fundamental conflict regarding farming systems is avoided and deliberately toned down to such an extent that there nearly seems to be no difference between organic farming and mainstream farming – a situation characterised by* silence on differences in farming systems. *There may be several reasons for avoiding or toning down conflicts. One is the conviction that organic farming more or less equals existing types of (extensive) farming.'* (Michelsen *et al.* forthcoming)

According to these authors an example can be found in the case of the develop of organic farming in Austia. In such a case it is very difficult to maintain the distinctiveness of organic farming – the identity may wither away – and one should only expect to find few and comparatively weak organisations that exclusively forward the ideas and interests of organic farming. Instead, it is expected to find the main proponents of organic farming inside general agriculture institutions. The other extreme type of interrelationship is *pure competition.* It is characterised by sporadic encounters between organic farming institutions and those of general agriculture because they perceive each other as competitors in the field of agricultural knowledge and opponents vis-à-vis the food market. Moreover they compete for public agriculture support and for consumers preferences.

'Pure competition' type of relationships presuppose the development of separate organic farming organisations. Competition will be open if the organic organisations are strong enough to be considered a real threat to the general agriculture organisations. If the organic organisations are weaker, it may lead the general agriculture organisations to neglect them – a "sort of conspiracy of silence".

The type of interrelationship that lies in between competition and co-operation is defined as *creative conflict.* Here, organic and conventional agriculture institutions are co-operating on some issues and competing on others. Creative conflict may entail both competition and mutual respect including some common interests – for instance regarding the development of agriculture in an environmentally friendly and economically sound way. Creative conflict is the best type of relationship that is expected to help in promoting the development of organic farming by keeping within farmers' civil society, the food market and agriculture policy as well as in society at large. Any conflict should be perceived as creative, not only for organic farming, but also for mainstream agriculture for instance in easing general agriculture institutions' ability to develop environmentally friendly agriculture, to meet new consumers demand and and to service new groups of farmers.

It should be emphasised that the three types of interrelationships mentioned by Michelsen *et al.* represent three positions on a scale and that real-world interrelationships may be the outcome of two of the positions and hence represent a

new type of relationship somewhere in between the positions mentioned. Furthermore, it appears from the listing of the three positions that only creative-conflict-interrelationships, in which competition and co-operation are combined, is expected to contribute to the promotion of organic farming whereas pure-competition – as well as pure-co-operation-interrelationships – are expected to hamper it. Although organic organisations are found in situations of both pure competition and creative conflict, it also appears from the list that there is a common danger under conditions of pure competition and pure co-operation for organic farming to lose its identity.

In the above mentioned study, the authors classified the 15 EU countries and 3 non EU countries according to the main criterion of the speed of conversion as most important factor for understanding the success or failure regarding dissemination of organic farming. They identified six groups of countries based on relative sector size and change in annual growth rate around 1993 and selected one country from each group: Denmark (most clear success); Italy (high share of organic farms; high growth in the southern regions, slow growth in the northern regions, not particularly high support); Austria (stabilising); Greece (small sector, high growth); UK (small sector, big market); Belgium (small sector, low growth). By comparing the findings in all countries they found only weak, short-term and not fully systematic effects of different policy instruments on growth of the organic farming sector. Another conclusion was that organic sector growth seems to depend on a continuous series of politically motivated initiatives to promote organic farming by public institutions as well as private policies of more actors in the food sector (retailers, food industries) and other parts of the institutional surroundings of organic farming. The introduction of distinct policy instruments cannot, thus, be expected to have similar and significant impacts on growth of organic farming in all countries. National implementation of policy is one major issue that may affect organic farming growth and it constitutes one part of the institutional environment of organic farming. Other parts of the institutional environment include institutions in the food market and in the farming community.

Conclusion

As this chapter has made clear, there is an impressive diversity to be found within the production, commercialisation and consumption of organic produce in Europe. This diversity is partly due to the time dimension. Depending on location in time, different development trajectories have been followed, which still characterise the resulting configurations. Here the difference between the constellations rooted in the beginning and the midst of the previous century and those that emerged in the 1990's is remarkable.

Diversity is expressed also on the spatial dimension. On the one hand there are constellations characterised by short and socially regulated linkages between production and consumption. On the other hand a systematic and far-reaching de-

linking between the two is noted, the increasingly globalised markets the main co-ordination mechanism. Typical expressions of this de-linking (or de-localisation) are the geographical separation of production and consumption (the former being located basically in the south, the latter in the north) and the integration of organic production into new chains for retailing. The diversity of organic production, marketing and consumption (implying different actors, different networks, different cultures and identities, different dynamics and different problems) is to be noted at the level of Europe as a whole, as well as within single countries (e.g. Italy).

Spatial diversity and temporal diversity do not simply coincide, as could be assumed at first sight. The heterogeneity of organic food production and consumption goes far beyond a simple juxta-position of the 'old' and the 'new' in which the 'old' entails a different ordering of spatial relations as compared to the 'new'. In recent years, many processes of (re-)localisation have emerged at the regional level. Essential to these new processes is that organic farming is actively embedded in newly constructed regional rural development programmes. On the one hand this opens new (local and regional) market-opportunities for organic farmers, on the other hand this re-orientation often converts organic farming into one of the main vehicles of more comprehensive rural development processes. In a general analysis of the organic market as realised in this chapter, such new tendencies might easily be neglected. However, at the level of (regional) case-studies they should be taken into account.

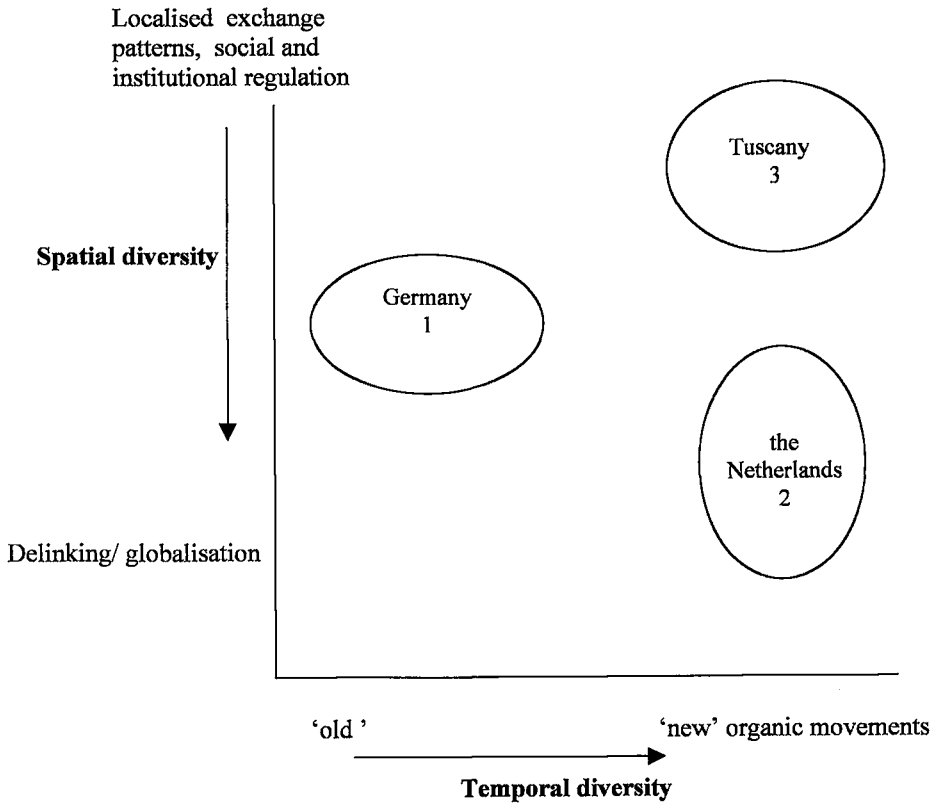
We have considered – via a commentary on the work of Michelsen *et al.* – the role of differentiated institutional factors in accounting for the emergence of the new food market. Such factors highlight the way new movements interact with pre-existing structures such as the state and farmer's organisations. These interactions are also significant in shaping distinct trajectories of market development and they vary from national context to national context.

On the time dimension the (different) origins and, consequently, the different development trajectories might be located. On the spatial dimension might be situated the highly diversified social construction of space. In this respect the interrelations between production and consumption are especially relevant. Three clusters emerge, each of which represents one of the mutually contrasting constellations of organic farming, marketing and consumption.

The first cluster refers to the constellations that evolved from the first initiatives and which are characterised by strong cultural notions on food that dominate the ordering of exchange relations. Chapter 4 will analyse the German experience as a typical illustration of this position. Although expressions of this position can be encountered all over Europe, in Germany it is a dominant trait, explaining for instance the current incapability to meet the quickly growing demand for organic produce with corresponding levels of production. In Chapter 5, the second cluster will be analysed using a case-study of the Netherlands. Dutch organic farming is highly export-oriented,

just as is the case in Southern Italy, although different degrees of professionalisation make for considerable contrast. The third cluster will be represented in Chapter 6 with the example of Tuscany. Here a different constellation is emerging: organic farming is not only actively embedded in specific relations with consumers, but links as well through a range of new mechanisms and relations to the regional rural development process. The presentation of these three case studies allows us to see in greater detail how producers are both responding to and promoting the development of new consumption fragments.

Figure 3.3 Spatial and temporal diversity of organic farming



4 Germany: The Problems of a Pioneer

Introduction

Germany is one of the largest producers and also one of the biggest markets for organic food products in the world (see Figure 3.1, Chapter 3). Many industry experts indicate that the demand for organic products will continue to grow at about 20 percent per year over the next couple of years. Recent food safety issues like the Belgium dioxin scare, or BSE in the English herds, increased the demand for organically produced foods significantly. Surveys indicate that German consumers' major motivation for buying organic food are health concerns (see Chapter 3). Organic products are perceived to be uncontaminated with chemical residues and free of food additives. The current debate over the role of genetically modified (GMO) food products has also boosted demand for organic products. By the end of 1998, there were 8,227 farms registered as 'organic' cultivating about 2.5 percent (about 417,000 hectares) of total German agricultural land. However, growth over the past two years has slowed as the annual growth rate in 1997 and 1998 was below the double-digit rates in the 1994-96 period.

Germany has played a pioneer and leading role in the development of organic farming in Europe. Two elements make the German case unique: the early start of the organic farming movement (in the 1920's) and the high number of environmentally concerned consumers in the 1970s and 1980s. Michelsen *et al.* (1999) identify two distinctive periods for analysing the development of organic farming in Europe: an 'early' period, before 1993 and a 'recent' one after 1993, this year, 1993 was significant since it was the first one in which the EU Regulation 2091/92 was implemented. Germany is one of the few cases in Europe in which the organic movement grew much earlier than 1993 and thus its origins cannot be ascribed to the indicated regulation.

The early start of the biodynamic movement (in the 1920s) and the growth of organic farming during the 1970s and 1980s gave rise to a 'production context' more ideologically oriented than the 'recent' organic movements in other EU countries. The early growth of the German movement in the 1970s and 1980s was affected by the presence of a higher number of consumers concerned about environmental problems, compared to the other EU countries, and led to the promotion of strong 'alternative networks' for the commercialisation of organic products.

These specific features created a condition for the prevalence of pure competition relationships with the general agriculture institutions and, for a long time, with the conventional food distribution channels. This type of relationship, as it has been pointed out by Michelsen *et al.* (forthcoming), can lead to a sense of 'fundamentalism' in both the organic and conventional institutions and can hamper the development of organic farming. In this specific case, even though in Germany the market for organically produced products has increased sharply during the 1990s (see Chapter 3) the growth of the organic movement has slowed down in recent years, and, increasingly the demand has to be met by imports.

The aim of this chapter is to deepen the understanding of the interrelationships between the organic market growth and the development of organic farming movement in Germany. It describes chronologically the rise of the alternative networks of producers and consumers and the alternative distribution channels through a detailed description of the diverse forms of direct marketing, the environmental philosophy of the first specialised organic shops and several forms of co-operation between producers and consumers, such as the producers-consumers communities. The initial success of these alternative networks created the condition for organics 'staying apart' from conventional food retailing companies, but during the last decade slowed down the overall growth of the organic movement and created the condition for enlarging the import of organic products.

Through a comparison of this case study with the ones on the Netherlands and Tuscany, in Chapter 7 an attempt will be made to generate a general understanding of the social, economic and political conditions for the growth of organic movements.

The market for organic products

Germany is the largest market in Western Europe, with a population of about 82 million. German average income and expenditure on food are among the highest in the world. The country is also one of the world's leading food importing countries. Germany represents the largest market for organic foods in Europe: Organic food constitutes an estimated 1.5 percent of all food sales and market forecasts predict further growth (Promar 1999).

The annual growth rates in the last three years was of 8-10 percent, which has increased to 16.7 percent in 1999. Nevertheless markets in Austria, Denmark, Switzerland and the Nordic countries have higher annual growth rates and are said to be more 'developed' since supermarket chains channel about 80 percent of total organic sales, while in Germany they sell only 25 percent of the total. A substantial share of Germany's supply of organic products is imported. This portion has grown during recent years: in 1994 it was about 20 percent and in 1998 it represented 50-60 percent (USDA Fas reports 1995 and 1999). Most German imports of organic foods

originate from other EU countries. Italy and Spain are Germany's leading foreign suppliers of organic products; the United States is probably the largest non-EU supplier. Formal estimates about market size are not available, but U.S. organic exports to the EU are estimated to be in the range of 224.62/336.9 million Euro (m€) per year. Organic importers report that China is increasingly selling organic products into the German and other EU markets. Chinese and Latin American suppliers strongly compete with U.S. suppliers. Also central European countries, such as Poland and Hungary, are expected to increase their organic production significantly in order to enter into the European market (USDA 1999). The relevance of the import from different countries can be estimated by the number of authorisations issued by the EU to non-EU suppliers, as it is shown in Table 4.1. The rules for import authorisations are defined in the EU Reg 2092/91 (see box regulations in Chapter 3).

Table 4.1 Import – No. of authorisations

Rank Country	*No. of Authorisations*	*Percent*
1. United States	109	24
2. Hungary	40	9
3. Turkey	38	8
4. Canada	29	6
5. Mexico	29	6
6. India	21	5
7. Brazil	15	3
8. Dominican Rep.	14	3
9. Japan	12	3
10. Bolivia	10	2

Source: Regierungspraesidium Karlsruhe, In Fas on-line (1995)

The German organic market

Demand for organically produced food has shown high growth rates during recent years. According Michelsen *et al.* (1999), organics accounts for about 2.0 percent of the total food market. During the past twenty years organic marketing has developed a very long way in Germany, starting from the early neighbourhood small organic stores (Bioladen) to the first organic discount stores. Organic foods today are sold through various types of marketing chains, USDA Fas report 1999 provides the following overview of the distribution channels and their share of the market:

• Direct Marketing by Farmers Market Share – 20%
This chain comprises primarily farmers' markets. It is of importance for the sales of fruits, vegetables and poultry. About one third of these organic products are sold direct. Grain, milk and beef are less popular for direct marketing. An increase of this marketing chain is relatively unlikely.

• Specialised Organic Stores Market Share – 35%
About 4,500 to 5,000 specialised organic and health food stores sell organic products. Primary products for these stores are fruits, vegetables and other fresh products, such as dairy, meats and fresh food preparations. Growth rates in these markets slowed down during recent years but still remains near ten percent annually.

• Organic Discount Stores Market Share – n.a.
Price is an important purchase criteria for German food shoppers. The country's food prices are probably the lowest the EU. Recently established organic discount stores report great success, proving that some organic customers also demand low prices.

• Health Food Stores Market Share – 10%
Healthier food is the only motive for these customers to buy organic food. An increase for this market channel is not foreseen.

• Conventional Food Stores Market Share – 25%
Rough estimates indicate that only about one quarter of all organic food sales are reported from conventional food stores. However, during recent years the major food retail chains have expressed their interest in investing in organic food marketing. Several chains have developed their own private label brands of organic products. Once these retailers enter into the organic market segment with more power, the organic market will continue its strong trajectory of growth. Conventional stores have so far tested this market segment primarily using easy to handle organic staple goods. A particularly promising segment for conventional stores are organic convenience products targeting the growing number of high income single households.

• Internet and Mail-order Market Share – n.a.
The major German mail-order service recently announced that it may expand into the food mail-order business. This only makes sense in the high quality and high price segment which includes organic food. Data about internet sales are not yet available.
These various retail outlets illustrate the growing complexity of the organic market and show that attention need to be paid to the structure of food provisioning in accounting by market stabilisation.

The demand for organic products

In the 1970s, pioneers in the organic market were primarily young people with low incomes. By the end of the 1990s a remarkable change had taken place, partly because these same people now had higher incomes and new customers are also attracted by better and healthier food. The modern organic shopper is someone who happily buys both health foods and other traditional products on the same shopping trip and has the potential to become a trendsetter for healthy food. Most studies report that in Germany,

the average organic buyer is between 35 and 50 years of age. However, some studies also indicate that the age group of 25 to 34 years is the strongest buyer group.
One new aspect that has come up recently is the demand for convenience products like ready made pizza from the deep freezer or mashed potatoes. In a 1996 survey, experts investigated the acceptance and the interest of the consumers in these products. The results showed a broad interest and more than one third of the interviewees wanted to buy such products, mainly young people (up to 24 years old) and singles (Ploeger *et al.* 1996). Another result out of this research was that the same consumers would prefer to buy organic food in supermarkets.

Affluent better educated professionals increasingly outnumber lower income organic customers. Actual purchases are done predominantly by women from multi-person households (USDA Fas 1999). Alvensleben, (forthcoming) quoting two studies conducted by the Sinus-Institute in 1995 and more recently on the lifestyle segmentation of customers of health and natural food stores in Germany, underlines that the 'alternative' consumers are not decreasing, but are becoming a minority of the total consumers. According to those studies, in 1995, 27 percent of the consumers were classified as 'alternative', the majority (44 percent) were 'technocratic-liberal', 14 percent 'hedonistic', 6 percent 'conservative' and 10 percent other consumer groups. The second study by the same institute suggested a further decline in the 'alternative' segment, and nowadays the segment of older and wealthier consumers is growing. As already pointed out in Chapter 3, the new consumers are mainly concerned about health and buying organic is rarely part of a wider lifestyle.

Moreover, while in the 1980s distrust in conventional food supply chains was the major driving force behind the demand for organic food demand, and could be classified as one of the vertical trends illustrated in Chapter 1 that promotes the establishment of an alternative market niche, belief in the better properties of the organic products became the most important determinant in the nineties. In this sense, buying organic food becomes part of the 'construction' of health, one of the major horizontal consumption trends described in Chapter 1. This entails also the diffusion of a new conceptualisation of health as a condition of equilibrium, well-being, constructed day by day, as underlined by Fabris (1995, in Chapter 1).

A number of studies have been conducted in order to know the frequency of consumption of organic products and how they have changed over time. Consumers were asked how often they buy the products. In the results the interviewees were divided into regular and occasional consumers (CMA-Centrale Marketing-Gesellschaft der deutschen Agrarwirtschaft 1993 in Plöger *et al.* 1993) or into intensive, medium, occasional and non-buyers (Plöger *et al.* 1993). Although the exact data of the different researches vary, they brought up the same tendencies: the percentage of buyers has increased rapidly and the number of occasional buyers rose from 20 percent in 1980 to 67 percent in 1992, decreasing during the 1990s when shopping for organics became more a routine activity, a normal part of shopping.

Alvensleben (forthcoming) reports that the share of frequent buyers increased from 5 percent in 1984 to 18 percent in 1999, while the share of medium buyers increased from 21 percent in 1984 to 43 percent in 1994 and subsequently declined to 35 percent in 1999. The percentage of occasional buyers remained the same in the observed period, while the share of non-buyers declined from 53 percent (1984) to 25 percent (1994). At the same time the willingness to pay a price premium for organic food, which increased rapidly in the 1980s in Germany, showed a slight decline during the 1990s. The average accepted price premium developed in 1984 was 13 percent, it went up to 21 percent in 1989 and then dropped to 18 percent in 1999.

As already pointed out in Chapter 3, these results suggest that market growth during recent years has not primarily been driven by the demand side, but was mainly caused by activities of the supply side.

Motives for not buying organic food

The USDA Fas on-line (1999) has identified the motives that hinder the further expansion of the demand for organic products in Germany. Many people (36 percent according to CMA) do not trust that organic labelled products are truly organic. Certification of organic production in Germany under Regulation 2092/91 is undertaken by no fewer than 59 separate bodies. Supervising authority for these certification bodies lies with the Laender (Federal States) of Germany.

The second argument for not buying organic is the relatively high price. The average organic buyer is willing to pay about 20 to 25 percent more for organic products. Price premiums in specialised organic stores may be up to 40 percent. However, the price premium may significantly differ from product to product, as shown in Table 3.2 and 3.3 in Chapter 3. In special organic stores, prices do not weigh heavily on the purchasing decision. In normal supermarkets, prices for organic foods are lower because of the direct comparison to traditional food prices. Since price competition is increasingly becoming a factor in organic food marketing, organic prices are decreasing. In particular the traditional food store customer is very price sensitive and does not accept excessive high prices.

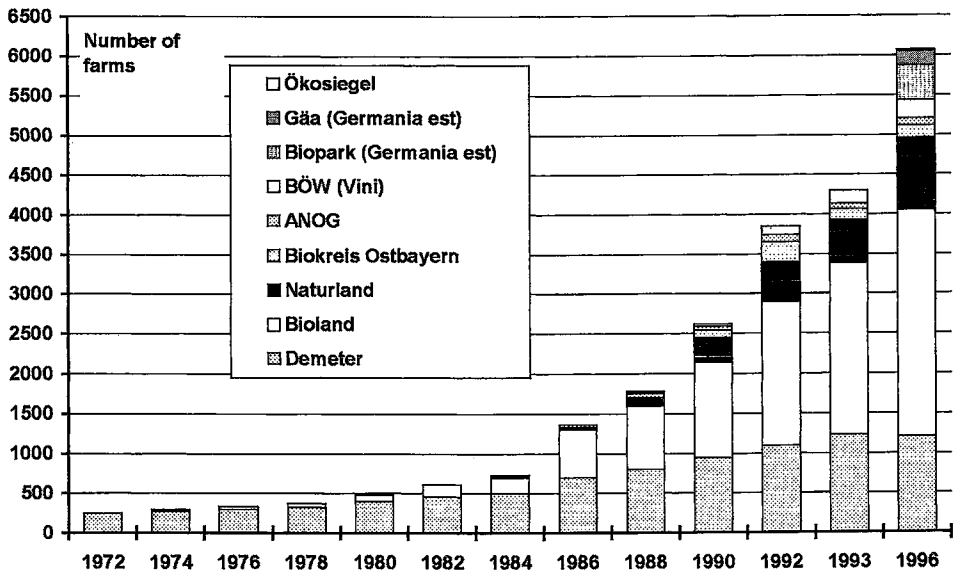
A third important argument for the relatively low level of organic sales in Germany compared to neighbouring countries such as Switzerland, Austria and Denmark is that organic products are not readily available everywhere (the shops density is much lower). Additionally, organic stores or organic sections in traditional stores do not provide a complete line of products to satisfy customers' desires. Often fresh organic fruits and vegetables are not as fresh as desired and therefore they do not attract new organic customers. The modern organic buyer is also interested in convenience products such as deep frozen vegetables, fruits, ready meals, meats and bakery products.

A fourth important argument for the relative slow pace of the organic market is the lack of identification of organic products. The EU organic directive describes what organic production is and how it should be monitored but it does not provide a clear wording for organic labeling. Most retail chains have developed their own private label brands. Often these organic brands do not use terms such as 'oeko' or 'bio' as an eye catcher to identify them as organic. Instead they trust that their traditional customers know that the particular brand is an organic brand.

The production of organic foods

The number of organic farms in Germany has grown constantly in the last two decades (see Figure 4.1), and after the introduction of subsidies for organic farming in 1989 their number has increased even more rapidly.

Figure 4.1 Organic farms in Germany (AGÖL) 1972-1996



Source: Stiftung Ökologie und Landbau, Bad Dürkheim 1996, and Hamm 1994

At the time that the research for this thesis was carried out (1997-98), there were in Germany nine different acknowledged organic farmers' associations. The first one was Demeter, and the others were Bioland and Naturland. All the other associations either concentrated on one product such as wine (BÖW) or fruits (ANOG), or they had a regional concentration (Biokreis Ostbayern, Gäa and Biopark in East Germany). Although many attempts have been made to set up a single common label for all organic production, the number of associations has continued to grow. In 1988,

however, these associations created a general organisation, the AGÖL, to which every association of organic farmers had to be admitted in order to be legalised. In order to overcome the identification problem, the German Central Marketing Agency for Agricultural Commodities in cooperation with the AGÖL developed a generic label to identify organic products. The label was presented to the general public during the BioFach fair in February 1999. Licencing agreements for use of the label are currently being concluded with organic processors in Germany. The organic label is a private initiative targeting primarily German domestic organic products. Imported commodities which cannot be sourced in Germany are also eligible for the label. They generally have to meet the production standards of AGÖL which are more stringent than EU organic rules.

For a long time Demeter was the strongest association, but since the introduction of EU financial incentives (EU Reg. 2078/92), the number of Bioland and Naturland farms has surpassed those of Demeter (see Figure 4.1).
The size of the organic farms (see Table 4.2) is larger than in the conventional sector.

Table 4.2 Organic and Conventional farm size in Germany (1996)

	Conventional	*Organic*	*Organic as percentage of total land and total farms*
Farms number	553,285	6,006	1.10 %
Farm size (in ha)	17,182,100	310,482	1.81%
Average farm size	31.05	51.17	-

Source: Verkaufspreise im okologischen Landbau, ZMP Arbeitsbericht (1996)

At the beginning, and until the mid-eighties, organic farms were smaller and the large farms did not want to convert, mainly because market channels were lacking. As the economic conditions in conventional farming deteriorated, more large scale farmers (over 50 ha) started to convert, posing a problem to the pioneers and fundamentalists. Furthermore, since 1991 the first East German farms (which are large, covering a few thousand hectares) converted and for this reason the average organic farm size is now high (51.17 ha). We can also observe that many farms converted because of EC financial incentives, but they did not join any associations since that would mean the imposition of more stringent rules. As a consequence, new farms cannot use any well known label, nor the service and structure of the associations and therefore encounter problems in selling their products as organically produced.

In Germany by the end of 1998, 8,227 farms were registered as organic cultivating 417,000 hectares or 2.5 percent of total German agricultural land. About 207,000 hectares are devoted to field crops and 183,000 hectares are grassland. However, not

all of these organically produced food products can be sold at premium prices as organic. In particular, significant portions of organic dairy and beef have to be sold through the traditional food marketing channel at normal prices. Domestic distribution channels for organic milk and meat are not yet sufficiently developed, as about 50 percent of the organically produced milk is sold as conventional. For many consumers, milk is already perceived as a healthy product, so that organic milk does not provide any noteworthy additional benefit.

Grains

Because of the easy handling grains and grain products have the widest distribution in the organic market. They also often act as organic starter products for the general retail sector. Of German organic grain production, wheat and rye make up about 25 percent each and oats makes up about 15 percent. In the grains sector, international trade is of great importance. Organic grains are imported especially from North America, Hungary and Italy. It is foreseen that Poland and other Central and Eastern European countries (CEEC) will gain market shares within the next few years, probably to the disadvantage of more distant suppliers. The Central Market and Price Reporting Board for Agriculture (ZMP) estimates that about 3-4 percent of domestic organic grain production is sold at normal prices through the traditional marketing channels.
Organic grains reach the consumer primarily as a processed product. Direct farm sales are marginal. Of growing interest for the retail chains are organic flour mixtures for breads, cakes and other baking products. The majority of processors of organic grains are located in Southern Germany. Organic bakeries are increasingly organised as chain operations which is the same as in the conventional market. If the conventional food retail sector noticeably increases its activities in the organic sector processed grain products provide excellent chances for further growth.

Fruits and vegetables

About five percent of German fruit and vegetable (F+V) production is organic and one third of organic vegetables and close to 50 percent of the fruit produced organically is sold directly to the consumer through farmers' markets or directly from the farm. F+V is the most direct connection point from the farmer to the consumer. Organic F+V sales through the conventional retail chain is still somewhat problematic because segregation between conventional and organic produce is not always guaranteed. Only about 20 percent of the vegetables and 10 percent of the fruits are sold to processors. However, deep-freezing of F+V is of increasing significance as convenience products are gaining ground in the organic market. The availability of sufficient raw material for processing industry still seems to create a problem.

Dairy products

Germany is the biggest producer of organic milk in the EU; however, about 50 percent of German organic milk has to be marketed through conventional market channels at

conventional prices. The majority of organic dairies are located in Southern Bavaria and in the state of Baden-Wuerttemberg. Only 8 percent of organic milk is directly sold to the consumer.

Meat

Organic customers on average, consume less meat products than normal consumers. An above average number of organic consumers are vegetarians. According to a study of the University of Weihenstephan total sales of organic meat have remained stable in the last few years, representing only 1.5 percent of total organic food expenditures (Fas 1999). Organic beef is preferred over pork; by comparison, in the conventional market, pork is preferred over beef.

Other organic products

Modern organic consumers are willing to pay higher price because of the argument 'I am worth it'. With this same hedonistic motivation these mostly higher income customers are willing to spend more for traditional convenience and higher value products. Sales of higher priced functional foods such as probiotic dairy products, or omega-three fatty acid products are increasing. Consumers are looking for foods that provide some kind of additional value besides nutrition. The additional value may be image, fun, health benefits or environmental advantages. Organic food has the chance to become trendy. In order to increase organic sales and to fill consumers demands, desired products have to be available at the normal point of purchase. Domestic trade reports indicate that customers would buy more organic food if it were easily identifiable and readily available where other foods are also purchased.

The marketing structure

The market structure of organic food in Germany can be divided into different sections. One major branch is represented by so called 'direct-marketing', where the food goes directly from the producer to the consumer without any shop or wholesaler involved. During the pioneer phase of organic production this was the only way to sell and buy organic. At that time the supply was very limited, as there were no imports from other countries. In this market segment, small but well established, the consumer knows the origin of the goods and can trust their quality. Although direct marketing goes along with a high work load on the farmers side it has some strong advantages. Consumers and farmers know each other personally, farmers receive direct feed back and long distance transports can be avoided. There are three different means of direct-marketing: Farm shops, Farmers markets and Delivery service (or Box schemes).

Farm shops

Since the 1970s and 1980s, when the number of organic farms started to increase, farm shops have flourished. Organic farmers were urged to join this segment, because other distribution channels did not exist. Also in conventional agriculture, farmers used to offer their products directly to the consumers. Fresh products like vegetables, fruits, sausages, bread and eggs were sold on the farm, but only to a very limited extent. In the pioneer phase of organic farming, the farm shops had only a very narrow range, in particular seasonal products from the farm such as cereals, apples, potatoes and cabbage. Some farmers offered home made bread and cheese.

This first phase was accompanied by a great deal of idealism and a high work load. The consumers were very motivated and therefore accepted the long distances involved in buying from the farms. The standard of the farm shops was low and they were run in a mostly unprofessional fashion. However, the number of these shops has constantly increased and recently they have become much more efficient. Their product range is often comparable to the one of an organic shop in the city, which means that they purchase many goods from a wholesaler in order to attract the interest and to satisfy the demands of the consumers. The opening hours are more restricted than in a normal shop: two or three days a week and nine to ten hours in total.

The strength of these shops is their reliability: consumers can trust the origin of their products. Here they don't need to question whether the food is really organic or not. They know the farmer (and often also his wife) from their regular visits and the small talk usually involved in making the purchase; they can see the land where the vegetables grow and the barn in which the cow gives the milk. The farmer gets direct feedback and he can promptly react to consumer demands[18].

Case study: Amperhof

The history of the Amperhof farm shop, near Munich, is representative. The farm is relatively small by German standards, only 18 ha including 5 ha vegetable production. It was converted to organic in 1980. In the first year the Amperhof offered its products once a week on the farm. The range was very small: potatoes, cabbage, carrots and cereals. In the second year they began to deliver these products to some organic shops in Munich once a fortnight. The first major improvement was the co-operation with an organic neighbour farmer, who produced salad. By and by the number of shops increased and the delivery was more frequent, up to twice a week. At the same time a room was set up in order to improve and expand the on-farm marketing. They still offered only their own products, but in time other products from a wholesaler were added to the range: porridge and other cereals, then milk products. Over the years, they have reached a full range of products, including cosmetics, cheese, tea and coffee, wine, etc. A few years ago the shop was enlarged and the outfit professionalised. The opening

[18] Some farms get two percent of their returns out of the shops, others 90 percent of the whole farm income. Number: in Bavaria 15 percent of the Bioland farms in Bavaria have an own shop.

hours have also increased, at the time in which the research was conducted the shop was open six days a week. In 1997, the returns were about 250,000 DM a year, with two part time employees. Improvements were made in order to attract more consumers and more people are visiting the shop. Many mothers with children (most of them from the neighbourhoods and the other villages) and most of them are regular customers.

Farmers markets

There are three different kinds of farmers markets where it is possible to purchase organic food.
A) Eco-market that takes place once or a few times a year, mostly in autumn, when the supply of individual production is the highest. Normally the market goes along with a program of presentations about ecological themes and small cultural events for adults and children. These markets are organised by environmental groups, political parties or by the organic farm associations. Such eco-markets take place in many cities and also in small towns. On the one hand, they contribute to the publicity of organic in general, on the other hand, they offer a field of activity for political groups. For the organic market as a whole they are an opportunity to get in touch with people who usually don't buy this type of food.
B) The weekly conventional open market, in which a few producers offer organic goods. This is the most common combination. In Germany there are a few thousand open markets and most of them have at least one organic stand. For the producers this is the easiest way to sell the production because it involves relatively low financial investments (compared to an owned shop) and not so much effort on advertisement and PR.
C) The weekly organic eco-market. This variety is relatively new and only exists in a few major cities (Bremen, Hamburg, Rostock, Berlin, Aachen and Köln). Such eco-markets consist of eight to twenty different stands, each specialised in one product group. The combination of these different producers creates a product range which is extremely broad and fresh at the same time. Therefore it has advantages over the Bio-shops (e.g. in Bremen a cheese stand offers 100 different kinds of cheese).

Open-markets present some general disadvantages, such as the dependence on the weather. For example, during the cold season it is extremely difficult to sell fresh vegetables, because they cannot stand freezing temperatures. Furthermore it takes a lot of effort and time to build up the stand every market day. On the other hand, there are quite a few advantages. In the open-market the consumers can find the freshest food. They know the producer in person and he can inform them directly about the means of production. The offer in the open-market is usually more of regional origin than in the shop and consists more of seasonal vegetable.

Delivery service (or box schemes)

This segment is the most recent one, it has developed only in the last ten years. Contrary to the first two kinds of selling described above, the delivery service is a marketing form that exists and has been developed exclusively in the organic food sector. It is also the marketing form with the highest growth rate.

The delivery service is the regular – mostly weekly – delivery of organic vegetables and fruits directly to peoples home. The consumers subscribe to it with the advantage

that they save time and do not need to decide what to buy, this decision being made by the producer. The producer's advantage is that he can sell the available vegetables at that precise moment and he can always calculate the exact quantity that he will need and therefore the amount he has to harvest. It is also the only way to sell a high quantity directly to the consumers without any intermediary involved.

Case study: 'Abokiste München'

In 1994 three farms in München agreed upon a special kind of cooperation. They divided the city and the suburbs of München in three different segments, and each of them took the responsibility for one of these. With this division any kind of competition was excluded and an extreme reduction of transport costs was achieved. The farms participate in a franchise system that provides them with computer software, a protected name ('Abokiste') and the advertisement material from a 'Mother farm' in northern Bavaria. The members of the franchise system have to pay a franchise fee, 1.5 percent of their returns. For this fee they also receive a computer service, a hot line and training of different kinds.

The three farms achieved an incredible growth in the number of customers. Between Spring 1995 and Autumn 1996 the number increased from 1000 to 4500. This means that the net of consumers is getting wider and wider in München. On average one consumer subscribes to goods for 30 DM (15.33 €) per week (minimum 19 DM (9.71 €)). In some suburbs within the city the distance between each customer is very close, only a few hundred metres. In order to organise the service for one thousand customers three employees are needed for the office work, two for packing the vegetables and three or four drivers five days a week. The three farms do not only sell their own harvest. Due to their high number of customers they also sell the products of other producers in the region (6 or 7 others) and they purchase many products from the wholesaler, fruits all year round and vegetables during the winter from southern Europe, mainly from Italy[19].

Together with the delivery of the vegetables box there is a very professional and consumer oriented service. Every week the consumers receive an information letter including a cooking recipe and information about the vegetables on the farm. One major advantage of this service is that the consumers get vegetables from regional production sources that they may not previously have known. This helps to protect local variety: in the organic sector, several vegetable varieties had almost died out in recent decades and were substituted by vegetables imported from southern countries. With the subscription system it is possible to sell normally unknown or unpopular varieties and inform the consumers about the advantages and ways of processing. Mostly the customers react positively and regard this effect as an added bonus of this system.

[19] The offer of these Munich farms is relatively highly specified and consumer oriented. The basis offer consists of seven different boxes: the normal vegetables box (salad, seasonal vegetable), single box (consists of fruit and vegetables easily and speedy to prepare), mother and child box (for the breast feeding period of mothers), etc.

Producer communities

Producer communities represent a crucial change in the development of organic farming. They emerged at the end of the 1980s. Until then farmers mainly organised the distribution of their products individually with hardly any kind of co-operation. In order to improve the unsatisfactory market situation in the beginning of the 1980s new producer organisations were set up. Apart from direct marketing there were several wholesalers who provided the organic shops with their articles, but they could not distribute the entire organic production. Goods such as milk and meat had no market channels at all and had to be sold to the conventional market for the conventional price. And there were no organic market institutions that made an effort to improve this situation.

In several places organic farmers set up market co-operatives in order to get better access to the market. Since that time these co-operatives have achieved a rapid growth and also a strong market position. There are many different types: from the few farmers regional communities that provides the week market stand, to the enterprise with several million DM returns. Many of them managed to achieve a professional presentation at the market.

Thanks to such market co-operatives, the farmer can influence market development, and also small scale producers can get access to a large market. Farmers can deal with big food companies or supermarkets that are interested in a regular and continuous delivery. Furthermore, they can achieve a co-ordination of production and the division of labour, so that they reduce competition. And most of all they obtain a constant and safe price level.

In 1990 the government started to give financial support to these communities. There are two kinds of producer co-operatives: one-product co-operatives, and multi-product cooperatives. One feature common of most of the co-operatives is that they are linked to a farmers' association (like Demeter or Bioland). The largest organic farmers' association, Bioland, has a dense network of 34 such communities all over Germany. Almost every second Bioland-producer (3000 in total) is a member of such a community. The first one was set up in 1987.

Example: Bioland GmbH Nord

One of the very first communities is the Bioland Nord GmbH close to Hannover with 150 members, including farmers and vegetable growers. The members are organised into six producer groups according to their main product: milk, vegetable, meat, potatoes, cereal and fruits. This division enables the producers to coordinate production, new market possibilities and market conditions. 22 employees do the daily business. Such an organisation became necessary because of the wide regional distribution of producers in the Lower Saxony, where many producers were too far away from the main markets. The aim of the farmers' initiative is to be able to produce according to the needs and demands of consumers and the other actors

in the food chains. There are also several other similar communities, but each has a different organisational structure. Some have only a few employees, offer less service for the shops and the producers, but have hardly any costs.
The Demeter association has its own marketing co-operative with 120 members/farmers. This organisation is not regionally limited and has members all over Germany. It was set up in 1992 and after only two years achieved returns equal to 7.5 million DM (3.83 m€). It distributes vegetables, fruits, and cereals to processing industries, canteens and wholesalers. Last year they started to introduce food from the deep freezer for large canteens. This food goes first to a distributor who delivers it to the bulk buyer. The first marketing partners were enterprises which produce baby food, then hospitals and firms that converted their canteens.
This cooperative is in charge of 600 ha vegetable and 600 ha cereal. At the beginning of the season it makes a contract with the producer so that it can calculate a certain amount of yield beforehand and offer it to the interested firms. (The farmers do not need to negotiate with the firms at all.) This co-operative has three employees plus 1 part time, therefore costs are very low.
The third major association, Naturland, has also its own producer co-operatives. In contrast to the two described above, these coops are mainly interested in co-operating with the conventional market and therefore their prior objective is a very constant and continuous quality.
Apart from these examples, which are all organised on a large scale, there are countless co-operatives of only 3 to 10 farmers. In Hessen, for example, a small co-operative consists of 4 farmers. They got together in order to organise the selling of their home made cheese, and they set up an association that purchased two extra market trucks with a cooling system from which they could sell their cheese in the open market in the centre of Frankfurt and a few other places. The investment in the car was financially subsidied by the federal government. After that, the farmers hired an agronomist and delegated the selling of the cheese to him. This co-operative sells its cheese in 8 different farmer markets.

Producer- Consumer communities

In the early 1980s, another new phenomenon arose in the field of organic marketing. Following the examples of Austria, producer-consumer communities were set up in several cities. Highly motivated consumers and organic farmers got together in order to build up a better marketing structure, because they were dissatisfied with the low quality and high price (especially of fresh food) in the specialised shops. The producer-consumer communities intended to introduce new market channels directly from producer to consumer – from the countryside to the city. Along with this practical aim went some fundamental political opinions on fair trade and fair prices and on participation in the trade in general. Under this umbrella of interests these groups got on their way very idealistically. They wanted to build up a broad consciousness in society about the existing problems in conventional agriculture (environmental problems, economical constraints on farming, concentration of food industries etc.) as at this time the environmental movement had identified organic farming as a field of action for contrasting the dominant consumer culture and its environmental

consequences. 'Consumers should be brought up to political consumers' became the motto of many organic movement activists.

With little financial means and a lot of personal effort, market stands and small shops were built up. About 12 large communities of this kind were set up in the 1980s, together with 20 to 30 smaller ones. Groups with 30 to 40 members grew up to a number of 200 to 500 members. After the first three or four years with a broad initiative of the members, the groups reached another stage in which a small group of active members kept on organising the marketing. Some other volunteers were responsible for the organisation of the information sector. A basic common motivation in the beginning was solving any problem co-operatively (with no hierarchical structure). In retrospect this can be seen as a major handicap to the development of most of these groups. They kept up with these fundamental attitudes and therefore stuck to an inefficient structure. Only those that changed their attitudes and adopted a more pragmatic division of labour using more standard economic criteria survived. The others suffered from stagnant income and decreasing membership.

Still, the producer-consumer communities had a positive impact on organic farm development and society in general. By formulating their aims and standards on fair and ecological trade, production standards and transport, they contributed to a broader consciousness. For instance, they organised meetings on farms to increase the transparency of the trade. Long before the shops offered a consistent program of organic goods, the EVGs had one. Their range has a higher percentage of regional products and fresh products (50 to 70 percent). Today there are ten bigger communities in Germany. Together, they achieve a return of 10 million DM (5.12 m€) per year.

Case study: 'Tagwerk' Cooperative

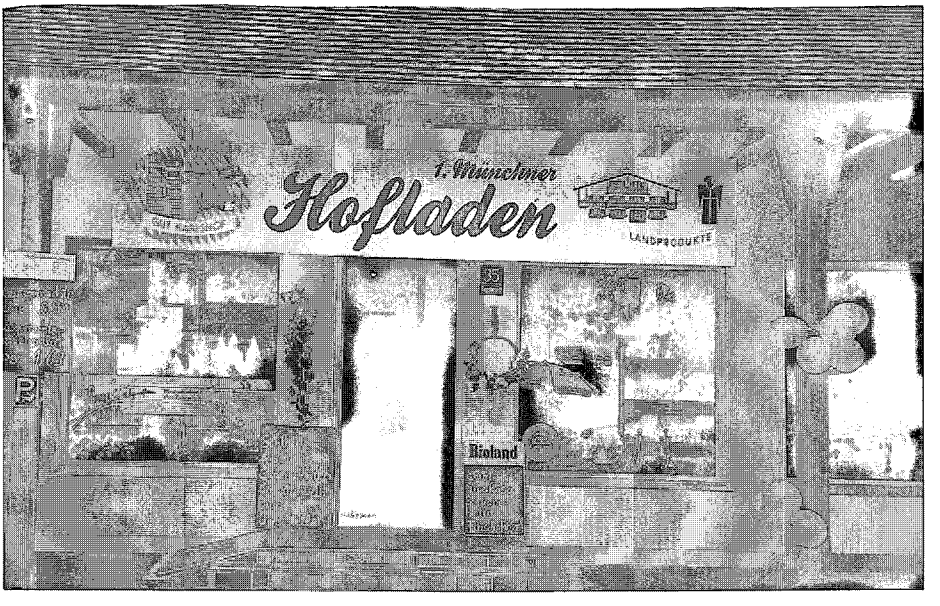
The most famous and successful example of a producer-consumer community exists in the North of Munich: the Tagwerk-Co-operative. In 1983 a small consumers' group started to co-ordinate their purchasing of organic products directly from the farms. One year later, during a seminar on 'Peace with Nature' in which a broad alliance of members of environmental as well as peace groups took part (at that time two gigantic projects in Munich – the new airport and a new highway – had mobilised a broad front of critical activity), the decision was taken to do something practical together. The environmentalists and the farmers wanted to build up a regional market for regionally produced organic products in order to minimise the transport costs and to create more transparency in the marketing structure. Soon the idea emerged of founding an ecological enterprise, with the aim of promoting co-operation and environmental protection. To this group, then, the consumption of organic products was a high priority political act. Consequently they decided to improve the distribution of organic products. In September 1984 the co-operative was officially set up with 41 members, including 4 farmers.
The very beginning of this project was an open market stand in Erding, a small town close to Munich. The financial returns were not very encouraging. The facilities were very improvised, for example the storage rooms were in one member's home. But then a constant growth in outlets began: the number of shops and open market stands increased continuously, and

resulted in a process of constant professionalisation and increase of members on both farmers and the consumers sides. Today Tagwerk consists of 600 members, including 60 farmers; it has 11 open market stands, 9 shops and many on-farm-shops. They also have own processing enterprises involving 7 bakeries and 3 butchers. 60 people are employed and the returns of all facilities are about 4.5 million DM (2.3 m€) (Bauernstimme, 10-11).
One major activity within the co-operative is a broad information programme to mobilise more interest and support. This is done by the volunteers who give many presentations, produce their own magazine, organise excursions and even travels to Greece. This branch of the co-operative is also responsible for the landscape measures that each farmer is obliged to take on his farm. The farmers can make use of a special extension service. In this sense the co-operative acts like a farmers' association.
One major criteria for the success of Tagwerk is their division between the non profit and the profit sector, and both parts are organised in extra sections. This makes the organisation more efficient and prevents the members from many demotivating conflicts. A key moment for their development was the Tschernobyl catastrophe. Demonstrations were organised and as a special service for the consumers, measurements of radioactivity were made on all the Tagwerk products. Products with a high contamination were not sold. A solidarity fund was set up in order to compensate the farmers. For 12 years this group has proved that a consistent approach towards ecological and regional agriculture can be a successful project, although it is not easy to compete with the global market (in the organic sector).

Shopping communities and food-coops

About 2000 consumer communities and food coops of a broad and colourful variety exist in Germany. Some have their origin in the seventies, others only in the last few years. The main characteristic of these coops is that they are able to sell organic food at a lower price than the normal retailers, because they save most of the costs. This is made possible by two main measures: the members of the coops do most of the work themselves, without personnel, and the rent of the shops is much lower as they are not located in favoured places within the cities. Due to these two characteristics food coops are attractive to people who do not have much money, but who have a lot of spare time.
Some coops consist of five to ten members/families who order a large quantity of food every four or eight weeks from the wholesaler or farmer; they then distribute this delivery amongst themselves. Because of the quantity and the direct order from the producer or wholesaler, they achieve much lower prices than in the shops. On average the coops purchase and distribute for about 20,000 (10,226 €) to 50,000 DM (25,565 €) per year.

Other coops with a few hundred members run a shop that they organise partly by themselves and in which only the members can shop. The monthly contribution that the members have to pay is between 5 (2.5 €) and 25 DM (12.8 €). Several of these coops even have personnel and achieve a service comparable with an organic shop. They cover their fixed costs mainly by the financial contribution of the members. 30 to 40 shops of this kind exist in Germany.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Retailers

Organic shops

'Bioläden'or 'Naturkostläden' shops were the first places in the cities in which consumers could buy organic food almost exclusively. The very first ones were established in the 1970s and since then they have experienced quite a change. These shops were linked to the political left wing movement (the '68 movement) and to the environmental movement that in the 1970s tried to create alternative ways of life. One such alternative was to run a shop for organic healthy food. These people denied all conventional means of successful selling; not using industrial material for installing the shops or refusing to offer too many services were necessary criteria for being a real organic shop. Therefore a qualitative development of these shops did not take place for many years until the end of the 1990s, although the number constantly increased.
Mostly, these shops were located in less favoured areas within the cities and they did not do any advertising. From the outside they were hardly recognisable and inside they were relatively dark (in order to safe energy). These retailers were convinced that there were enough politically motivated consumers to buy their products. One disadvantage was that they had virtually no fresh goods (vegetable, fruits, milk, meat), because they felt it was too demanding to store and maintain such produce.

In the mid-1980s the scene experienced a change. Farmers had started to organise their own marketing and the supermarkets made the first attempts to sell organic. A long phase of discussions took place. Many of the first actors were reluctant to change. Others, who were less politically motivated, necessarily changed and introduced the marketing of organic milk and meat. In short, the question was professionalisation or not. Because of limited market share and the low number of customers, professionalisation emerged. The shops became brighter, cleaner and friendlier. A new name was created: 'Naturkost-Fachgeschäft' which implies a specialised shop with qualified employees. In several regions the shops set up associations in order to create a common marketing set up and share economic and marketing experiences.

Case study: Erdgarten

Erdgarten was the first organic shop in Munich. It was created in 1976 in combination with a tea shop serving macrobiotic food. One of the first activities was the import of macrobiotic food from Japan as well as of porridge and crunches from the UK. At the same time they tried to establish a distribution centre for these products and for some regional ones like cereal and cheese. Erdgarten was a self management project, the members wanted to get out of the traditional patterns and shared their working and their private life. On this basis, in 1980 the group started a farm project in Italy and later in the north of Munich, where all members lived together with their families.
After 4 years the members went to other places or changed their professional activities. Two new managers took over and they transformed Erdgarten into an entreprise with the common

hierarchic structure. Since then, the shop has grown constantly. The main strategy is to provide the consumers with good quality products.
In 1986 the shop moved from its first location to a larger one of 80 m^2 and from 3 to 4 employees provided services for a growing number of consumers. Today the shop is one of the most successful in Germany with a return rate of 2.5 to 3 million DM (1.28 to 1.53 m€) a year. 5 to 7 employees at one time satisfy the demands of 300 to 500 customers a day. 10 people are fully employed. A second shop with the same name (no franchise system) was opened in 1991 which is also very successful. Today Erdgarten is able to offer a full range of organic products so that the consumer does not need to go to the conventional supermarket. Still, the history and reputation of the shop make the shopping experience quite different from going to a conventional supermarket, and a growing tribe of organic consumers is attracted here. For the future, Erdgarten wants to move to a larger shop of 400 m^2, although at present this seems almost impossible, because of the competition and of the high prices in the suburb where their shop is located.

Organic food chains (retailers)

According to the literature there are three different organic food chains in Germany with several shops (from 200 to 400 m^2). One is called ALNATURA. It has 80 employees and distributes 6000 different articles with a return rate of 25 million DM (12.8 m€) in 1995. They prefer to sell Demeter products. This chain has its own shops in four cities and their products are sold also in the conventional supermarkets and drugstores through a standardised presentation system, i.e. shelves of two to five meters length with 200 different articles (mainly dry goods, like cereals, nuts ect.). At present, 600 of these shelves exist and they plan to increase up to 1000. Apart from food they also sell clothes, paper and other products. The other chain, 'Ebl', is in Nürnberg (northern Bavaria) and has its shops only there. They have six different shops with 30 employees. A wholesaler also belongs to this chain with 2500 different articles. Their main products are fresh goods, meat from the own butchers, vegetables and milk. This chain distributes preferably regional products. In some cities eco-shopping-centres have come up, where you find several different shops: cheese, wine, textile, shoes, construction material, and restaurant, all together on a scale of 1000 to 2000 square meters. This could be the trend for the coming ten years.

BNN association

In 1988 the 'Naturkost' shops set up their own national association: the Bundesverband Naturkost Naturwaren (BNN). 420 of the 1600 shops in Germany are member in this professional organisation, that has its own magazine. The BNN is divided in three sections: retailers, wholesalers and producers. The main tasks are PR, regular information of the members, quality control, representation of interests in public. The control function is extremely important: by controlling the practice of the shops according to their regulation, the BNN gives a possibility to the consumers of distinguishing between an organic shop and a combination of conventional and organic. This creates a reliability which will be very important in the confusing future market. The most recent initiative of this organisation is a

new marketing campaign with the aim of improving the recognition and the image of their organic shops. The core element is the introduction of a new common label, an 'N' with a green spot, placed at the entrance of each member shop. With this new label a shop can be easily be identified as organic, with the warranty that all products have at least the EC label. The campaign also includes the distribution of information material, posters, brochures etc.

Conventional shops and supermarkets

The current situation of marketing via supermarkets can be summarised in the following way: during the last few years most of the main supermarket firms have introduced a small range of organic goods (about 100 different products), but hardly any of them has extended the offer to a full range (e.g. only very few offer fresh fruits and vegetables). At the same time it seems that all these firms want to be prepared in case a sudden boom of organic products in the supermarkets takes place; yet they are waiting and observing market trends.

At the end of the 1980s one or two supermarket chains began to introduce organic products. As there was no broad alliance between the different fractions to push the movement, the first attempts were not very successful. They started with a range of 60 to 100 different dry products, no cheese, meat, milk, fresh fruits and vegetables. The only fresh products were potatoes, onions and carrots. Later some supermarkets started to sell milk products which are today common in many chains. But consumers did not trust the quality or did not even recognise that the products were organic. About 60 different supermarket chains sell organic food today, although most of these belong to the same entreprise. Only very few offer fresh products. The range is limited to cereals, flour, müsli, pasta, peas and juice. In the late 1980s two attempts to introduce a supermarket with only organic products (2500 different articles and 1400 m^2) failed. Today most actors in the organic scene complain that this sector shows no progress at all and that the organic movement will need to push the sector forward as happened in Denmark and Austria. In order to improve the situation the associations have put much effort into the negotiation with the supermarkets. But up to now their success has been very limited.

Associations approaching the supermarkets represent a crucial change compared to 10 or 15 years ago. At that time all actors (the producers, the associations and the people in the organic shops) were very clear that co-operation with the conventional supermarkets would be unacceptable, because those were the same retailers that had ruined numerous farms and small shops in the 1960s and 1970s through their rigid expansion and price policy. In the late 1980s more and more actors in the organic movement realised that if they really wanted to extend the percentage of organic production and bring it out of its niche, they would need the conventional supermarkets.

Case study: Tengelmann

Tengelmann was the first supermarket chain to start up with organic products. It is both a supermarket chain with 750 shops (from 500 to 1000 m^2) in the cities and a company/group incorporating different supermarket chains. According to the head of the marketing sector, the percentage of the organic fresh products is already at 20-25 percent. They sell all the organic products under their own brand name: 'Naturkind'. The supermarkets do not want to use the labels of the associations and they have created their own new one. Of course, the associations do not agree, because in their opinion the consumer will have problems in differentiating the labels. This is the major point of disagreement between associations and supermarkets.
The origin of the organic products at Tengelmann is as follows: they buy German products from the producer communities of the associations and the import products from the large wholesalers. They don't have their own connections to producers in other countries. They make use of the EC-control institutes. The range of organic fresh products at Tengelmann is not limited to a special group of products; rather they try to offer as much organic food as possible, but the supply is often not sufficient, i.e. products are too expensive or the quality is not good enough.
In the future Tengelmann intends to enlarge the organic sector continuously depending on the production and the supply. According to a consumer survey conducted by the firm, the consumers clearly want a higher variety of organic products. The personnel is informed and trained about the quality and differences of organic products through written information. Furthermore, the Bioland association does presentations in the shops for the consumers. Together with farmers, they inform about the quality differences in organic production. In their opinion, the most efficient means comes from the high quality of the products.

'Real'- Supermarket

This chain has 200 sales points in Germany, ranging from 5000 to 7000 m2. In contrast to Tengelmann, this company introduced organic food only recently (in winter 1995) with their own label: 'Grünes Land'. They started with a range of 45 products which was extended up to 200 to 300 in 1996. Yet, within a range of 25000 conventional products, these few organic products tend to get lost; the consumer has to search for them. According to Kreuzer (1996:143) this firm intends to introduce fresh products in all their shops.
One positive in the strategy of this firm is their PR work as they worked hard on the labeling in order to make the products easily recognisable and reliable. During the introduction period, they had an advertisement campaign with print media, information/presentation stands, invitations to customers or kinder gardens. They also did some training for the staff.

Wholesalers

The scene of organic wholesalers in Germany today consists of about 30 different enterprises (plus a number of small distributors), which can be divided into two groups: regional and national. The latter one is represented only by two wholesalers: 'Denree' located in Northern Bavaria and 'Bodan' located in Baden- Würthenberg.

The first wholesalers emerged in the 1970s. This beginning was limited to the distribution of a small group of products to which the traders could get access, mostly due to personal contacts with the producers. Also the number of supplied shops was very small at that time. The main boom occurred in 1983/84 when the structure of organic shops and distribution channels started to become more stable.

The division prevents competition amongst the regional distributors, and they respect each others' district. This means that only Denree and Bodan are the firms engaged in competition, trying to take over parts of the different districts by offering 'dumping' prices. The regional origins and a reduction of the long distance transport are marginal within the service of these firms. Also the price level they pay to the German farmers and vegetable growers is much lower than the average.

Denree, for example, provides 1500 clients/shops all over Germany. Recently the firm started an initiative to enlarge its district to Austria. The shops located close to one of their 4 distribution centres can order 5 times a week, which is a special Denree service. Their return rate is about 90 million DM (46 m€) per year. They have 200 employees. The four Denree centres are close to major cities like Hamburg, Frankfurt, Stuttgart and München. In Northern Bavaria, in a very remote region, they have their original centre. All imported goods are distributed from there. Denree cooperates with about 200 German producers. Often the producers say that they sell to Denree only if they don't find other traders. In Europe, Denree directly co-operates with many producers and co-operatives, the major quantity coming from Italy (25 to 30 percent of the import, 80 tons a week) where they have producers in about 6 or 7 different regions. Other countries are France (where they even have their own storehouse in Perpignon) and Spain. They import also from New Zealand, Australia and countless other countries. Their strategy is quite different from that of the regional distributors, who try to co-operate with the local farmers as much as possible, support them by paying a fair price and do without cheaper products from other countries, as long as the local producer can offer them. Generally, these firms regard the local production as a quality criteria, although a wholesaler, for instance, admitted that he never buys German tomatoes, not even in summer, Italian and Dutch tomatoes being so much cheaper! In fact, between July and October German vegetable growers produce tomatoes. The price, however, is twice as much as Italian tomatoes, partly due to the climatic differences, but also to the marketing strategy of the Italian actors.

This is a major change of the last ten years and is considered a negative one. Yet, a better service and a higher degree of professionalisation include also an offer of Mediterranian food all year round, no matter how ecological this really is[20]. The new

[20]The entreprises in numbers: the regional distributors have a return rate from 10 to 30 million DM (resp. 5.113 to 15.34 m€) a year. They deliver to 100 to 400 clients weekly and are in touch with another 300-500, who only order occasionally. The delivery to the shops is normally three times a

consumers, the ones who look for organic products in conventional outlets, are not conscious about seasonal products, and are less concerned about environment consequences of consumption. Recently these regional distributors have built up trade connections directly with producers, mainly in Italy. In this way they reduce the import costs by avoiding one trade institution and at the same time they can rely on continuous trade relationship.

Specialised wholesalers

One feature of the change towards a more professional and established marketing structure was the specialisation of entreprises in the import of organic products from foreign countries. One example is 'Weber Naturkost' in Munich. This small company imports organic fruits and vegetables only from Italy and sells it to German wholesalers. The firm is located directly within the market in Munich, where the distribution of all imported fresh goods from the South takes place. Weber started in 1989 with the distribution of products from one producer (the cooperative Salamito) in Sicily, mainly citrus fruits. He offered these products to the organic wholesalers in Germany. At that time there was a real demand for the products from the South, because consumer behaviour had changed: from the rigid supply and demand of only German products, consumers asked for a broader supply of imported fresh products. Today the main products that the German markets asks for are: fennel, broccoli, Kohlrabi, Mangold, salad and radish, fruits, citrus, apples, peaches and kiwi. Weber provides 25 different wholesalers all over Germany with his Italian products. 15 to 18 order regularly. The main quantity is distributed from November to May (when fresh German vegetables are not available). Weber gets all the products directly from producers he knows personally, which are about 25 producers or cooperatives in 8 different regions.

The farmers associations

This is a very short description of the three major associations of organic farming. Other associations were founded in order to represent the interests of East German organic farms or those of specialised farms (wine or vegetable growers).

Demeter – The bio-dynamic agriculture

Demeter was founded in 1924 through the agricultural course held by Rudolf Steiner. In the bio-dynamic approach a farm is regarded as a living individual, an organism which underlies various immaterial influences. On this background, the farmers apply various preparations in order to enhance the dynamic forces, to improve the soil fertility and the quality of food.

week, every day for those that are very close. The largest distributors have up to 80 employees, the smaller ones only from 10 to 20.

Bioland – The organic agriculture

This way of farming was founded in Switzerland by Hans Müller in 1971. The theoretical background of this association is based on a book on soil fertility by H.P. Rusch. Soil fertility is the core element in organic farming, therefore the Bioland farmers work constantly on improving their soils by applying manure and practising careful tillage.

Naturland

Practitioners and scientists in Bavaria founded this association in 1982. The main aim is the support of a sustainable agriculture. In the beginning this group concentrated on the integration of animal welfare and organic agriculture. Naturland started in the south of Bavaria, where is still most represented.

The marketing strategies of these associations

The Demeter association concentrates on marketing via the organic shops (Naturkostfachgeschäfte). Other associations like Bioland and Naturland, instead, try to explore the marketing via the conventional supermarkets. Demeter came to this conclusion after a long discussion with the supermarkets which proved ultimately unsuccessful: negotiations went on for several years without any progress and the two parties could not agree on the labelling of the products. Today there are very few supermarkets in which Demeter products are sold: the Edeka shops in Baden-Würtenberg; a drug store chain that exists all over Germany and offers a small range of dry products; and two or three other regional chains. As a consequence, Demeter is trying to improve the existing relations with the organic shops by improving the products quality and the professional service.

During the pioneer phase direct marketing was very important for the Demeter farms. Most of them had an on-farm shop or a market stand. The association does not support this segment any longer, because of the high workload for the farm family. The major change in the last ten years within Demeter was the increase in processing companies and institutions, such as bakeries, mills, milk factories, etc. Also the variety of processors has increased, with a consequent much broader range of foods (various different cookies, sauces, pasta etc.).

The Bioland association follows a different marketing strategy, supporting the supermarket channel, on-farm marketing and the processing sector as well. Many Bioland farms have an on-farm shop and the association works on their professionalisation. Therefore they have one extensionist who is working on this project; he can give professional advice on how to improve the supply or the outfit, how to do the best investment or to organise the work load. The association regards this as a useful approach to establish a family income and to improve the supply of the population in remote areas. Therefore they do not want to support farms that sell only

one or two own products, but those who achieve to establish an entire urban organic shop (like Amperhof).

The second major market segment is the conventional supermarket. Like the Demeter association, Bioland can look back on years and years of negotiation with several different supermarkets chains, but up to now the major break through has not taken place. Still, there are a few products that Bioland sells through this channel: some dairy products, apples from Südtirol, vegetables and few other dry products. All these products do not have the Bioland label in the supermarket shelves, as the supermarket chains insist on their own label and the Bioland farmers only deliver their unprocessed products. The Bioland managers expect an enormous growth of the organic marketing in the supermarkets in the coming two or three years (as in Austria). Therefore Bioland already holds training courses for supermarket personnel.

The other major branch of the Bioland marketing is the high number of food processing companies that work under the Bioland label. In Bavaria 154 different companies have a licence to process and sell Bioland products. About 40 percent of these companies are bakeries. The others are breweries, butchers, milk factories and mills. There is a constant growth of these companies and the association's interest in this sector is very strong. A few employees are dedicated to the relation with these companies, trying also to get in touch with new ones, inform them about the differences between conventional and organic, provide them with an extension and administration service. For instance, they organise excursions to Bioland farms where the managers and the personnel can learn about the quality differences of the organic production.

One of the top projects of Bioland Bayern is a new co-operation between a conventional mill and their main organic mill. The association purchases the cereal production of the farmers co-operatives (and not from the single farmers in order to support the co-operatives). The production is sold to the mill, which is called 'Naturkornmühle' and processes 15000 tons of cereal a year. The processed product is then distributed and advertised by the largest conventional mill in Bavaria. This has the best connections to bakeries all over Bavaria and can inform them about the organic products. Furthermore, this mill has its own logistic branch that can be used for the distribution of the organic cereal. Bioland employes also a baker who can provide an extra service to the newcomers who want to convert. The rapid increase of the Bioland bakeries in the last few years proves the success of this concept.

The Naturland association in some areas has a different strategy from Bioland. The main one is that they do not support the on-farm shops of their members. Naturland's policy is that direct marketing is not efficient. Instead, they gather the production of the different farmers and deal with it as a whole. They have focused on this strategy from the beginning, maybe because Naturland is the youngest association of the three. Bioland was founded 10 years earlier (1971), when there was hardly any marketing

structure and the need to support direct marketing was inevitable. When Naturland was founded (1982), the situation had already changed and at that time it seemed reasonable and realistic to offer a marketing service to the members. Since the price drop in the last five years, however, some members, especially the small ones, are facing serious economic problems and are urged into the direct marketing in order to find a compensation for their losses.

Also Naturland is constantly negotiating with several conventional supermarkets, and once again expects an expansion of this sector in the next few years. In their opinion, this is the most effective market channel for the future.

The second major marketing branch of Naturland are the producers co-operatives. Naturland Bayern includes such a co-operative in which 2 employees co-ordinate the production of cereal, potatoes and a few vegetables. They gather this whole production from their members and offer it to large companies. Naturland has a special market segment on its own: Soon after the association was founded 'Hofpfister' started to convert to organic and it agreed with Naturland to use only cereal from this association. The other associations at that time were skeptical, because until then only small single bakeries had been processing organic cereal. Today the project is one of the most successful in Germany and Naturland Bayern can sell all the cereal production in this market segment.

Market changes from the point of view of the associations

In all the interviews, the three associations agreed that the demand for organic products has essentially changed and there is a surplus of supply in selling organic products at price premiums. Therefore, traders can choose whether to buy national products or to import them and they can select among the producers. Ten years ago, instead, they had to search out supply sources; prices were very high and they could only accept the quality standard of the existing suppliers. Today many organic farmers cannot be sure whether they will be able to sell their products and they have to accept the (price) conditions of the traders or processors. Even the crop rotation has to be adjusted to the market and the possibilities for an alternative crop are limited.

The main cause originates from the conversion subsidies and, following sudden growth, pressures from the large companies and processors. Formerly the first few traders and the farmers constituted a group 'together against' the conventional market. Now the producers and the traders often (mainly the biggest) are competing groups. Consequently the price has dropped. A wholesaler reported, for example, that the organic price of broccoli can even get below the conventional price. Another major change is the enormous growth of imported organic products. This is not only in reference to the unavailable products, but also concerns better prices for retailers. Furthermore, all the interviewees agreed upon the change of quality requirements that has taken place. The standard has become the same of the conventional products,

especially for fresh fruits and vegetable. Finally, everyone agrees that the marketing channels have grown enormously and at the same time have largely diversified, ensuring a huge range of processed organic food is now available.

The limits of the alternative networks

Many authors have attempted to interpret the development of organic farming in Germany. In the early 1990s, Thimm (1993) conducted a comparative study between four countries: Denmark, Germany, Great Britain and the Netherlands. In his investigation this author suggested that policy measures aimed at the development of organic farming should have been targeted at the organic sector. Denmark, for example, concentrated on supporting the trade of organic goods and the labelling of products. The government introduced one common label and financed its promotion with general advertising campaigns. Consequently the consumers came to know the organic label very well and began to invest some trust in it. One supermarket chain at that time (1991) was already selling 10 percent of organic vegetables and fruits and 3-5 percent milk products. In Germany, however, different kinds of labels confused the consumer and only a few German food chains (supermarkets) had introduced organic products at the beginning of the nineties. Thimm (1993) drew the conclusion that the market needed one strong and common label. New consumers also demanded a more professional presentation and logistics in fresh products. Moreover, the price premium would have to go down to 20 percent above the conventional price level in order to meet the requirements of the supermarkets.

During the following five years the quality standard and the professional means of presenting the products, and also the co-operation between the conventional food chains and producer organisations, has developed. Yet, the percentage of organic products in the German market was very low and has hardly increased (from about 1 percent in 1991 to 1,5 percent in 1996). Thimm (1993) forecast the growth of the organic sector and predicted that organic production would represent between 3 to 10 percent of agricultural production in the coming decade. This estimation was based on the high significance of environmental issues in German society at that time.

Lampkin (1994) in the same period analysed the development of organic farming in Europe. This author was among the first to point out one very crucial aspect in this development: in several countries the percentage of organic products increased up to 1–4 percent of the trade, but the production rate was much lower because the trade of organic food consists of a high percentage of import products from southern countries and the home production increases slowly than the import.

Hamm (1994) more specifically examined the development of the organic movement in Germany and the growth of the organic sector. He divides the past development in different phases:

phase 1 (until the end of the 1970s): supply induced market
phase 2 (the 1980s): demand induced market
phase 3 (the beginning of the 1990s): policy induced market
The first change from phase 1 to phase 2 was the development from the very first pioneer phase, where highly motivated consumers interacted with the very few organic farmers in Germany in the first on-farm shops or in the open markets. The 1980s brought the first crucial change in this sector and following an increasing broad awareness about environmental and nutrition problems the demand for organic food grew quickly. Consequently, the price of organic products rose. For many products the price difference between conventional and organic was more than 100 percent. German organic production could not satisfy this demand, and that was the start of the import of organic products. According to Hamm (1994:214), the actors in the arena of organic agriculture missed the opportunity of creating a greater awareness among consumers of the products' origin and also failed to build up a broader market structure (alliances with the conventional retailing companies).

The key point in the following development (phase 3) was government intervention to support the conversion and – as a consequence – the sudden growth of organic production. Since then (the early 1990s), there has been a supply-induced market and a radical price drop, which caused drastic financial losses mainly among the pioneers of organic agriculture. In Hamm's opinion these pioneers, as well as their associations, are partly responsible for this loss, because they refused to enter new market channels, such as the conventional supermarkets. In particular, the price drop was not transferred to the consumers and therefore this change was no impulse for a growing demand (Hamm 1996).
Hamm analysed also the influence of the EC-regulation (EU Reg, 2091/92). He summarised the following consequences:
1. Displacement of 'pseudo-bio-products' (conventional products with advertisements that imply environmentally sound production).
2. Competitive disadvantages for all suppliers of organic products who work with a higher organic standard than in the EC-regulation (in Germany relevant for all organic farmers who belong to an association).
3. Trade and processing companies can create a new own label more easily in order to gather products from different origin.
4. Consequently the necessity for producers to be members of associations is reduced.
Hamm (1995) also pointed out that the market of organic food had far more potential than it has been taken up. He gave several reasons for this :
1) The availability of the products is insufficient: with a better availability, the sale of organic food could be doubled within a very short time period.
2) Lower prices would initiate a broad extension of the demand: several surveys in Germany, Holland and Denmark revealed a potential of 100 percent growth of the demand of fresh organic products if their price difference was reduced to 30 percent. Many products have still a difference of more than 50 percent.

3) The consumer expects a comparable quality and range of products as in the conventional food sector (for example, convenience products): quality differences have mainly remained in 'external' quality.
4) A drastic reduction in the number of labels would reduce the insecurity that many consumers have about organic quality. Also as a result of several surveys it has become known that many consumers have trouble in identifying real organic products. The EC-regulation did not improve this aspect. In fact, consumers usually don't know about the regulation. At the moment there are 9 different labels of the associations, another 8 to 10 regional ones and numerous brand names of processing companies and supermarkets (which often don't use those of the associations). Other countries like France, Denmark and Great Britain have instead one common label.

According to Hamm, supermarkets introducing their own brand names for organic products are already a consequence of this German problem. These new supermarket brand names displace the significance of the labels of the associations. In a second stage, even the German organic products were displaced at the market by products from other countries. Hamm predicts that with an expanding supply of organic products this displacement/competition will increase quickly, because the supermarkets will make use of every small price advantage from foreign products. Hamm also claims that the associations are only familiar with the interests and needs of the already convinced regular consumers and have no knowledge about the other segments, i.e. the average population. According to Hamm (1996) in the current situation, there is an urgent need for general access to the conventional market. In his opinion this can only be done if the producers and their associations build up a broad and general coalition. Otherwise the broad demand of the retailing companies will not be satisfied by German producers, but will be met by imports.

Synthesis: The specificity of organic farming in Germany

The 'dedicated distribution channels for organic' (farmer markets, specialised shops, consumers clubs, box schemes) developed first in Germany in the 1970s and early 1980s, and these alternative retailing outlets promoted an alternative and quite radical ideology of consumption. Organic farmers and organic shopkeepers shared the same environmental concerns and lifestyle. They constituted a quite homogeneous group who resisted consumerism and provided an alternative to conventional food production and distribution The culture of consumption that they were promoting was informed by principles of environmental compatibility, simplicity, respect for animals and alert to considerations of human labour. In their view food should be simple, unrefined and unprocessed, wholesome, environmentally and animal friendly, possibly unpacked, with no preservatives, no additives etc.

For the first organic shopkeepers, availability of a large selection of fresh products (e.g. fresh fruit and vegetables) was considered environmentally dangerous, the

presentation of the products was largely unimportant and conventional quality attributes like aesthetics and size of the products were perceived as superfluous. Convenience foods were considered with suspicion and were thought to be against an ethics of consumption based on the minimisation of energy use. Meat and animal products were absent from the shelf or presented in very limited quantities (due to the high percentage of vegetarians among the early consumers). These traits are somehow common to all the pioneer organic movements in Europe, but in Germany they played a significant role in the early period (1970s-1980s) and gave birth to numerous institutions which stood apart from the conventional agricultural sector. The strength of this early stage, the success of the niche market, has slowed down the process of re-organising towards the common distribution channels for organic and conventional products that seem to be crucial for the development of later stages.

During the 1980s and the 1990s the demand for organically produced foods in Germany has grown but the 'alternative circuits' of producers and retailers were not prepared to deliver a higher quantity of organically produced products. Moreover new groups of consumers started to get interested in organic products without sharing the food sub-culture from which it originated. The new consumers were less ideologically oriented, environmental concern was becoming less relevant, and health concerns became the primary motivation. The new consumers of organics started to look for conventional quality characteristics like aesthetics, variety, size, convenience etc. The higher consumption of organic in Germany created the condition for higher import of products: 50 percent of the total organic food consumed in Germany come from other EU countries, chiefly Italy and Spain.

This condition can be characterised as the 'disadvantage of having started first' and points to the fact that the national and EU financial supports implemented since 1989, and aimed at sustaining environmentally sound practices, for a long time neglected to address the question of market 'sustainability'. Therefore it took some time before specific policies were developed for sustaining the commercialisation of local organic production by promoting a broadening of the distribution channels for the new producers and a single label for organic production that would help consumers to distinguish organic products from the various products that are presented as 'natural' or wholesome or 'healthier'. Only during the last few years has the German Central Marketing Agency for Agricultural Commodities, in co-operation with the AGÖL, developed a generic label to identify organic products. The label was presented to the general public during the BioFach fair in February 1999. Licencing agreements for use of the label are currently being concluded with organic processors in Germany. The organic label is a private initiative targeting primarily German domestic organic products. Only imported commodities which cannot be sourced in Germany are eligible for the label. They generally have to meet production standards of AGÖL which reportedly are somewhat more stringent than EU organic rules. This is the first time, in the German context, that the issue of relocalising organic food production has been addressed.

5 The Netherlands: Exporting Organics

Introduction

In the Netherlands, apart from the first small nuclei of farmers and anthroposofists that originated an alternative movement at the beginning of the century, organic farming can be traced back to the early 1970s 'hippie' Kabouter movement which aimed at producing food without chemical inputs. In the following 25 years many things changed and three different generations of organic producers are to be distinguished. A first generation was composed of strongly motivated pioneers, often with no agricultural background; many of them, however, have been forced to close their businesses. Then, around 1985, a second generation of organic farmers appeared, consisting of young farmers-sons with a higher degree in agricultural education who started to turn over to organic farming. They wanted to distinguish themselves from the first generation through their common opinion that organic agriculture should be also built upon 'sound economic' farm management. Their motto could be: 'idealism based upon realism'. Also due to the efforts of these farmers, organic agriculture received a growing attention from the conventional producers. These established, for instance, an increasing number of market-outlets for organic production and as a consequence, over the last few years, many conventional farmers decided to turn to organic production. For this third generation of farmers the economic motivation is the main reason for turning organic.

At the start of the 1990s the organic sector seemed to be in a growth market. However, it was found that, though production was growing (see Table 5.1 and 5.2), domestic demand was stagnating. The Netherlands has a relatively large number of consumers who do not know (56 percent) or do not buy (39 percent) organic food. Only 5 percent of the consumers buy organic produce. Other sample countries teach us that differentiated sales to various marketing outlets, including the supermarkets, lead to a growing number of consumers coming into contact with organic food, thus reducing the hesitation in purchasing these products. At the same time it proves that in the communication with the consumer aspects like 'health' and 'taste' are highly important. Yet the number of Dutch supermarkets selling organic food is limited.

Table 5.1 Organic farms and land 1986-1996

Year	*Farms*	*Land (ha)*
1986	278	2724
1989	359	6544
1990	399	7469
1991	439	9227
1994	455	10975
1995	512	12789
1996	554	14334

Source: SKAL and BLIK 1996, 1997, adapted with CBS

Table 5.2 Data on organic production in the Netherlands in 1998

Total of organic producers	962
Certified producers	784
Producers in conversion	155
Share of total agricultural area	0.9%
Total organic acreage	- 19,300 ha
Organic fruit and vegetable production	28%
Organic arable production	24%
Organic livestock production	39%
Organic mixed production	9%

Source: Biologica 1998

Although a considerable improvement in the efficiency of the distribution of Dutch organic food has occurred, the (cost) level of organics is not yet in conformity with the wishes and requirements of the supermarket. The United Kingdom in particular can serve as a reference: there, co-ordination takes place between the wholesale trade and producers, so as to gear supply and demand to each other as much as possible, not only in a quantitative sense but also qualitatively and with regard to service. Where the wholesaler do not perform that function, a producers association could, as occurs in Austria. Moreover, in the Netherlands there is no exclusive priority for organic farming in government policy. Above all the governments of North Rhine-Westphalia and Austria demonstrate that an explicit choice of organic farming as 'sustainable agriculture' is an important precondition for further development of the sector. Consumers are guided in their choice of environmentally friendly purchasing behaviour and the sector is strengthened by the confidence from the government, possibly supplemented by a financial contribution.

The result of all these factors coalescing around the organic sector in the Netherlands is that production is above all *exported.* This chapter will examine the export orientation of the Dutch organic sector and will outline some of the particular processes and

structures that lie behind this export industry. It begins by considering the particular characteristics of consumers and consumption trends before moving on to examine the structure of organic retailing.

Consumers

The consumers expenditure on natural food (organic, macro-biotic and reform products) is estimated at 450-500 million guilders (204.21-226.9 m€) (EIM 1995 in FAS 1999). The market share of sole organic food, at the end of the 1990s, is estimated at 1 percent, this data shows that the consumption of organics has not grown very much during the years. Studies conducted at the beginning of the last decade pointed that 1 percent of the consumers was usually buying organic food; 3-4 percent of the consumers bought organic food 'sometimes'; and 39 percent of consumers knew organic products, as opposed to 56 percent who had never heard about these products (Baggerman and Hack 1992).

Motives for buying organic food are health, taste and environmental aspects (Baggerman and Hack 1992). Next to motives such as quality, convenience and health, price seems to be a dominant criteria. The importance of the price level is based on different researches and also practical experiences at shop-level. It is doubted that the consumer accepts a higher price for organic food. The perception of the price by the consumer is strongly connected to the way in which health, taste and environment are elaborated in the marketing-mix for foodstuffs. The integral communication of the catch-words such as 'health', 'natural' and 'environment friendly produced' may result into a favourable opportunity for the organic produce.

Contrary to the general expectation that environment will be the major issue, 'health' has become much more important in the communication to the consumer. Although in comparison with other countries the Dutch consumer can be characterised as environmentally conscious, this does not necessarily lead to the decision of buying environmentally friendly produced food. Some reasons: environmental problems are judged as a collective phenomena, whereas the consumption of products by the consumer is seen as satisfying the individual/personal needs; existing patterns of consumption rarely show a change due to a trend; they are strongly connected to social, cultural and religious backgrounds and organic food have to fit into these patterns; the consumers do not link food and environmental aspects. They consider only the product packaging.

Retail

Whole-food shops

In the Netherlands, at the time in which the research has been carried out, there were 278 whole food shops (Eko-gids 1995/1996), i.e. shops specialised in organic foods. They marketed about 75 percent of the total value of the Dutch organic food products. Most of them were relatively small retail-shops (average turnover of about 900,000 guilders, (408,420 €) EIM 1996), managed by independent entrepreneurs. Among these last, 130 shop-owners are represented by the Association of 'Natuurvoedings en Reformwinkels' (VWN).

Fresh products (bread, milk and milk products, potatoes, vegetables and fruit) are offered with the 'Eko-keur' label. More and more, the 278 whole-food shops are becoming a one-stop-shop; they offer a broad assortment of bread, milk and milk products, vegetables and fruit, vegetarian products, cereals, coffee and tea, herbs and sweets. Supplementary food products, oils and animal friendly cosmetics often complete the assortment. Besides, there are about 500 other shops (reform shops, greengrocer shops and drugstores) which sell organic food and also nutrition supplements and other 'healthy' food.

The whole-food shops are well spread all over the country, in areas with high population density more shops will be found. This channel is characterised by increasing professionalism. Part of the shopkeepers are connected to the two dominant franchise-organisations: 'Gimsel' (25 shops) and 'De Natuurwinkel' (44 shops in the Netherlands and 34 in Belgium). To become a franchise-holder, the shopkeeper has to agree with the different terms of the franchise-organisation, for instance the identical interior of the shop, the composition of the assortment, the price/level, the participation in promotional activities, etc.

A few independent shopkeepers choose a much looser structure and co-operate in the shopkeepers-association 'De Groene Winkel'. This co-operation includes price-negotiations with whole-salers, promotional activities (i.e. information booklets for consumers), development of 'house brands' and research projects aiming at labour saving technology related to administration. The remaining part of shopkeepers run their shops independently.

Within a franchise organisation, professionalism and the benefits of scale can be better assured. Yet, in comparison with the conventional retail trade, the shops have a limited size and a relatively low annual turnover. Total turnover of national whole-food shops is estimated at 450 million guilders (204.21 m€) (LEI 1996), whereas growth in the last five years has been rather modest (about a yearly 2 percent). In the same period total volume of organic food production has increased more rapidly. Although it seems that

whole-food shops have realised a more significant growth in 1997 (according to the VNR, turnover grew on average 10 percent during the first five month of 1997) the logical outcome of these processes is that organic farming has become more dependent on other market-outlets.

Due to scale disadvantages at production level and high distribution costs, the prices are quite high in the stores. In comparison with conventional distribution, organic distribution is still small-scale, expensive and inefficient. The reasons for the high distribution costs are: spreading of the shops all over the country; small sizes of orders; low frequency of delivery; segmented/fragmented supply especially if compared with the conventional one.

In the early 1990s, the Netherlands had about 30 small-scale organic wholesalers intermediating between producers and retailers. In the last decade, however, the organic wholesale sector has been characterised by fusions and bankrupts. At present, there are about 10 wholesalers specialising in organic products. Some are exclusively (Natudis) or predominantly (Nieuwe Band) active in dry products. ODIN, de Zaaister and Bick are the most important organic PVF wholesalers (potatoes, vegetables and fruit), whereas Kroon offers also a broad assortment of dairy produce. Turnover development of these wholesale companies depends strongly on the whole-food shops. To cope with the foregoing problems some wholesale companies are trying to establish closer relations (vertical chain integration) with these shops. In addition to the wholesale companies, also some independent shopkeepers, the shopkeepers association 'De Groene Winkel' and the franchise organisation Gimsel identify the necessity of integration within the chain.

For instance, the largest wholesaler in dry organic products, Natudis, in 1996 together with Gimsel, De Groene Winkel and Triodos Bank launched the group project 'Branchesamenwerking Natuurvoeding', a project for vertical chain integration. Eric Does, director of the 'De Natuurwinkel' franchise organisation, at first interpreted this project as a first step to a monopoly position (see box). Looking for a defending strategy, De Natuurwinkel choose for scale-enlargement and in 1996 merged with Bio-shops in Belgium to ensure a better negotiating position. In 1997 the project for vertical chain integration succeeded and the NWO was founded. This organisation offers different level services and the possibility of full-franchise or soft-franchise (same name, joint marketing). Every shopkeeper becomes shareholder; 47 percent of the shares are for shopkeepers, 47 percent for the wholesale companies and 6 percent for the Triodos Bank. Both Gimsel and De Natuurwinkel have decided to become shareholders and to join this organisation of vertical chain integration. The franchise-contracts of both will be transferred to the NWO in 1998. If the plans of the NWO are realized, the majority of the shopkeepers be united and professionalism and benefits of scale will be better assured. Integration in one vertical chain of the whole sector will be the result.

Supermarkets

The supermarket is the main market channel for food and over 50 percent of bread, potatoes, vegetables and fruit, fresh meat and cheese are sold via this channel. As for organic products, however, the scene is quite different, with a limited share sold via supermarkets. The majority of the 7000 Dutch supermarkets, in 1996, offered no organic food at all or only a highly limited selection: Konmar and Vomar offer the biggest assortment; COOP, Dagmarkt, Nieuwe Weme and Den Toom Rotterdam are developing a broader range. In total 129 branches of supermarkets are selling potatoes, carrots, onions and cabbage (Eko-gids 1995/1996). 70 of the 129 supermarket branches offer more than 15 organic products out of the group potatoes, vegetable and fruit and about 40 offer organic milk and dairy products. Borgstein and Zimmermann, in a research conducted in 1993, concluded that the supermarkets only offer a limited assortment of organic products, mainly consisting of tenable fresh products such as potatoes, onions, carrots and cabbage (Borgstein and Zimmermann 1993). In the supermarkets the assortment of organic products has to compete with the conventional products of the same group. For the future, the LEI-DLO estimates that about 40 to 70 products will be able to meet the requirements of the supermarkets, if the organic offer will become a strategic part of the whole assortment of the supermarkets.

The organic wholesale trade is not efficiently organised and cannot deliver continuously. Therefore this sector is unable to meet the requirements of the supermarkets. Contrary to the conventional wholesale trade delivery takes more than one or two days. Extra time is necessary because of the obligation of the supermarkets to package organic products.

The National Retailers Association (VLB), representing primarily the interests of large supermarkets chains, stated recently on EKO-land, the most important Dutch magazine about organic agriculture, that organic farming has its sympathy, but that environmental friendly adaptations of conventional agricultural production systems, as developed by agribusiness under the brand 'integrated cultivation', is a necessary step towards a further expansion of organic food supply at supermarkets. Actual supply of organic produce would not yet fulfill supermarkets demands with respect to price, quality and supply guarantees.

Nonetheless, there is a growing number of supermarkets-chains broadening its food-assortment with organic products. About five years ago this process started after a public campaign of the Association of Environmental Defense against chemical input in conventional potatoes cultivation. Albert Heijn, a major chain, was more or less obliged to open its doors to organic potatoes. Also the introduction of organic carrots is to be seen as a response to public-campaigns. In fact, organic farmers had convinced the environmentalist movement to start a national campaign against the supermarkets policy of neglecting organic production. These campaigns contributed to a gradual policy-shift of some supermarket chains. Albert Heijn, for instance, began with a small

assortment of fresh organic dairy products in 1996 (see box). Also the national supermarket chain C1000 offers at present an assortment of organic vegetables. At regional level there are examples of smaller supermarket chains (i.e. Konmar and Vomar in the western provinces, the Nieuwe Weme and Poeisz in the northern provinces) which distinguish their food-assortment by offering organic products. The Nieuwe Weme, for instance, started in 1996 with small fruit products under the label 'Waddenproduct' (see box).

The foregoing examples illustrate that some national and regional supermarket chains show a growing interest in organic food. The future of supermarket-outlets for organic produce, however, is still uncertain. Actual market-shares of organic vegetables within the Albert Heijn chain, for instance, are estimated at a minimum of 4 percent for potatoes, about 11 percent for carrots in 1996. However, the farmers marketing co-operative Nautilus (see box), which is supplying vegetables to AH, considers a market-share of 10 to 20 percent as an absolute minimum to be an interested partner for a supermarket chain. There are not yet available data for the more recently introduced organic fresh dairy produce, although Albert Heijn stated recently that it is quite surprised about turnover development and that the assortment will be broadened with other fresh dairy produce (custard and meagre yoghurt).

This interest in organic food produce is also a reason for some of the large conventional Dutch agri-business companies to discuss their absence in organic food markets. The Greenery, for instance, the major Dutch marketing organisation in market-gardening, until recently showed little or no interest in organically produced vegetables; at present, it is negotiating with two national supermarket chains about the supply of organic vegetables. Ben Linthorst, Greenery's product manager of the organic vegetables division, explains Greenery's changing attitude towards organic farming by referring to market-research which concludes that the average Dutch consumer is willing to pay about a 15 percent plus for organically produced vegetables. In his opinion, however, a lot is to be done to realise a market-share of 10 percent like in other northern-European countries. Supermarkets should, in his opinion, offer organic vegetables more easily distinguishable from conventional produce by creating specific corners and with clearly recognisable packaging.

Also large private and co-operative dairy processing plants show little or no interest in organic farming. At present, however, several companies (large dairy processing companies such as Menken and Campina) are discussing with the processing company 'Zuiver Zuivel' the possibility of opening their national distribution channels to organic fresh milk (see box). If the project will be realised, the number of supermarket-outlets for fresh organic dairy produce will increase significantly.

Also in the northern province of Friesland a recent initiative aims at developing new supermarket-outlets for fresh organic dairy produce. A new processing plant in Drachten will reach a processing capacity of 40 million litres, which will double the

total national capacity of organic dairy produce. It is not just coincidence that this processing plant will be financed by someone whose professional activities are linked to the retailing sector and catering industry, this is another indication that conventional Dutch agribusiness for a long time have been reluctant to invest in organic farming.

Other new emerging market-outlets

In addition to the farmers marketing co-operatives, different farmers initiatives can be distinguished which have in common closer relations with the consumers. There are a growing number of farm-shops, for instance, where consumers can buy organic products at prices significantly lower than retail prices. Meanwhile farmers succeed in realising extra added value which is on average about 30-50 percent higher than wholesale price, due to the short channel between producers and consumers. These short circuits had emerged in the 1980s, when there were about 99 organic farms with direct selling, 19 organic farms with direct vegetable subscription and 23 organic farms with both types of selling. The total turnover of this direct farm selling has been estimated at 1 million guilder (453,800 €) in 1988, covering 33 percent of the sales of organic vegetables at that time. Since then these numbers have increased considerably.

To meet consumer demands, also many on farm shops offer a broad assortment of organic products. For instance, dairy farmers not only sell their home-made cheese and/or other (fresh) dairy-products, but also vegetables from nearby organic market gardeners, as well as organic ice-cream, apple-juice, wines and jams supplied by small-scale producers and processors. In that way organic on farm shops sometimes manage to attract weekly hundreds of people.

Organic farmers markets

In 1996 there were 15 Organic Farmers Markets (Eko-gids 1995/1996) and in 18 cities organic producers co-operate with them. Mainly organic food products are sold at these markets (about 75 percent of the assortment). Spokesman Gerritsen of this organisation foresees that their number will increase in the near future to about 50.

The first Organic Farmers Market started 10 years ago in Amsterdam. The bankruptcy of several regional organic food distribution centres was the main reason for the opening of a market specialised in organic food. The success in Amsterdam resulted in similar initiatives in other urban centres (Groningen, Leeuwarden, Utrecht, Den Haag, Zwolle, Dordrecht, Eindhoven). The starting point for the assortment at the farmer markets is the idea of one-stop-shopping. Potatoes, vegetables and fruit, milk and dairy products, bread and cakes are the basic products. At the markets the assortment is sold by direct producers (51 percent) as well as traders (49 percent). The direct producers sell products from their own farm (about 50 percent and more) and buy the rest from other farms.

For the producers this market channel is very important, covering approximately 2/3 of their own production. Generally they are small-scale producers and they can realise at least two benefits, higher profits for the producers and cheaper price (10-20 percent less at whole-food shop) for the consumer; a direct contact between producer and consumer. Attention can be given to the promotion of the organic quality and requirements of the consumer can be met better.

Box schemes / Ordering by telephone

Since 1988 the importance of this market channel has grown enormously. In 1996 there were 11.000 consumers who pick their package up every week at 200 distribution points (150 natural food stores and 50 private addresses). The total turnover was about 3.3 millions guilders (1.49 m€).

In horticulture, a growing number of market-gardeners is establishing direct relations with the consumers through the so called 'vegetable subscription'. Interested consumers get a package of vegetables for a fixed price, delivered weekly at home or at a nearby distribution point, such as whole-food and/or specialities shops. Consumers are invited to visit the farm and frequently receive also a consumer journal with suggestions for recipes and other information. The total number of market gardeners selling through subscriptions has increased rapidly over the last few years (the actual number is between 50-100). The success of these individual farmers initiatives encouraged the organic wholesale and import-export company ODIN to step into the marketing through vegetable-subscriptions (see box). This company succeeded in a relatively short time to market weekly about 15.000 vegetables subscriptions and 5.000 fruit subscriptions.

De Waog, a small-scale organic enterprise in Limburg, illustrates how the subscription system can be professionalised. In 1992 De Waog started to sell a wide variety of organic produce by sending ordering list and telephonic ordering. In contrast to the subscription system, consumers get the opportunity to choose from a wide variety of products. At the present De Waog supplies weekly 300 families at home or at nearby distribution points (see box).

International market outlets

In the last decade Dutch organic farmers became steadily more dependent on international market-outlets, due to a production growth which exceeded domestic consumption. At present about 70 percent of total national gross value of organic produce is exported. The most important export markets are northern European countries (Germany, Great Britain and the Scandinavian countries).

In a research carried out by Zimmerman *et al.* (1996) the export markets have been screened for their possibilities and threats. Confrontation within the strong and weak points of the Dutch organic agribusiness forms a start for assessing the attractiveness

of the export markets. A number of success factors are mentioned thereby, these being conditions that the organic sector must satisfy if there is to be a chance of success on the export markets.

The British market seems to be the most attractive. There is a shortage of fresh and also processed organic food. However, the Dutch organic wholesalers should become able to comply with the wishes of their clients, notably the supermarkets. The British organic wholesale trade is professional and businesslike, and the Dutch exporter well fit in with this. The Dutch organic wholesale trade can already meet a number of the wishes of the supermarket well (year-around supply, assembly of large batches); more attention must be devoted, for example, to distribution costs and service.

The export market in North Rhine-Westphalia is also promising. Here too there is an inadequate year-round supply. On this export market the Dutch organic sector can compete through an efficient distribution system at an acceptable extra price. The German organic wholesale trade, in comparison with the Dutch one, seems less efficient. The Dutch organic sector likewise has possibilities with the whole-food shops, where much is imported. The experience with the Dutch whole-food shops can be valuable in the approach to the German market. The export market in Austria is judged as the least attractive: here there is a strong support to organic agriculture and a great reserve towards imported products. Export of organic raw materials has more chance, because this circumvents the bad image of Dutch large-scale (organic) farming.

The analysis of the export markets gives four success factors, more or less relevant to each of the investigated export markets. These are:
Knowledge of the consumer: in the supermarkets 'health' is a major sales argument, while the consumer in the shops must above all be provided with good, reliable information. The Dutch wholesale trade in organic food can play a guiding and co-ordinating role.
Knowledge of sales outlets: supplying the supermarket outlet or the organic shops calls for quite a different approach by the Dutch organic wholesale trade and the different requirements should have carefully studied specific responses.
Positioning of organic food: in the positioning of organic food the Dutch wholesale trade can play an important role. Aspects such as choice of the brand, keywords in communication with the consumer and price fixing should be detailed, as much as possible in consultation with the marketing outlet. When detailing brands, positioning as an A brand or own brand (of the supermarket) is a success factor and – especially in Germany – presentation under one label is a point of interest. In communication with the consumer allowance should be made for the motives for purchasing the organic product, and also for the image of the country of origin.
Development of new products: the development and introduction of new products by the Dutch organic sector is a possibility on a number of export markets. This calls for an active attitude of the whole organic sector, specifically directed towards the

segment in question. The risks bound up with the introduction of new products can be reduced through the experience on the home market.

The marketing co-operative Nautilus, representing about 60 percent of all organic arable farmers, exports 70 percent of its total turnover equal to 25 million guilders to almost all northern European countries (see box). Other important actors in the export of vegetables are the wholesale companies Odin and EOSTA (see boxes). The Dutch central auction organisation, the Greenery, also intermediates between a (small) group of organic market-gardeners and international demand. Cabbage, carrot, onion and potatoes are the most important exported organic vegetables. Total export organic production value of vegetables in 1995 was estimated at 15 million guilders (6.8 m€) (personal communication, Greenery 1997).

Market outlets of organically produced flower bulbs, a recent small scale initiative of some market gardeners, are almost exclusively in Switzerland (see box).
In organic dairy production the largest processing company, 'Zuiver Zuivel' in Limmen is exporting about half of its total production capacity of 13,5 million litres to England (cheese and milk-powder), whereas the processing company Bastiaansen (predominantly goat- and sheep-cheese) exports cheese specialities to Denmark and Germany (see boxes). The wholesaler Nieuwe-Band is exporting a relatively small but growing quantity of Hooidammer cheese to Germany.

In organic meat production the Groene Weg slaughterhouse, the far most important market-outlet for organic meat producers (mostly organic dairy farmers, about 40-50 pig and poultry producers and about 25 specialised beef producers), exports pig – and poultry meat and beef to Denmark, Germany, Belgium, England and Italy. According to spokesmen Henk van den Oever, export volume has increased significantly in recent years. He explains this by referring to the Groene Weg's strategy to process organic meat in a wide variety of (smoked) produce. In other European countries processing of organic meat would be far less developed. For that reason van den Oever foresees good export opportunities in the coming years. Since last year the Groene Weg co-operates with a Danish organic slaughterhouse. The Groene Weg supplies unprocessed and processed meat, whereas the Danish company opens its distribution and market-channels for other Groene Weg (smoked) meat products. The two companies will market their individual product-assortments under a common label. The co-operation opens the way to Danish supermarket-outlets for the Groene Weg company (see also box).

Actors involved in export of organic produce are in general quite optimistic about future export opportunities. Although domestic organic farming in some importing countries is developing quickly (Denmark, England, Germany) and Dutch exports, therefore, are becoming more and more additional to domestic production, the expectations about international demand underlay this optimism. The English research-institute Frost & Sullivan, for instance, estimates actual European market for organic

vegetables and fruit at 354 million guilders (160.6 m€) and foresees an expansion till about 900 million guilders (408.42 m€) in 2003.

An ongoing professionalisation in wholesalers and farmers marketing organisations, the clarity in inspection and control and the presence of only two quality marks (EKO and DEMETER) are seen as important competitive advantages of the Dutch organic sector. As a major restriction for the further expansion of organic food exports, in particular the negative image of Dutch conventional agriculture is frequently mentioned.

Policy support

Compared to other European countries (e.g. Austria) Dutch organic farming has only recently received specific policy attention. In particular, the government (coalition of the social-democratic party PVDA, the liberal party VVD and the Democratic Party D'66) started to deal actively with organic farming. In 1994 the Ministry of Agriculture, Nature Management and Fishery launched a project to stimulate organic production and consumer demand. Dutch consumption of organic food is considerably lower than in some other European countries which is often related to the almost total absence of organic food in national supermarket-circuits. The project, therefore, spent 20 million guilder (9.07 m€) on a national PR-campaign and product promotion activities at the supermarket level. The campaign, organised in co-operation with Biologica, the national Foundation representing all interest groups in organic agriculture, should have increased national demand for organic food and stimulated supermarket-chains to broaden their range of organic foods. Meanwhile organic shops, as well as some wholesale companies, criticised the campaign because of the exclusion of the major market-circuit for organic produce.

The project 'Plan van Aanpak Biologische Landbouw' contains a total budget of 40 million guilders (18.15 m€) to stimulate conventional farmers to turn organic. For a period of 5 years farmers interested in conversion can get a subsidy, which varies from sector to sector. Arable farmers get 500 guilders (227 € per ha, market-gardeners 2500 guilders (1134,5 €) per ha and fruit-producers 5000 guilders (2269 €) per ha. Initially the maximum subsidy was established at 100,000 guilders (45,380 €), but this maximum disappeared in 1997. Farmers who already turned to organic are subsidised with 300 guilders (136.14 €) per ha for a period of 5 years (maximum 50,000 guilder (22,690 €) enterprise). In addition to the subsidies, the government is studying the possibility of offering organic farmers financial benefits through tax-instruments.

In general organic farmers are quite positive about these recently introduced subsidies, although a significant part is excluded due to subsidy requirements such as a minimum farm size of 120 sbe's (standard farm units). Also subsidy-differentiation between sectors is subject of discussion. According to organic market-gardeners and fruit-

producers turnover subsidies fit in particular arable farmers, whereas turnover costs in market-gardening and fruit cultivation would be considerably higher than the actual subsidy levels. The generic request that after turning organic farm output has to be marketed for a minimal of two years through conventional market outlets confronts these sectors with high financial losses.

In the following paragraphs a number of cases is presented: here the opinions of farmers, wholesalers, co-operatives managers is presented as well as their visions and perceptions of the future markets for organic products. The final paragraph will give a synthesis of complexity and main development trends of organic farming in the Netherlands.

Farmers marketing co-operatives

Farmers marketing cooperatives: the case of Nautilus

Nautilus is the largest and most important producers marketing co-operative in the organic sector. In 1989 six organic farmers in the Province of Flevoland founded the Nautilus co-operative: a marketing co-operative for organic growers, which mediates between the production and consumer demands. Within seven years the membership has risen to 65. The growth in membership was also caused by the 1994 fusion of Nautilus and the Netherlands Organic Producers Co-operative (HBP), which became possible when organic farmers began to grow close and saw a way of reducing overhead costs (administration, transport and marketing). All together the 65 members cultivate 2400 ha; total turnover rose to 25 million guilders (11.35 m€) in 1996; and 70 percent of total produce goes across the border. Nautilus produces about a 100 products, from caraway, shallots and Jerusalem artichokes to horseradish roots, strawberries and stinging nettles. Nautilus marketing-strategy can be characterised as 'first sell and than produce'. In 1996 about 80 percent of total production was sold before production started. The co-operative tries to respond adequately to specific demands of trade-partners. Also quality control represents a focus of attention. Employees of Nautilus conventionally visit the production enterprises for quality control during cultivation and harvest.

At the moment the research has been carried out, there were 10 people working at the co-operative. Over the last decade Nautilus has managed to build up a strong export position. According to chairman Peter Neessen that is because Nautilus can meet supply and quality demands. Also demand from large national and international retail companies is, in his opinion, no longer a problem: the co-operative is in a position to go along with the specific wishes of consumers and, in terms of volume, it can also measure up to the conventional food flows.

Given the actual international market opportunities Neessen thinks that Nautilus's biggest problem for the future is: 'to find enough farmers who have sufficient knowledge and resilience to make the switch'. As a recommendation Neessen claims that 'our farmers have become no worse for the switch. They have greater costs but they also clearly have higher incomes'.

One of the founding members of the Nautilus co-operative is arable farmer Digni van den Dries from Ens. In the last ten years, at his enterprise he has experimented with all kinds of new organic products. Also in van den Dries's opinion it is clear that the future of organic farming depends in the first place on access to the market-outlets of large supermarkets-chains. 'The market-share of national health-food shops for fresh produce is 10 percent or less. Supermarkets dominate demand for the products such as potatoes, carrots and onions. They always said that we could not fulfil their specific wishes (supply guarantees, quality, etc.). With potatoes, carrots, onions and cabbage this situation has changed. For other products such as leek, broccoli and 'ijsbergsla' we are also more and more able to respond to supermarkets requests. Our main problem with these new products, however, is that supermarkets don't want to give any price-guarantee. They first want more insight in consumer demand and the freedom to adopt producers prices if necessary. For a small number of producers it is rather risky to start with these products on a scale as demanded by the supermarkets. That is the main problem for the further development of vegetable market-outlets at supermarket-chains. If the number of market-gardeners increases it will be easier to share these risks and to start to produce vegetables as leek, ijsbergsla and broccoli for the supermarkets'.
'If producers will be able to organise themselves, as Nautilus did, I'am convinced that Dutch organic arable farming will have a prosperous future. Nautilus, for instance, is a supplier of organic potatoes and vegetables of such an importance that international trade-partners, which can't fulfil their wishes at domestic markets, sooner or later will come to us. They can't ignore us, given our scale of production, product quality and other services'.

Cheese producer Craens

The organic dairy farm of the family Craens in Friesland is typical for a growing number of organic farmers who try to increase added value by processing at farm-level and, in co-operation with other organic farmers, develop their own market outlets. The enterprise of Craens is part of the successful northern WaddenGroup network of organic producers and processors who decided to co-operate and introduce a regional specific brand name.
Jan and Wennie Craens came about 20 years ago to Friesland and started as sheep-milkers, made their own cheese and took it to the organic farmers markets of Friesland, in Groningen and later also in Amsterdam. They had started with cows, but then they had to choose between specialisation in sheep or cows. They chose cows and cheese. A friend went further with the sheep side of things. The number of cows grew rapidly, and Jan and Wennie planned a further increase. Yet, because of milk-quota they could never go beyond 50. For that reason Craens choose to invest in cheese-making. The total amount of processed milk increased rapidly the last few years. Now Craens is processing the milk of five dairy farmers, two goat-keepers and a sheep milker. Total amount of processed milk was about 1.5 million litre in 1996. Within a few years Craens hopes to increase the amount of processed milk till 3 million litres a year.
In addition to farmers markets, Craens is also marketing under the trade name 'Hooidammer' to the wholesaler 'Nieuwe Band', who got the exclusive right to sell Hooidammer cheese in the Netherlands. Sales have not only risen in the Dutch wholefood shops, but also in Germany. Now half of all Hooidammer cheese goes to the eastern neighbours 'more prepared to buy organic than the thrifty Dutch'.
When also conventional market-circuits became more interested in Hooidammer cheese, the idea of becoming larger scale took root. Shopkeepers told Craens that they could sell far more

young Hooidammer if the cheese was priced at 16 guilders (7.26 €), the same as non-organic cheese. Such a price was only tenable if they went in for larger-scale production. 'We decided to go larger scale than small-scale, but smaller than bulk'.
In a short-time production and sales rose five-fold. Hooidammer is now sold in the northern Nieuwe Weme supermarkets, together with other organic products from the North. Altough Craens realises that organic shops regard such a move with suspicion, he is convinced that organic agriculture also has to reach people in the supermarket. People not prepared to make a special trip to an organic shop.
Craens has taken on an experienced cheese salesman who supports the shop personnel and gives demonstrations. 'Our cheese must be sold with a story. You need motivated people. If they present it well and let people taste it often, we immediately sell twice as much cheese'.
The success of their organic cheese-marketing contributed to the development of organic agriculture in Friesland. Five farmers have been able to go over to organic milk production, by which a mixed feed supplier can see a living in organic concentrates.

Foundation Wraldfrucht: organic producers of small fruit

Around Buitenpost, a village in the northern province of Friesland, the number of organic small-fruit producers has risen sharply in recent years. The village is the domain of the Wraldfrucht Foundation, established in 1992 with provincial support and with the objective of developing fruits which are not or hardly ever cultivated and marketed in the Netherlands. At present there are 40 farmers, from dairy to mushroom growers, connected with the foundation, aiming to keep the whole chain in their own hands. Henk Pilat, one of the two paid workers of Wraldfrucht, is the cornerstone of the 'chain management'.
'We began by collecting information about berries that are relatively unknown in the Netherlands but which do well in other countries. The sea buckhorn, for example, is common in former East Germany because contains a lot of Vitamin C and the government there wanted to find a solution to the Vitamin C shortage'.
The first varieties were brought and developed in Friesland. In the same way practical knowledge was collected about elderberries in Germany and Austria. Because of the competition of import of 'conventional' berries from Eastern Europe, the foundation decided to opt for organic production. After a pilot study, Pilat presented a feasibility report and since then the number of participants in and around Buitenpost increased steadily.
For the marketing of the berries – at present Wraldfrucht deals in sea buckthorn, crab apples, blackcurrants, blueberries, cowberries and elderberries – a network of producers, processors and marketing channels has been established. Wraldfrucht is one of the participants of the WaddenGroup Foundation, which places a wide range of organic products on the market under the regional brand name Wadden. Berries are marketed as fresh produce, and used in dairy products processed at the organic farm Saint Donatus, and in syrups, jams and wines. In particular the Wraldfrucht wine, introduced in 1995 with large regional publicity, is selling well. After the introduction, two regional supermarket-chains (Nieuwe Weme and Poeisz) wanted it in their shops. The production of wine, at a former small-scale dairy processing plant, rose in 1996 to 100.000 bottles with a turnover of half a million guilders (226,900 €). The sweet fruit wine does particularly well with Friese women. 'They are so addicted to it they no longer want anything else. But the real wine drinker finds it too sweet.'

A certain division of labour is emerging between Wraldfrucht participants. There are plans to develop a prototype of a new berry processing plant, managed by an independent entrepreneur to whom farmers can turn the processing.

Waddenzuivel label

Saint Donatus is probably the most well known Dutch organic farm. Twenty years ago some graduates of the Technical College of Agriculture started the bio-dynamic dairy enterprise Saint Donatus on the northern island of Texel. At present four families make a living from the sixty hectares of land they own and the additional thirty they rent. Their focus is the search for products which can give the highest added value to the milk production. The milkquotum of 300.000 litres is processed in various kinds of yoghurt, fromage frais, ice-cream, cheese, mousse, milk puddings and butter. In addition to processing, also own marketing has always played an important role. The farm-shop serves about 65.000 visitors a year (many German tourists visit Texel), also attracted by the presence of a playground and the opportunity to look around at the enterprise.

In addtion to its direct marketing, Saint Donatus supplies about 400 wholesale and other reform shops in the Randstad and Belgium. Three years ago it began to carry the brand name 'Wadden Dairy' and to everyone's surprise the turnover went up by at least 75 percent. This was the beginning of a close relation with other organic farmers in the Waddengroup Foundation, which today is marketing a broad range of Wadden products, including jams, wine, cheeses, sea-asters, besides dairy produce. The Foundation requested in 1997 protected status for its products from the European Union.

'We are afraid that a large chain store company will step in and ruin us. But if we get European recognition that the raw materials for our products must come from the Wadden region alone, then we are reasonably safe', says Saint Donatus pr-officer Marc van Rijsselberghe.

Saint Donatus is further known for its experiments. 'In good years we develop four new products, one of which is marketable. The development costs up to 15,000 guilders (6,807 €) per product'. At present it is, for instance, experimenting with the cultivation of sea-aster, a sort of spinach without nitrate which normally grows outside dikes seawater. In 1995 the cultivation was rather succesful, and Saint Donatus was able to sell the product to the national supermarket chain Albert Heijn. However, in 1996 almost all the plants were stripped by widgeons, only one of the many unexpected problems of the cultivation of sea-aster. Van Rijselberghe has given himself 10 years to develop a balanced system for the production of this nitrate-poor vegetable which does well on saline soils.

Ordering service De Waog

De Waog, an organic market garden of Wiel van de Bool and Trudelies Dorssers in Neer, located in the southern province of Limburg, shows how small-scale market gardeners are developing new answers to growing competition from large scale arable farmers. About 20 years ago Wiel van der Bool decided to take over the family enterprise of about 3 hectares, until then a small-scale part-time market garden with an uncertain future. The switch to organic farming was not only pure idealism, but had also economic reasons, declares Wiel. In organic horticulture he expected to realise the extra added value necessary for a small scale

enterprise. Like many other organic market-gardeners he sold most of his produce (aspergus, leek, grain) to wholesale companies. Over the years Wiel increased the farm-size to 7 hectares. The number of cultivations grew until about 40 different vegetables were grown. Marketing of these products became a growing problem at the early 1990s when his enterprise was confronted in a few years with 7 bankrupties of wholesale companies. These bankrupties resulted in a financial loss of about a 100,000 guilders (45,380 €) for de Waog, who became more and more convinced that he had to develop his own market channels.

In 1991 he opened a farm-shop and began to offer a broad range of product at 30-40 percent less than at the health stores (today it serves weekly 70 families). 'All kinds of consumers', stresses Wiel. Some are really concerned about environment and can be classified as 'critical consumers'; others are afraid for the health consequences of the use of herbicides and pesticides; a third, and in Van der Bool's experience, quickly growing group is characterised as 'the new rich' – wealthy consumers buying organic products for health and prestige, visiting the farm-shop in expensive cars and without any idea about organic agriculture.

Farm-shop experiences taught Wiel that his consumers wanted a broad assortment of organic produce. For that reason he started to buy from colleagues and wholesalers. A second step was the order list sent by post, fax, and recently also E-mail. The list offers about 200 fresh and dried organic products. A telephone-work centre at Hoensbroek handles consumer's orders and sends receipts and a total list by modem to Wiel's enterprise. There he sees to what extent his own harvest suffices and which products have to be bought. Orders are delivered for a small delivery charge. Payments are made by automatic bank debit. In three years 'De Waog' built up a customer circuit of about three hundred families in the region. Experiences show that the amount the customer buys is considerably higher than through vegetable subscription. Price are in average about 10-20 percent less than at organic shops, although margins fluctuate. The net margin varies from product to product, also because of Waog's strategy to balance prices over a long period. As a whole he estimates the net margin at 40 percent, whereas total turnover in 1996 was at 350-400,000 guilders (158.830-181,520 €). De Waog is employing now two partimers, who run the farm-shop and prepare the orders, and is searching for a new partner to take over the responsibility for the management of the market-garden. After 4 years it is clear that Wiel cannot combine all his marketing-activities with the cultivation. In the near future, somebody should take over the production activities, also because of Wiels opinion that the success of his marketing formula depends strongly on direct contact between producer and consumer. That's also the reason why he sends his customers every 2-3 month a journal with information about day to day experiences, consumers reactions, suggestions for recipes etc. Customers are also frequently invited to visit the enterprise during 'open-days'.

Van der Bool foresees a bright future, if he is able to find the right person for the production activities. He doesn't think that it will be to increase the actual number of 3-400 customers. In his opinion it is important to establish a close relation with the customer, which will be impossible if the number of customers increases significantly.

Organic fruit producers cooperative: Prisma

The number of Dutch organic fruit producers is limited. The cooperative Prisma represents 16 of them, which in turn represent about 95 percent of total organic fruit area. Stimulating research and extension in organic fruit production has been Prisma's core activity. In marketing members co-operate through a yearly agreement on minimum output-prices. In

1996 organic apple prices fluctuated between 1.25 and 3.50 guilders (0.57-1.58 €) a kilo, depending on season and variety, which is about 0.50 to 2.00 guilders (0.22-0.91 €) higher than conventional apple-prices. Prisma justifies the price-difference with the lower production per ha (about 20 tons); extra selection and distribution costs; extra labour costs; and extra costs for control, research and extension.

For Dutch organic fruit producers it is difficult to meet wholesaler demand. At the moment they can only guarantee an almost year round supply of some apple varieties (Elstar, Jonagold and Boskoop) and peers (Conference). Soft fruits, such as plums and cherries, are produced in small quantities, due to the limitations in storing them; their extremely short selling season; and also the scarce attention from wholesalers and retailers.

H. Albers, chairman of Prisma, states that organic fruit production within the Dutch climate is quite complex and more difficult than organic arable farming or market-gardening. Organic fruit production suffers in particular from tree 'cancer' and 'scab' disease. It turns out to be almost impossible to control these diseases in an organic way. Research-institutes are close to the development of a 'scab-disease' resistant fruit variety, which will hopefully alleviate this major problem.

Albers states that Prisma's members' agreement about minimum prices, defined at the beginning of the harvest period, is well functioning. Most important trade-partners are ODIN (see box), C.O.E.T, an auction intermediating between producers and (international) trade-partners and the wholesale company ZANN. Part of the apple and peer production is exported to countries like Belgium and Germany. Fruit with a lower quality classification is sold to juice-companies, baby-food and chips industry. Also prices for this lesser quality fruit are more or less double conventional fruit prices with the same destination.

In 1996 Prisma had to adapt for the first time its agreements on minimum prices due to the availability of large imported quantities. In South Tirol and North Italy, the Bodensee and North-Germany (Elbe-region) organic fruit production expanded rapidly and climatical conditions in these countries are more favourable. In addition, also the United States and Chili are exporting a growing quantity of organic hard fruit to the Dutch market. These imports from overseas confronted the Prisma members in 1997 with marketing problems for their stored food.

All in all Albers foresees rather difficult times for Dutch organic fruit producers. He hopes that supermarkets will open the doors for organic fruit so that domestic demand will get a kick start. At present only some smaller regional supermarket-chains (i.e. KONMAR) are experimenting with an organic fruit assortment. Albert hopes that in the coming years larger national supermarket-chains will follow. Meanwhile Prisma members should prepare themselves to supply the quantity and quality as required by supermarkets. At the moment that supermarkets will show a clear interest, Prisma might also transform itself into a marketing co-operative. Some members already initiated the discussions about such a transformation.

With regard to prices, Albert states that Dutch organic fruit producers won't be able to supply at prices only 15 percent above conventional product prices, although this price-difference is frequently mentioned as the upper limit for supermarkets.

As to the actual policy-support for organic farming, Albers does not expect that actual subsidies to convert to organic will result in a spectacular increase of the number of organic fruit producers. 'Only for conventional producers who already gave serious considerations to turn organic the subsidy might be an extra stimulus. The maximum subsidy amount of 50,000 guilders (22,690 €), however, won't be decisive. It covers only part of total turnover costs.

Also for that reason I don't see the turnover subsidy as a threat for actual organic fruit producers. We will have to growth in number and area if we want to respond to potential new market-outlets such as supermarkets. The future will learn to what extent these new market-outlets will develop and to what extent we will survive the growing competition from abroad'.
'Organic farming gets nowadays a lot of attention. Since last year quite a number of researchers sought contact with us. Attention for organic farming seems to be a criterion for getting access to research-funds. For that reason I consider the actual subsidy of 300 guilders (136.14 €) a hectare for us, the pioneers in organic fruit production, as 'no more then showing a good intention'. In economic terms 300 guilders (136.14 €) is absolutely nothing, whereas, for instance, the extension service still depends primarily on our experiences. In my opinion it is reasonable to remunerate us in a more proper way for that. As you know, in the future farmers turning organic will not make the mistakes which often cost us a lot of money.'

Organic flower bulb-producers

In 1994, the Wageningen Ecology and Agriculture Bureau asked Jan Hoogeveen from Wassenaar to take on a trial organic flower-bulb project. The first year Hoogeveen found market-outlets for his EKO-bulbs by contacting export-companies selling to Germany, Switzerland and Austria. National market-outlets are more difficult to find, although some municipalities have begun switching to organic bulbs.
In the second year there were thirteen colleagues also interested in growing EKO-bulbs. They created an association that came to an agreement with the flower bulb auction HOBAHO in Lisse, the centre of Dutch flower bulb production. Contracts with exporters now also go through the auction, reducing the risks and the administration costs. At present the demand from exporters can no longer be met. The extra price of 30 to 50 percent above conventional flower bulbs is considered as reasonable given the greater growing risks. The market gardeners foresee a bright future in export-markets for EKO-flower bulbs if they can meet supermarkets supply guarantees. They think it will be necessary that more flower-bulb producers will take the risk to turn towards organic methods. Actual SKAL requirements, however, are perceived as an important barrier for other producers. In particular the turnover-time of two years marketing through conventional market-outlets is perceived as a senseless barrier. Flower bulb producers consider such a requirement of little relevance for non-food production, whereas it increases turnover costs significantly.

PVF wholesale company ODIN

One of the most important wholesalers in potatoes, vegetables and fruit (PFV) is the company ODIN in Geldermalsen. The company contains three divisions.
1) Im- and exports PVF's. Import: Italy, Franch, Spain, USA, Australia. (Re)export: Germany, England, Scandinavia, others. International trade-partners: organic shopkeepers (80 percent), farmer markets and direct farm-salers (20 percent). Total import and export turnover in 1996: 10 million guilders (4.538 million €). In general imports concern organic products which can not be cultivated in the Netherlands (bananas, oranges), or products which are (temporarily) not available on the Dutch market (vegetables, fruit). Farmers try to establish direct contact with market-outlets, without wholesalers as intermediaries. For that reason

ODIN is trying to facilitate farmers interested to export. ODIN would like to function in a similar way to the farmers marketing co-operative Nautilus (see box).
2) Distribution of PVF's to health food shops: 10 million guilders (4.538 million €) turnover in 1996.
3) Vegetable- and fruit subscriptions: 10 million turnover in 1996. Growth rate during last years: about 30 percent. Bakker states that this marketing system contributed significantly to the growth in domestic market-outlets for organic vegetables. In 1996 the growth in vegetable-subscriptions was, according to Bakker, one of the main reasons why market-gardeners did not have any problem in finding market-outlets for their PVF's at reasonable prices. In co-operation with organic shops, which function as distribution points, and 70 organic marketing-gardeners, the number of vegetable-subscriptions has grown spectacularly. Currently ODIN is marketing weekly about 20.000 subscriptions (15000-vegetables, 5000-fruit). In 1997 ODIN started, in co-operation the PGF wholesaler the Zaaister a similar project in the northern provinces. The strength of the subscription system is, according to Bakker, the close relation between consumers and producers. Market-research showed that 67 percent of consumers with a vegetable-subscription did not buy organic food products.
ODIN set an ambitious goal for the subscription system: within a period of 10 years half of the total 6 million Dutch households will have to be provided with a vegetable or fruit subscription. Bakker is convinced that subscriptions can play a fundamental role in further development of domestic consumer demand for organic produce.
The vegetable and fruit- subscription system receive a lot of international attention. Danish, English, Belgium, German and even Brasilian wholesalers and/or farm-organisations visited ODIN in 1996 aiming at developing similar domestic marketing systems. For interested partners ODIN developed a specific management course for subscription marketing.
Bakker does not fear a possible competition from supermarkets. At the end, he states, margin and profit will be decisive. German experiences, for instance, show that the supermarket-chain that shows the most interest in organic PVF, only has an assortment of 12 vegetable products. Bakker is convinced that for logistical reasons supermarkets will open their assortment only to organic PGF products with quick returns such as potatoes, carrots, lemons etc. For much more 'vulnerable' products like tomatoes, lettuce, etc. there would be no place. 'As long as supermarkets don't make objectives as 'a healthy product from a healthy agriculture' part of the companies philosophy, they never will be a reliable partner for organic farmers'.
The foregoing criticism does not mean that Odin is completely ignoring the potential of supermarket outlets. In 1997, for instance, it started an experimental distribution of vegetable-subscriptions at 5 different branches of the C1000 chain.
As to actual price-differences between organic and conventional products, Bakker believes that a tax-system that favours environmental friendly production systems and, on the other hand, recharging all environmental costs in conventional food product prices, will have to bring the solution. Only then price-differences will be no longer a hindrance for consumer demand development. Such a policy is in Bakker's opinion also an answer to actual tendencies of quality-erosion of the organic brand-name/hall-mark. Low prices of conventional food products would activate supermarkets to offer organic produce at low prices. Bakker illustrates this by referring to the developments in organic dairy sector. Farmers processing and marketing co-operative Zuiver Zuivel cut milk prices in 1997 by 3 percent. Bakker explains this price-fall by referring to the co-operatives agreement with the AH supermarket-chain about the supply of Groene Koe dairy produce. Bakker fears that part

of Zuiver Zuivels organic dairy-farmers might respond on the price-fall by 'searching for the borders of organic quality regulations'.
Bakker is convinced that whole-food and speciality shops will have to opt sooner or later for a further chain integration. He foresees that retailers who resisted the franchise plans of the Natudis wholesale company, will have to establish in the near future similar partnerships with perhaps other wholesalers. He describes Odin's involvement in the ongoing process of chain integration as: 'an active participant, which offers retailers vegetable and fruit subscriptions as an excellent instrument to shorten the distance between producers and consumers'. As research indicates, furthermore, cross-sailing is significant among consumers who pick up their subscription at organic shops.

Import and export company EOSTA, vegetable and fruit

EOSTA is the largest Dutch import and export trading company in organic food. The company supplies supermarket chains in the Netherlands and in the rest of Europe. Nearly all supermarket-chains in Europe are served by EOSTA. The average annual growth of turnover is 25 percent at minimum.
EOSTA specialises in the import of hard fruit, citrus, melons, avocado and kiwi. In 1996 the company opened its own packaging plant for organic fresh produce in Barendrecht. 'In comparison with the packaging by a contract-partner, turnover tripled. The own-packaging plant gives our trading company an important extra added value', declares Engelsman, director of EOSTA. 'It is also an important guarantee for the origin and quality of our organic products'.
Besides its involvement in packaging EOSTA also 'delivers at the door'. With packaging and distribution under control EOSTA thinks to be able to meet supermarkets demands, including prices 'which as much as possible consumers can afford'. Produce is packed under their own 'Natuurland' label, as well as individual supermarket labels. In its import and export activities, EOSTA established some 'strategic alliances' with the foreign companies: Organic Farm Foods in Great-Britain and Cascadian Farm Fresh in the United States. Imported products are exported to these companies in bulk or packed in small-units. The latest innovation to facilitate export is on-tray selling of individually labelled fruit. EOSTA is exporting such labelled fruit, for instance, to Spar Austria.
According to Engelsman the breakthrough of organic products will develop via the supermarkets. They are easily-accessible and near the consumer. But he doesn't believe in a quick breakthrough. The growth will continue, perhaps in other countries much quicker than in the Netherlands. The Dutch consumer is much more tardy than consumers in other countries and also more sober-minded: a bit of idealistic, but he watches his money and stays reserved with high prices.

Dairy Processor Zuiver Zuivel

The organic dairy Producers Association 'Zuiver Zuivel' in Limmen Noord-Holland is the largest processing and marketing cooperative in organic dairy produce. Until 1996 the circuit of health food shops was the company's domestic market-outlet for fresh milk, buttermilk, yoghurt and butter. About half of the yearly 13.5 million litres milk is processed in these products (the other half is processed in cheese and milkpowder for export to England). In

1996 Zuiver Zuivel came to an agreement with the national Albert Heijn supermarket chain about the supply of fresh organic dairy produce under the label 'Groene Koe'. The number of Albert Heijn branches selling the 'Groene Koe' assortment increased in 1996 to almost 400. 'Zuiver Zuivel' spokesman Zomerdijk is satisfied about turnover development of the 'Groene Koe' products. Yet, he doesn't want to be more concrete than that. In the near future Zuiver Zuivel will broaden its assortment for Albert Heijn with custard and meagre yoghurt.
Meanwhile Zuiver Zuivel is also in discussion with the large 'conventional' dairy processing companies Campina, Melkunie, Coberco and Menken van Grieken about the marketing of fresh milk through their national distribution channels. If plans become concrete, Zuiver Zuivel will have to increase processing capacity and/or reduce its export to England. The company estimates that its actual number of 50 suppliers of organically produced milk needs to be increased to about ninety.

Bastiaansen Cheese-Specialties

The company of Jan and Elly Bastiaansen is a small processing company specialised in organic cheese-making, which started about 25 years with conventional raw milk. Due to the strong competition from large-scale processors and more severe national regulations, in 1973 the company decided to turn over to the processing of organically produced milk. Nowadays the company processes about 6.5 million litre cow (2.5) and goat milk (4 million) into a variety of special dairy and goat's cheeses. Most of the cheese-production is sold to national organic shops. Export to Denmark and Germany is becoming of growing importance. Bastiaansen sees good export opportunities in these countries where 'consumers are more willing to pay extra for specialities'. He considers product innovation of essential importance for the future of his enterprise, which today gives employment to 7 full-time and 7 part-time employees. Recently an employee has been contracted who will dedicate himself full-time to product innovation. The Ministry of Economic affairs rewarded the company's innovativeness in 1996 with subsidising an investment in the expansion of total processing capacity to 10 million litres.

Groene Weg Organic Beef Processor

The Groene Weg organic slaugtherhouse is the main Dutch processor of organic meat. The small-scale company switched about 18 years ago to organic meat processing. Currently the company is selling to 25 organic butchers and about 100 organic shops. Few Dutch organic butchers are not supplied by de Groene Weg. Most of these butchers, according to Groene Weg spokesmen Henk van den Over, don't deserve the organic label, because they sell also conventional meat. 'Butchers who offer just organic soup-chickens get the national SKAL label and are allowed to position themselves as organic. It is a shame that the SKAL system allows such a consumer deceit. We are trying to develop a secure market-outlet for high quality organic meat produce, whereas a semi-governmental body as the SKAL organisation seems to be only interested in short-run politics as the growth in the number of SKAL-participants'.
The Groene Weg is quite satisfied about turnover development of its organic meat produce. Last year's average domestic growth-rate fluctuated around 10-15 percent Since February

1997 the Groene Weg also supplies to the regional Konmar supermarket-chain, an experiment which will be evaluated in September this year.
In addition the Groene Weg is also exporting to a growing number of European countries and market-outlets have been developed in Denmark, Germany, England, Belgium and Italy. Henk van den Oever is quite optimistic about the export opportunities for Dutch organic meat. He states that the Groene Weg processes organic meat in a variety of produce, whereas processing in other countries in general is far less developed. The supply of a broad assortment of processed produce is in his opinion an important advantage in the marketing of organic meat.
To further develop export-markets, De Groene Weg is looking for partnerships in exporting countries. The company established, for instance, a partnership with a Danish slaughterhouse for the supply of unprocessed meat and smoked produce. In turn, this Danish Company opens its domestic distribution channels for the marketing of De Groene Weg's meat-assortment, which will be marketed together with the assortment of the Danish company under a common label.
The Groene Weg tries to establish also direct relations with organic meat producers in exporting countries. In Belgium and Germany, for instance, the Groene Weg started to buy from domestic producers (also slaughtering takes place in these countries). The company's philosophy to establish these kinds of partnerships in exporting countries facilitates, according to spokesmen Henk van den Over, the development of sustainable marketing relations.
For domestic demand about 250 organic meat producers supply the Groene Weg. Most of them are dairy producers. The number of specialised organic beef producers is approximately 25, whereas the number of pig and poultry producers is about 40. Producers get a fixed price and the guarantee that they can supply all their animals to the Groene Weg. The number of participating farmers is growing steadily. On average, producers get a 10-15 percent higher price than for conventional meat, with a considerable higher price difference for poultry and pig meat.
Also consumer prices at the organic butcher shops and in the Konmar supermarket branches are about 10-15 percent higher than conventional meat. Often price differences for beef would be even less.
De Groene Weg spokesmen Henk van den Oever shows little enthusiasm for actual subsidies to organic farms. He states that 'part of farmers turning over is primarily attracted by the subsidies, and perceives organic farming as the last escape from closing their enterprise'. According to Van den Oever most of these farmers wouldn't have a future in neither conventional nor organic farming, given their limited farm-size and/or lack of farmers management skills. Instead of subsidies to farmers, Van den Oever argues that it is better to subsidise turnover costs of i.e. butcher shops, which can contribute to resolve in what he calls the main bottle-neck of organic agriculture: the development of new market-outlets.

Platform for organic farmer markets

The 'Platform for Organic Farmers Markets' aims to support organic farmers in developing new market-outlets. With feasibility studies about the potential of an organic farmer market in specific urban centres, negotiations with local ambulant market-commissions, etc., the national Platform is trying to support interesting organic farmers. In addition the Platform stimulates participating organic farmers to co-operate in every city in a market association for guaranteeing a broad organic food assortment and joint promotional activities. At the national

level, the Platform developed in 1997 an overall house-style for a better positioning of organic farmers markets against 'conventional' markets. The Platform is also advising regional and local governments interested in opening an organic farmer market.
Jos Gerritsen, board member of the Platform, states that present Organic Farmers Markets represent a rather heterogeneous group. The Organic Market in Amsterdam is the example to follow for other markets. In Amsterdam organic producers succeeded in establishing a well functioning association, guaranteeing a broad assortment of fresh organic products, located on a good location and with all kinds of promotional activities to attract consumers. In other cities similar market associations are less well organised and/or the food assortment is often too restricted. For that reason the Platform is in discussion about participation requirements. At present, only organic producers are allowed to participate, in line with the Platform's objective to open new-market outlets for organic producers. However, a group of participants is selling its produce at several farmers markets. Most of them have a close relation with supplying producers and would fulfil therefore the farmers markets' objective of short lines between producers and consumers. If other small-scale organic food market-vendors could get also access to the actual markets it would be, in Gerritsen's opinion, easier to realise the minimal required food and non-food (textiles, toys, etc.) assortment.
Gerritsen does not fear a growing competition from supermarket-outlets for organic produce. One of the Foundation's board members is even participating in the BIOPROM-campaign. He thinks that all possible market-outlets for organic produce should be explored and that organic farmers' markets will be able to reach specific groups of consumers. Research in 1992 among consumers at six organic food markets, for example, revealed that a significant number of these consumers had never bought organic food at a health food shop. Therefore, Gerritsen sees organic farmers markets, likewise supermarket outlets, as a further market-outlet for organic produce, which will stimulate consumer demand at health food shops.
Gerritsen foresees for some Organic Farmers Markets (i.e Utrecht, Amsterdam) a bright future, whereas others (i.e Groningen, Zwolle, Leeuwarden) will have to prove their viability in the coming years. All in all Gerritsen seems to be optimistic, also because of the growing policy attention for Organic Farmers Markets.

The franchise-organisation 'De Natuurwinkel'

Eric Does, director of the 'De Natuurwinkel' – franchise-organisation runs the market-leader of the Dutch franchise organisations, with 44 wholefood shops in the Netherlands and 34 in Belgium. In 1996 De Natuurwinkel merged with Bio-shops in Belgium. For a time this was a defending counter-action to the project of vertical chain integration, launched by the wholesale company Natudis. Does felt a starting domination of the wholesale branch and wanted to cope with this action. Looking for a defending strategy, De Natuurwinkel chose scale-enlargement and merged with the Belgian Bio-shop.
Nowadays, being in a better negotiating position, De Natuurwinkel is co-operating with the recently founded NWO, the Dutch organisation for vertical chain integration of shopkeepers, whole-sale companies and processing companies.
In the Netherlands every shop has the same assortment, mainly potatoes, vegetables and fruit, and dairy. However, Eric Does, director of this organisation, would like to have much more grip on the shopkeepers. He wants to create a distinct profile of quality shops for 'De Natuurwinkel'. Offering the whole assortment of organic product with high quality and every convenience for the consumer Does tries to realise this high ambitious goal.

Does does not fear a growing competition from supermarket-outlets for organic produce. In the short and even longer term the supermarket-chains will only offer the normal assortment of potatoes, carrot, onions and cabbage, because these products are quite simple for the supermarkets. Other product as cucumbers, tomatoes, peppers etc. demand more caring regarding the treatment, and higher costs. Therefore the supermarkets don't start with these difficult products.
We managed a growth rate of 10-15 percent in the last few years and I know that other groups of consumers are frequenting our shops. Therefore, I'm not afraid of the governmental support for more market-outlets at the supermarkets.'

Synthesis: the specificity of organic farming in the Netherlands

Although most data presented in this chapter cover only the period up to 1997, they reveal already some of the tendencies that are now (2000) far more clear. I will discuss some of these tendencies, especially those that in a comparative analyse emerge as defining the specificity of the Dutch organic sector. In the final chapter of this book I will return to some of them.

Firstly, it is remarkable that the Dutch organic sector reflects several features that characterise Dutch agriculture as a whole. Reference can be made here to the high degree of vertical integration, the development of all kinds of co-operative agreements, the very strong export-orientation and more generally, the high degree of professionalisation. One might call this common sharing of a range of basic traits indeed remarkable, especially since the organic sector was initiated and developed basically as an alternative to the conventional farming sector, with which it now shares so many commonalities. The rise of organic farming in the Netherlands involved other actors, especially in the beginning, than the 'average farmer'. It implied the construction of new networks, new procedures, new forms of co-operation and bargaining. Often organic and conventional farmers found themselves involved in sharp contradictions and fierce battles. Nonetheless, the former used in the end the same cultural capital. They used and revitalised the undeniable heritage contained in the history of co-operation. They returned to and (re-)developed the high degrees of craftsmanship entailed in the ongoing encounter between man and nature. So even when stemming from different (non conventional) sources, organic farming in the end ordered itself along many of the features that once made (conventional) Dutch farming into one of the very powerful agrarian systems of the world.

This specificity translates to a more general observation. In the creation and unfolding of organic farming in the Netherlands, endogenous factors (as e.g. the already available cultural repertoire and the capacity to realise, step by step, higher levels of efficiency in the logistics interlinking production and consumption) played a crucial role. At the same time this makes clear that a simple 'repetition' or 'transfer' of this 'Dutch model' to other situations is highly improbable, simply because endemic factors are far to important.

In Chapter 3 I already referred to the general constellation of export-oriented organic systems. The Netherlands shares this characteristic with the South of Italy. However, due to the specificity of the Netherlands experience in organic farming (especially its professionality), the Netherlands reaches levels of efficiency (see also Chapter 3) that are far higher than is the case in Southern Italy and other locations.

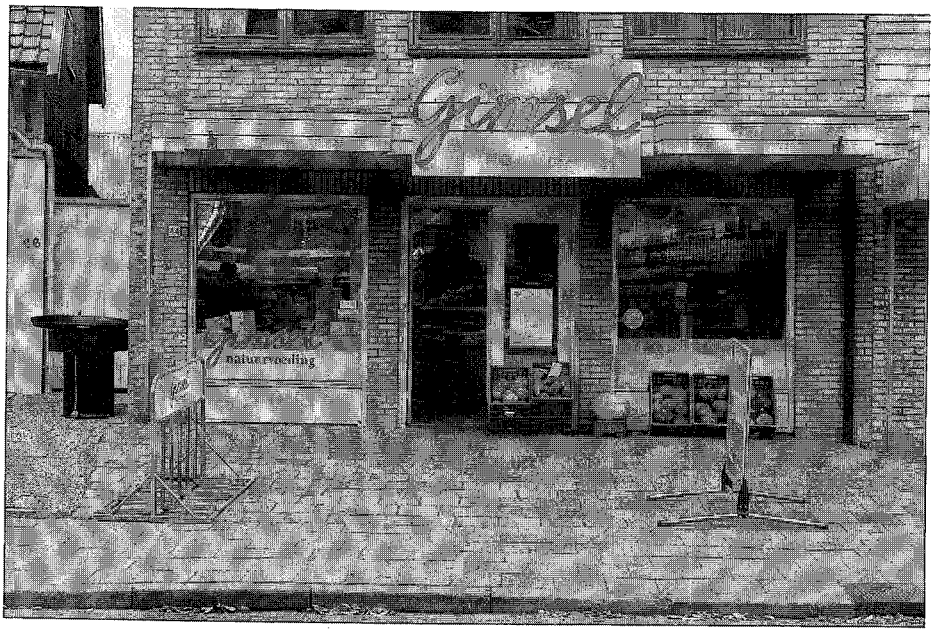
Secondly, the perception of the market (and its subsequent ordering) follows in the Dutch organic sector a typical path. As opposed to e.g. Germany, where the vertical trends dominate (see Chapter 1 and 4), in the Dutch organic sector the horizontal trends dominate, especially now. That is health concerns and issues of convenience dominate, whilst in Germany the environmental friendliness is far more central. Partly, this is due to the importance of the main consumer groups in the Netherlands: 40 to 50 year old people, disposing of high (and often double) income levels. Health and convenience are very important here. At the same time this specific interlinkage triggered the high degree of sophistication to be noted in the Dutch organic sector, especially at the level of transformation and consumption.

Thirdly, it is telling that due to export-orientation, Dutch organic agriculture repeats to a degree the same developmental logic as noted in conventional Dutch agriculture. Scale increase, intensification and specialisation tend to become important parameters at farm enterprise level, although these very trends are at the same time critically discussed by the involved farmers organisations and to a degree mediated by the construction of scale advantages at higher levels of aggregation (e.g. through co-operative processing and marketing). The ongoing (albeit sometimes moderated) processes of scale increase, specialisation and intensification contribute, in combination with the strong export orientation to the further polarisation at the level of Europe as a whole: organic production becomes concentrated in certain areas, consumption in others. The two are increasingly de-linked.

Fourthly, a counter-tendency is to be noted. Strong groups as e.g. the Wadden Group tend to embed their practices increasingly in local and regional contexts (by strongly linking their activities to agro-tourist activities, care-activities, the management of nature and landscape), that is, more generally, by valuing the specificity of the rural. Organic farming becomes, in instances like this, an important vehicle for Integrated Regional Rural Development processes. In the next chapter, on Tuscany, I will return to this phenomenon, which is, at least at the moment, incipient in the Netherlands.
In the fifth place, and taken together the previous points, it can be argued that organic farming in the Netherlands, is anyway a very successful example of agrarian restructuring, that is from conventional to organic farming. I am aware that I contradict here the study 'Green supply chain initiatives in the European food and retailing industry' by van der Grijp and den Hond (1999) quoted in Chapter 3. Contrary to those authors I believe that the Dutch development of organic farming is successful. The Netherlands is one of the few countries in which organic farming has developed in a

context of profitable agriculture, moreover, as it is clearly shown in the van der Grijp and Hond study, organic farming here is 'replacing' one of the most intensive agriculture of the EU and is achieving one of the main goals of accompanying measures of CAP Reform.

At the same time it might be concluded that from this success stems a specific development trajectory. The success of the latter will, in the long run, depend upon criteria that are still to be assessed – they depend basically from the interactions between the different constellations for organic farming, marketing and consumption as they are emerging throughout Europe. In Chapter 7 I will return to this theme.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6 Tuscany: Co-construction of a Local Market for Organics

Introduction

Along with a brief analysis of Italian organic market and agriculture's development over the last five years, the present chapter shows the results of a study carried out in Tuscany, a region located in the west coast of the centre-north of Italy, in order to investigate two key aspects of the evolution of the organic agriculture movement at the regional level. Firstly, it looks at the specificity of the local context as far as different types of markets can be developed, in this case more 'niche' oriented markets linked to alternative networks of commercialisation rather than more 'mainstream' processes of vertical integration along the supply chain. The second issue is the role played by the local institutions – including alternative agriculture organisations, political institutions such as the Regional Government and conventional agriculture institutions – in the co-construction of a local market for organic producers at regional level.

The first part of the chapter illustrates developing trends in the organic market and organic farming at national level. The second section is dedicated to deepening the analysis of the market for the production of organic products from the late 1970s till the end of the 1990s in Tuscany. Particular attention is given to the description of distribution channels used by the farmers, to the different typologies of supply products, to the problems encountered by the producers to meet the requirements of the retailers and to the frequency of Tuscan organic products in the regional retail distribution system. In the last part of the chapter the results of a survey about farmers visions of the actual and future markets for their organic products is presented as well as the active role played by of the local institutions for co-constructing a market for local products.

The market for organic products in Italy

Consumption trends

During the last four years the growth of the organic sector has been 20 percent per year and is showing great potential (see Figure 3.1 Chapter 3). Marketing forecasts seem to agree on yearly increases of 20 to 40 percent for the next few years as well, and this trend should bring the market for organic products from the current 1-2 percent of the

total food sales to 10 percent within the next 5 years (Mark Up 1999). Of the organic products purchased each year, over half of them are fruits and vegetables, followed by cereals, wine, olive oils, dairy products and vinegar.

Around 65 percent of organic food consumption occurs in northern-centre of Italy where there is high disposable income. Major traits of the Italian organic food consumers are the following: they belong to the upper-middle or above income classes, they have an average or higher education (high school graduates and university degree) and are between 30 to 45 years of age. These same traits describe frozen and prepared food (convenience food) consumers. In a recent survey conducted by Eurisko in 1999, on a sample of 1000 shoppers responsible for the household food purchases, it emerged that in 85 percent of the cases, women are shopping for the family. This data indicates that the traditional division of roles in Italian families, as far as food acquisition and preparation is concerned, has not changed. What has changed is the 'decision power' on what to eat: the person responsible for shopping is taking the decision on what to buy with the other members of the family in 33 percent of the cases or, in 21 percent or the cases is mostly co-ordinating a list of food preferences issued by single members of the family who craft their diet according their food desires, without coming to an agreement with their relatives on a common diet. This last phenomenon seems more evident for children and teenagers whose food preferences are now taken more into consideration than previously (Miele and Parisi, forthcoming).

The main motivation for choosing food indicated in the survey is 'health'. Eurisko interprets the value behind this demand of 'healthy food' in a broad sense, as a search for a condition of equilibrium between 'health' and 'taste' in order to increase the quality of life. This prevalent attitude is defined as *pragmatic ecology* and it stresses the relevance of the search for quality products and services in the contribution they can give to physical strength and well-being. In the same study Eurisko classified Italian consumers in 3 types: *traditional shoppers*, *men* and *élites*. The traditional shoppers represent the vast majority, they are mostly localised in the South of Italy and are guided in their choice by traditional values. It is a large group of consumers with a prevalence of older people, housewives and lower income classes. They tend to rely on their experience of the products for judging the quality and are not very open to innovation. Men are a very small segment, with only 20 percent involved in food shopping for the family, most of them living in the North-West of the country. They are young people, usually under 34 years old, with a high or medium level of income. Men have a lower level of competence in judging food quality, they tend to rely on quality brands and on quality insurance certificates provided by retailing home brands. They are also less informed about prices and tend to go to well known retailing outlets. The so-called élite is a very segmented group of consumers: it is formed by middle age-young people, mostly localised in the North-Centre regions of Italy, they have a medium or high level of income and have a higher level of formal education. This group is characterised by a stronger inclination to innovation and is expressing a demand for organically produced products, ethnic and ethically produced foods or

local-typical foods, especially served in gentrified restaurants. They are also the most informed on the alternative distribution channels and the most inclined to buy on the Internet (Largo Consumo 1999).

Distribution channels for organic.

One third of all organic food sales in Italy are through specialist retailers. Only one-forth to one-third are distributed through multiple outlet retailers. There are an estimated 800 specialist outlets in Italy that sell organic food. The vast majority are in northern Italy. The leading specialist outlets include El Tamiso, Natura Sì and Bottega & Natura. These retailers are usually found in the wealthier sections of town and often carry natural cosmetics as well as selling food and drink through a bar and/or restaurant. Mercato Verde is the leading organic wholesaler in Italy. Over 300 supermarkets and small self-service stores sell organic products. Coop Italia, Conad, and Esselunga are the three largest supermarket chains selling organic products; all developed a special organic food section in their stores. Most other chains that sell organics do not separate them from their non-organic counterparts. Consumers searching for a certain product, i.e. olive oil, may notice the organic version only as they look through the different non-organic versions. Coop Italia is the biggest food retailing supermarket chain in Italy and is the leading retailer of organic foods, with 12-15 percent of the organic market share. It started to sell organic fresh fruit and vegetables in 1993 and in 1995 promoted its own brand 'Naturali Biologici'. Its total organic food sales are roughly one-half percent of its total food and drink business. Nearly 40 percent of its organic products are imported; 10 percent from outside the EU. In the hope of increasing the number of organic products it carries over the next few years it has started its own organic private label with over 100 products. In year 2000 it is opening a new line of organic products under the brand name 'Coop da agricoltura biologica' which will include over 40 different types of fruit and vegetables, milk and dairy products, pasta and cereals, olive oil, and about 30 processed foods and baby foods. Coop Italia is planning to bring the number of processed food with their own brand name to 60 by year 2001.

Roughly half of domestic organic production is exported. Exports are mostly grains (wheat, corn, rice) and their products, olive oil, wine and fruit and vegetables. Domestic organic production doesn't coincide with the domestic consumption. Nearly 40 percent of domestic organic production area is dedicated to fodder while half of organic consumption is fruit and vegetables. Fruits and vegetables make up only 10 percent of the total land use for organic production. Organic fruit and vegetables are imported from other EU countries, Argentina, Chile and other South American countries.

In 1999 there were over 1,800 processing firms that claim to be processing organic foods in Italy. Many of these businesses are cottage industries. However, some are modern, large processors. The largest organic food processing companies are Del

Monte, Scaldasole, and Granarolo. Many of these companies are focused on tomato based products while others are focused on cereals and pastas. As in many other European countries, there is a strong interest in organic baby foods, even if the actual sales don't match the interest. This is reflected by the prices for organic products.
Easily, the largest hindrance to the sales of organic food is price. In general, price is lower in supermarkets as opposed to speciality stores. Currently, less than a quarter of all sales are conducted in retail chains.

Price premiums for organic food ranges from 20 to 200 percent (see Chapter n. 3). According to market analysis there doesn't seem to be a rational calculation for price mark ups, if not the inefficiency of the distribution channels. It appears that the farm gate price is added to the transportation and marketing costs and then a magic number is added to determine the markup (USDA – Fas report 1999). Organic apples costing 150 to 200 percent more than the non organic counterparts are seen in supermarkets. Organic kiwis have been observed with a 100 percent mark up on a shelf next to its non organic counterpart.

Italian regulatory organisations

The Federazione Italiana Agricoltura Organica (FIAO) acts as a self-regulatory body for its members and represents the Italian organic food sector in national and international forums. It is an umbrella organisation for all the other organic organisations. FIAO has its own set of regulations for organic production.

In Italy, there are eight organic certifying bodies recognised by the Ministry of Agriculture. These agencies are centred around Bologna in northern Italy where most of the commercial organic production occurs. (These Bologna based agencies or organisations are also present at the SANA the biggest Natural/Organic Food Show that is held in Bologna each September.) This is also the central headquarters of the two largest supermarket chains carrying organic products.

AIAB (Associazione Italiana Agricoltura Biologica) was responsible for the first national Italian standards for organic farming, established in 1988. AIAB was the first agency to meet the EU standards and is the biggest certifying agency in Italy (about 50 percent of the organic land is certified by AIAB).

The evolution of organic agriculture in Italy

Over recent years Italian organic agriculture has grown remarkably quickly, especially in terms of land and number of farms (Figure 6.1 and 6.2). In 1998 Italy became the leading EU Country in terms of the number of farms certified as organic and also in terms of the farmed land. (In 1998 organic land was 830,000 hectares, 47 percent more than in 1997, and represented 5.7 percent of total agricultural land.) The total number

of organic farms stood at 44,000, or 41 percent more than in 1997. In 1999 the number of farms and the organically-farmed land grew again, though at a slower rate (Table. 6.2). The total organic land was 953,057 ha and represented 6.5 percent of total agricultural land in Italy. The number of farms (production) was 46,322, but only 468 of them were animal farms. The processing industries were 1,849 while the farms conducting both producing and processing numbered 972. This data underlines the limited number of processing industries and the limited production of animal products (Table 6.2).

Table 6.1 Distribution of organic and converting land in Italy (%)

	1993	*1998*	*1999*	*% Bio Land 1999 su Conv.*
North	27.4%	16.4%	15.4%	2.8%
Centre	23.5%	12.0%	12.4%	4.4%
South	10.2%	23.4%	25.2%	5.9%
Islands	38.9%	48.1%	46.9%	15.7%
Italy	-	-	-	6.5%

Source: Bio Bank 99; Bio fax 2000.

For the first time in 1999 the number of farms that actually sell their products as organic on the market was identified. In a total of 46, 322 farms only 6,241 (13.5 percent) sell the products as certified organic (Biofax, 2000). This data clearly explains the limited size of the market for organic products in Italy compared with the UK for example (as shown in Chapter 3, Table 3.1 and Figure 3.1). Even with a high number of farms and a remarkable share of cropped land, the actual production that goes to the market is very limited and unprocessed products, with low added value mostly constitute it.

In Italy the area accounted for organic agriculture in 1997, when the research was carried out, was 564,913 hectares, or 3.8 percent of the total agricultural area. This amount included areas still in conversion from traditional farming, which represented potential production. Organic farms were 29.390, or 1.2 percent of the total. About 70 percent of Italian organically cropped land at that time was found in southern Italy accounting for about 411,333 hectares. In particular, Sicily and Sardinia, with 261,699 hectares, accounted for about half of the organic land. In Northern Italy there were only 83,292 hectares under organic production, or about 14.7 percent of total area. Central Italy had another 80,288 hectares, or 14.3 percent of the total. Of the overall organic production, approximately 47 percent of organic crops were fodder, 23 percent cereals, 9 percent olives, 8 percent fruits and vegetables, 3 percent grapes, and 10 percent miscellaneous crops.

Table 6.2 Organic farms and Farmland in Italy (31-12-1998 – 31-12-1999)

	Production farms 1998	*Production farms 1999*	*Processing arms 1998*	*Processing farms 1999*	*Total Organic Farmed Land (ha) 1998*	*Total Organic Farmed Land (ha) 1999*	*Organic Farmland 1998 on Farmed Land Italy **%*	*Organic Farmland 1999 on Farmed Land Italy ** %*
Piemonte	1,793	2,102	122	153	34,985	38,445	3.5%	3.4
Valle d'Aosta	6	5	0	0	452	144	0.6%	0.2
Liguria	136	158	23	26	2,236	2,235	1.8%	2.6
Lombardia	627	806	130	194	11,727	13,769	1.3%	1.3
Trentino A.A.	288	338	51	55	1,853	2,508	0.5%	0.6
Veneto	699	748	149	196	5,018	6,732	0.8%	0.8
Friuli V. G.	127	132	15	23	792	924	0.4%	0.4
Emilia Romagna	3,369	3,501	232	311	72,197	82,222	6.3%	6.7
Total North	*7,045*	*7,790*	*722*	*958*	*129,260*	*146,978*		*2.8*
Toscana	788	985	108	128	26,156	36,887	3.0%	3.9
Marche	1,470	1,283	41	58	29,674	32,423	3.6%	6
Umbria	523	919	35	55	12,838	21,683	3.4%	5.4
Lazio	1,118	1,913	59	89	26,473	27,409	2.5%	3.4
Total Centre	*4,594*	*5,100*	*243*	*330*	*95,142*	*118,403*		*4.4*
Abruzzo	497	498	33	44	5,832	7,182	1.1%	1.5
Molise	313	421	13	19	4,004	4,717	0.8%	2
Campania	1,227	1,556	62	83	10,733	15,501	1.7%	2.4
Puglia	4,827	6,664	68	152	100,099	130,002	7.4%	9.1
Basilicata	265	318	7	12	6,966	9,531	1.2%	1.6
Calabria	4,960	6,183	37	60	57,061	73,291	7.4%	11.4
Total South	*12,089*	*15,640*	*220*	*370*	*184,694*	*240,223*		*5.9*
Sicilia	9,598	9,434	149	199	128,917	142,966	7.6%	9.4
Sardegna	8,287	8,358	16	37	250,058	304,487	20.2%	22.9
Total Islands	*17,885*	*17,792*	*165*	*236*	*378,975*	*447,453*		*15.7*
Total Italy	*41,613*	*46,322*	*1,350*	*1,894*	*788,070*	*953,057*	*5.34%*	*6.5*

*Organic farms listed by Accredited Certifying Bodies to 31.12.98
**farmed land in 1996

Source: BioBank, Bio fax 9.99; 18. 2000

As already mentioned, the southern regions recorded the highest rates of growth. At the end of 1997, the South of Italy accounted for 71.1 percent of the national land. Such a concentration represents a recent change, since organic agriculture initially started either in northern or central regions (specifically Trentino, Veneto and Tuscany), whilst Sicily was the only exception[21]. Indeed, support for production

[21] Organic farming started in Sicily at the beginning of the 1970s because some German organic wholesaler looked there for producers who could deliver organically produced fruit and vegetables during the winter, when production was very limited in Germany. In those years a big citrus

granted by the reform of the Community Agricultural Policy (i.e. enforcement of the EU Regulation 2078/92) constituted a fundamental step in this evolution. Accordingly, a few regions in the South of Italy recorded rates of growth in the number of farms equal to 200-300 percent per year. Furthermore, the increasing export and the growth of the domestic market in Northern Italy also contributed to a further development of the sector.

The organic market, however, is located in the North and in the Centre, with the majority of processors and distributors operating both on domestic and foreign markets (56 percent or the processing industries are located in the North). National organic production is exported at a rate of about 50 percent, primarily to Germany[22]. In recent years, a few regions in the North-East of Italy have been developing organic distribution chains which are very similar to those of the North-European Countries (chains of specialised shops in franchising), and also successful promotional campaigns for the introduction of fresh organic food (fruit and vegetables and milk products) in the big retailing companies (the Coop-Italia supermarkets chains).

Tuscany represents a special case within the Italian context. Organic agriculture had begun in this region long before that in the South, although it has developed according to a very particular pattern which has led to privilege neither the foreign outlets that exist in Sicily nor to the conventional distribution channels that exist in Veneto or Emilia Romagna. From the 1970s until today, the number of organic farms has steadily increased in Tuscany, yet the marketing has followed a specific development, i.e. the stark predominance of direct marketing. At the time the research was conducted, vertical integration between production, processing and distribution was almost completely lacking, and consequently Tuscan organic products were absent from conventional distribution channels.

Organic agriculture in Tuscany

Located in Central Italy, the region of Tuscany has a population of 3,527.303. To the North and the East Tuscany is bordered by the mountain chain of the Appennini and to the West the coastline meets the Tirreno Sea. Over 70 percent of the land is hillside, and this geographical conformation has had a great impact on the type of agriculture that has developed.

The history of Tuscany is a history of small independent states, notably the Medieval 'Comuni', which over the centuries formed the present towns. Today the Comuni number approximately 280 and each of them is proud of its own history and traditions. Until the end of the 1950's Tuscany was essentially a rural region. Then, industrial

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producers co-operative (Salamita) converted to organic production and started to sell all the production to the export market, mostly in Germany.

[22] See Miele 1998.

development took place and later also the service sector developed. The factories spread all over the countryside, where in turn houses were already scattered because of the *share cropping* system which had represented for a long time the prevailing model of the agricultural organisation.

Therefore, especially in the plains and valley bottoms a composite reality was formed, which has been defined an '*urbanised countryside*'. The last census showed that there are only 23 urban centres over 20,000 inhabitants absorbing not even half of the overall population.

In Tuscany the concept of rurality is linked to the history of the territory and to the talent of the local population for developing in line with the values and tradition they inherited from the past. This ability has shaped environment and landscape. As Brunori *et al.* define it the 'Tuscan rural landscape has long been considered one of the most beautiful in the world, reproduced in a huge number of famous paintings and, more recently, by successful movies. Its characteristics, as the houses (together with the stable) at the centre of the farm, normally on top of the hills, vine, olive and cypress trees, mixed cropping, a tight networks of rural roads, water pipes and trees rows, are nowadays part of a common understanding of Tuscany by foreigners, as an example of equilibrium between human activity and nature, and as a 'deep structure' that testifies to the presence of a peculiar social organisation of production. The 'fattoria', the social organisation of agricultural production in Tuscany, was based on a mix of centralisation (centred upon the boss, 'il fattore') and decentralisation, centred on the head of the family, which gave relative autonomy to the family and allowed a social order based on a high degree of consent in the countryside. This social organisation has left an important patrimony of rural buildings with their typical style (about 165.000), which had been abandoned during the economic modernisation and the following depopulation of the countryside between the 1960's and the 1970's' (Brunori *et al.* forthcoming).

This patrimony of rural buildings has become a resource for 'new settlers' in rural areas from the 1970s onwards, among them organic agriculturists in search for an 'uncontaminated' environment to start organic farming and other rural activities, mostly agritourism.

The organic farm structures

In 1997 a survey[23] of the organic farm structure was carried out on a sample of 337 farms with an overall land of 35,347 ha and a cultivated area of 8,357. Moreover in the

[23] The research was carried out by the author and it has been founded by the ARSIA, the regional agency for development and innovation in agriculture of the Tuscan Region.

same year, another survey[24], that involved over 400 farmers, on the organic distribution channels was carried out in order to map the problems organic farmers were encountering in selling their products as organic.

A comparison between a previous survey carried on in 1992 (Miele 1994) shows that in a few years organic agriculture in Tuscany literally boomed, leading to a fourfold increase in the number of farms (from 171 to 699): but, above all, the land for organic cultivation went from 656 ha in 1992 to 13.890 ha at the end of 1996 (+2015 percent) (Miele 1998).
Yet, within regional agriculture, organic farming remains very limited: organic farms account for 0.5 percent and the organic farmed land for 2.2 percent of the total farmed land.

At the same time, the decreasing ratio between farmed land and total land from 49.5 percent in 1992 to 23.6 percent in 1997 indicates better environmental sustainability at an aggregate level and the preservation of the ecosystem. In fact, the lower the ratio between cultivated and total land (including also of forest and woods), the more balanced is the farm toward its environment, since the impact of its agricultural activity on the territory is far more limited.

The distribution of the farms in the region show a concentration (about 60 percent or the farms and 70 percent of the land) of organic production in three provinces of Siena, Grosseto and Florence in the South and East of the region.This fact can be partially explained by the availability of land and natural resources (less urbanised countryside), but also by the closeness to the main art cities, such as Florence and Siena, which enabled the setting up of non agricultural activities, such as agritourism, recreational and environmental services, on farm sales of typical local products to tourists, and so forth.

A deeper analysis of the annual introduction of the organic farms certified by AIAB and their relative land over the period 1992-96 shows a few interesting aspects about Tuscan organic farming[25]. A growing number of members was recorded around 1994-95, also favoured by the particular contingency of the implementation of the EEC Reg. 2078/92 providing specific incentives to conversion of the organic system; afterwards, both the growth of membership and land lowered considerably.

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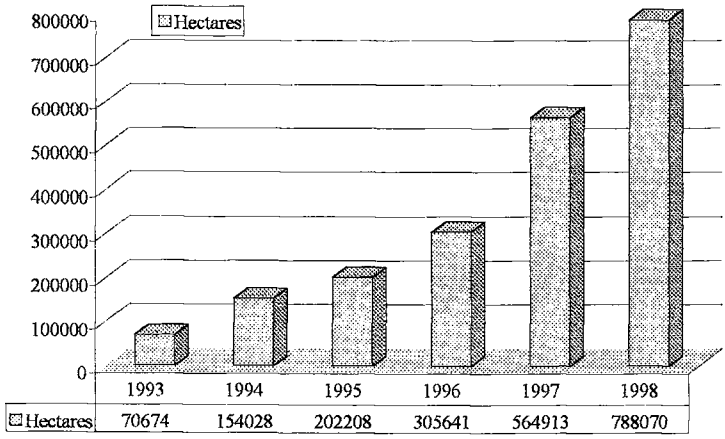
[24] Also the investigation on the distribution channels for organic products was founded by ARSIA.

[25] A partial vision of the evolutionary trend is given here, since it was not possible to collect data on the Tuscan farms belonging to other Institutes of Certification.

Furthermore, a comparison between the farms in the 1992 survey and those still operating today[26] shows that the number has decreased, from 117 to 85, owing probably to retirement from business, and also a shift to other certifying bodies. However, in the 85 farms already present in 1992 which could be defined as the 'historical' farms of the Tuscan organic agriculture, the cultivated land has increased, from circa 1.520 ha[27] to the present 2.500 ha. This data indicates that the vast majority of the pioneer farmers have consolidated their position over this period of time and have found a solid market for their products.

Figure 6.1 Growth of the organic and convering land in Italy from 1993-1998



Source: Bio Bank

At the territorial level, aggregate data shows a considerable growth in the average farmed land (from 15,49 ha in 1992 to 22,24 in 1996). In the central and southern part of the region there are bigger farms than in the northern one. These farms (between 25 to 40 ha) are located in the extensive hill area, (in the provinces of Grosseto, Pisa, Siena, Arezzo). In the North, instead, average farm size is small, particularly in the province of Pistoia (less than one ha).There is a strong bipolarism in the size of the farms: 37 percent of the farms are very small (less than 10 ha of land each) and account for 1.8 percent of the total land, 76 percent of the total land is concentrated in big farms (over 200 ha of land) that represent only 4.5 percent of the total

[26] According to the 1992 survey, the farms which belonged to the CTPB were 118; according to the present survey there are 85 CTPB farms which are still operating and had started their activity prior to 1993.

[27] This amount is given by the land which in 1992 was already organic plus that which, at that time, was converting.

Figure 6.2 Organic farms in Italy from 1993-1998

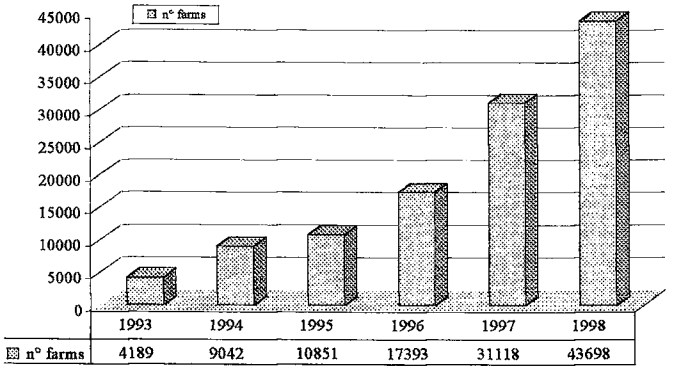
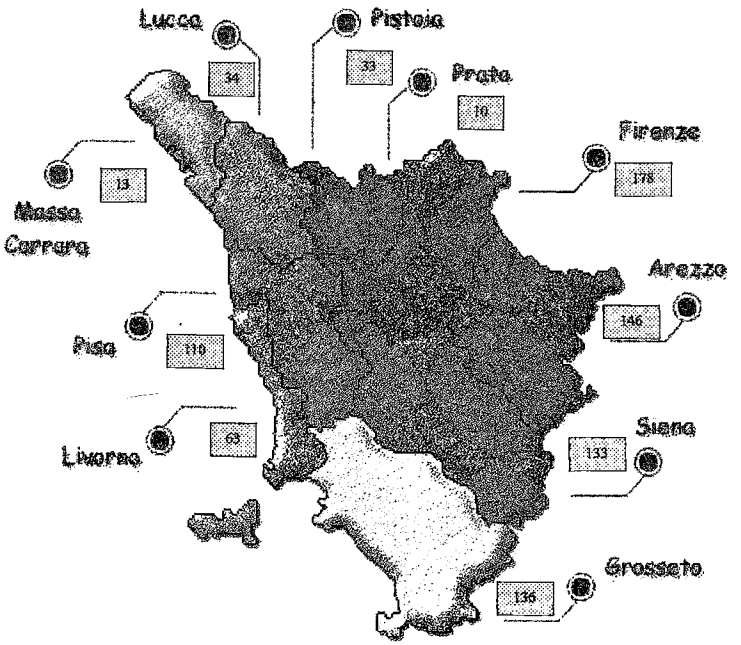


Figure 6.3 Distribution of organic farms in the Tuscany provinces



Demographic characteristics of the farmers

In 1997, as it is shown in Table 6.3 , 45 percent of the organic farmers in Tuscany were younger than 45. This data is undoubtedly positive when compared with the average age of farmers in this region (over 65 years old); yet, if compared with the beginning of the 1990s, the average age of organic farmers has gone up from 42 to 49.8 years. This is a relevant shift which underlines that since 1993 older conventional farmers have joined the organic movement and this phenomenon has been coupled with a strong decrease in the number of farmers under 35 (from 21 percent in 1992 to 11 percent in 1997). As a consequence, there is an increase of the average age of farmers equal to almost eight years (from 42 to 49,8 years)[28].

Table 6.3 Distribution of the farms by age of the farmer and farm land

Land	*Age*							
	<35 years	*35-45 years*	*45-55 years*	*55-65 years*	*>65 years*	*Assoc and Coop.*	*N.a.*	*Total*
<5 ha	10	35	22	6	15	1	5	94
5-10 ha	10	28	16	8	14	1	7	84
10-20 ha								72
20-50 ha	4	12	11	9	11	1	3	51
50-100 ha	4	3	8	3	2	2	1	23
100-200 ha		1	1	2		1		5
200-1000 ha		1		1	2	3	1	8
Total	33	103	76	37	53	12	23	337
% of freq. 1992	10.9	34.1	25.2	12.3	17.5			100
% of freq. 1997	21.0	48.0	18.0	13.0				100
Average age 1992 ⟹ 42.0 years					1997 ⟹ 49.8 years			

Source: own data

Organic farmers are characterised by higher formal education levels than conventional farmers: 71 percent have a secondary high school degree (the regional average scores 12,7 percent); 26 percent have a university degree and 13 percent have a diploma specific for the agricultural sector. The situation is quite different from the regional data: in 1990, in the whole region only 61 percent of farmers had a junior school degree.

[28] This effect is partially influenced by overvaluation, consequent to the fact that elderly retired people are the legal owners, but after conversion to organic the farms are actually managed by their sons or more frequently grandsons. All this clearly resulted from a few telephone interviews carried out in order to verify the data.

The geographical origin of the farmers is also interesting, because of its influence on the sector's development. Numerous studies (Miele 1994; Brunori 1995) have made evident the thriving role played by entrepreneurial farmers of extra-regional origin in the development of some specific sectors (e.g. cheese production introduced by Sardinian farmers, quality wines production by agriculturists form Lombardia). These studies stress the key role of entrepreneurship originating outside the Region in promoting development of specific production sectors in Tuscany, with a real *drag* effect on the local farmers. Organic farming shows a similar trend: in the first stage, most farmers came from outside the region and most frequently from abroad. In 1992 over 60 percent of farmers were not from Tuscany, and out of these 45 percent were foreigners (Table 6.4); most interestingly, many of them had professional training outside the agricultural sector.

Table 6.4 Origin of organic farmers

	Foreign	*Out of Tuscany*	*Tuscany*	*Total*	*% foreign/total*	*% out of Tuscany/total*	*% Tuscany/total*
AR	6	8	24	38	15.8	21.1	63.2
FI	6	18	43	67	9.0	26.9	64.2
GR	9	29	20	58	15.5	50.0	35.5
LI	4	3	10	17	23.5	17.6	58.8
LU	1	1	17	19	5.3	5.3	89.5
MS		6	1	7	0.0	85.7	14.3
PI	4	16	14	34	11.8	47.1	41.2
PO			3	3	0.0	0.0	100.0
PT	4	6	13	23	17.4	26.1	56.5
SI	15	25	31	71	21.1	35.2	43.7
Total 1997	49	112	176	337	14.5	33.2	52.2
Total 1992					15.2	45.5	39.3

Source: own data

Five years later, many local farmers had joined the organic pioneers and in 1997 represented 48 percent of the total. The foreign farmers represent only 14.5 percent. The majority of the 'foreigner farmers' (50 percent) were German and 32 percent came from Switzerland (Table 6.5).

The crops

In general, a comparison of the use of farmed land in the organic farms and in the Region shows an organic trend towards cultivation of olive-trees (18 percent against 9.6 percent in conventional agriculture at the regional average), a higher rate of

grazing land (29 percent against 17.8 percent), and a limited use of arable land (41 percent against 60 percent); as to the remaining crops, both percentages are similar.

In absolute terms[29], circa 2,800 ha are arable land and 1,975 ha are grazing land, mostly located in the provinces of Grosseto and Siena; olive-trees and vines cover respectively circa 1.160 ha and 432 ha, spreading particularly in the provinces of Florence, Siena and Grosseto. Horticulture is still very limited (87 ha) and located in the provinces of Grosseto and Pisa.

Table 6.5 Original place of birth of organic farmer

Nationality of foreign farmers	*N.*	*% on total*
Austria	1	2.0
Denmark	1	2.0
Germany	25	51.0
Libya	1	2.0
Switzerland	16	32.7
USA	1	2.0
Brazil	1	2.0
United Kingdom	3	6.1
Total	49	100.0

Source: own data

Organic farms are characterised also by the large presence of animal farming, 28 percent of the farms have farm animals and frequently different species are bred. The most usual include chicken (32 farms) for self consumption and direct selling. Cattle and pigs are present in 3-5 percent of the farms; sheeps and goats score around 6-8 percent; and about 7 percent of the farms produce honey and wax. Many farms have horses, for recreational services, particularly in those farms operating in agritourism.

The overall consistency of the different species is rather scarce and, since animals are present in almost one third of the farms, it can be assumed that the breeding is limited in size. Presumably, the farms oriented to sell on the market meat and animal products are even smaller in number.

Tuscan organic agriculture is characterised by a strong presence of the regional typical produce (olive oil and wine), which give farmers the opportunity of maximising the added value of the products. It also allows the farm to qualify its image, building on the traditional good image of the Tuscan typical products.

[29] The analysis covers only 81 percent of the overall farmed land, because a few farms did not provide their updated crop plans.

This is especially evident in the case, for instance, of many agritourism farms: by selling directly to their guests they achieve twin objectives, i.e. higher income and improved image without any large investments in media communication.
At the same time, Tuscan organic agriculture produces little fresh produce (in particular fruits and vegetable, and meat) which have the highest demand. Yet on many farms fresh products are only re-employed (for agritourism) or sold through informal channels.

The incentives for organic agriculture

The EEC Reg. 2092/91 and subsequent amendments, and the Regional Law n.54/95 lay out the rules for organic production; moreover, the EEC Reg. 2078/92 constitutes an opportunity to receive public support. In addition, the Regional Law nr. 49/97 provides financial contributions to cover the cost of the control and certification of the productive processes on the organic farms. This law will assist also membership of the smallest farms, located often in marginal areas, which previously deemed the costs for control as the heaviest constraint for their shifting to organic production.

The actual implementation of EEC Reg. 2078/92 depends on the definition of the Regional Pluriannual Program, in which the objectives to be pursued are specified through several provisions, plans of support and forecast expenses. In reference to this Program (defined for the period 1994-98) the farms which in 1995 took advantage of the specific terms for introduction and upholding of the organic production methods were 321 for a total amount of almost 3.5 billion Italian Liras (1.8 m€), i.e. 6 percent of the overall expenditure (Tudini 1996).

The survey carried out on the 476 farms over the period 1996-1997 gives evidence of a scarce use of these provisions, coupled with a stark decrease of subsidies between 1995 and 1996. In 1995 only 34 percent of the sample farms received incentives amounting to circa 1,5 billion Italian Liras (775 m€), for an average farm amount of 3.26 millions Italian liras (about 1684 €); in 1996, however, the incentives declined at almost 50 percent (866 million Italian Liras (447,000 €) as well as at 19 percent the number of farms which received Community support.

Agritourism

Tourism has always represented one of the most thriving sectors for the Tuscan economy. Over recent years, countryside and mountain areas have started to attract new flows of tourists in addition to the more traditional destinations, e.g. towns of art and seaside localities.

According to recent research (Balestrieri 1996), in Tuscany circa 1.125-1.250 farms[30] are involved in the agritourism activity, with an overall reception capacity equal to 18-20.000 beds. In 1997, 64 farms in the study sample showed a reception capacity of 725 beds and circa 32.000 guests. These data correspond to 5,4 percent of the farms and 3,8 percent of the regional agritourism reception capacity.

Agritourism is very much developed among organic farms: about 36 percent of organic farms have started this activity while only 5 percent of conventional farms have followed this path of development. The areas that have registered a major increase have been the hillside Central Southern parts (Chianti, Colline Pisane, Colline Senesi and Maremma), showing a remarkable increase in the number of tourists. This is due also to the increasing number of farms offering not only bed and breakfast, but also recreational activities such as horse riding, naturalistic excursions, mountain bike trips in order to improve their income opportunities.
According to the latest estimate of the INEA and the Statistics Bureau of the Region of Tuscany, in summer 1999 Tuscany reached a positive rate of growth in tourism demand, increasing by approximately 380,000 registrations in comparison with 1998 including a predominance of foreign tourists (362,000 registrations).[31]
The reception capacity of the organic farms under survey was rather limited, i.e. under eight beds in 50 percent of them. It can be noted, however, that in comparison with the conventional farms the percentage of the organic farms offering reception service is much higher (13.4 percent).
Frequently organic agritourism differs from that of the conventional farms. In the organic farms for instance the guests can be involved in the daily farm routine or, in some cases, special care activities can be combined with the offer of agritourism: some farms, in co-operation with the local health care organisations, organise holidays for disabled people and other weak social categories (Miele 1994).

The survey of distribution channels

In 1997 a survey of 476 interviews was carried out on the Tuscan organic farmers through a questionnaire, out of a total of 700 farms which were members of the eight certifying bodies recognised by the Ministry of Agricultural Policy. The subject of the questionnaire was the marketing of organic products and the main objectives were to identify the channels used by the Tuscan producers and the major issues relative to each of them. Tables 6.6 and 6.7 show the quantity of the products and the percentage covered through the different channels, giving immediate evidence of the high quantity of organic products which are sold through conventional channels without a price premium.

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[30] The total number of agritourism farms in Italy is 7500 (Tutto Bio 1998). The data gives evidence of the high development of agritourism in Tuscany, which represents also a significant factor of diversification for the agricultural activity and promotion of country development.

[31] INEA is the National Institute of Agriculture Economics.

Table 6.6 Commercialisation of organic production in Tuscany (quantity in q., unless specificied)

	Processed on farm	Processed	Direct sale and self-consumption	Market on farm	Shops	Wholesalers	Processing industry	LOD	Foreign operators	Sales to other farms	Restaurants and canteens	Conventional sales	Total quantity	N. of farms
Beef		22		1,150		1						1,736	2,942	16
Sheep		0.04	2	113	3	0,3						585	754	23
Pork			2	2								221	225	4
Poultry		39	18	4								100	161	14
Goat meat				3		11							14	3
Wild boar		4.5	0.5										5	1
Milk	11						400					3,363	3,774	10
Sheep milk			206				120					1,800	2,120	2
Eggs (nr.)			2,680	3,320									6,000	5
Milk products			25	26	40	4			3			30	155	9
Processed on farm			1	53	25				8		0	97	193	14
Oil	1	41	188	1,230	12	46	2	70	243	13	1	92	2,025	158
Wine	5	189	378	3,962	301	575	210	3	5,012	180	6	2,827	13,502	86
Grapes for wine		100	22	109		80	800			90		1,559	2,761	23
Fruits	1,637	19	72	492	8	151	121					2,270	3,175	36
Vegetables	202	57	175	624	308	908	400		5	60	10	509	3,256	76
Cereals	1,576	67	1,594	435	105	16,591	2,351	5,540	300	400	6	4,413	33,351	91
Industrial cultivations			76	70	70	200	710	154				290	1,570	13
Fodder	2,915		4,975	9,475		2,800				3,000		122,252	145,417	27
Legumes	202		102	1	15	92							210	8
Chestnuts, wild fruits and mushrooms	70	3	49	14	14							205	360	12
Honey and hive products		3	136	212	173			60	7			100	690	16
Officinal herbs	32		7	2	16	14	7						78	10
Spiced salt, spices and flavours			2	1	1								8	2
Seeds, Solanaceae and Cucurbitaceae								4				3	7	2
Nurseries (pieces)										250,000			250,000	1
Nursery product														

Source: own data

Table 6.7 Distribution channels for organic products in Tuscany (%)

	Processed farm	Used on farm	Direct selling or self consumption	Farm Shop	Specialized shops	Wholesalers	Processing firms	Supermarkets	Export	Other farms	Restaurant and catering	Sold as conventional	% of farms
Beef	-	0,8	0,8	39,1	-	-	-	-	-	-	-	59,0	3,4
Sheep meat	-	-	0,3	15,0	0,4	-	-	-	-	-	-	77,6	4,8
Pork	-	-	0,9	0,9	-	-	-	-	-	-	-	98,2	0,8
Poultry	-	24,3	11,4	2,2	-	-	-	-	-	-	-	62,0	2,9
Lamb	-	-	-	20,3	-	79,7	-	-	-	-	-	-	0,6
Wild board	-	90,0	10,0	-	-	-	-	-	-	-	-	-	0,2
Milk	0,3	-	-	-	-	-	10,6	-	-	-	-	89,1	2,1
Goat milk	-	-	9,7	-	-	-	5,7	-	-	-	-	84,9	0,4
Eggs	-	-	44,7	55,3	-	-	-	-	-	-	-	-	1,1
Dairy products	-	-	16,3	16,6	26,1	2,5	-	-	2,1	-	-	19,1	1,9
Processed on farm	-	-	0,.5	27,4	12,8	-	-	-	3,9	-	0,1	50,4	2,9
Olive Oil	-	2,0	9,3	60,8	0,6	2,2	0,1	3,4	12,0	0,6	-	4,6	33,2
Wine	-	1,4	2,8	29,3	2,2	4,3	1,6	-	37,1	1,3	-	20,9	18,1
Grapes for wine production	-	3,6	0,8	3,9	-	2,9	29,0	-	-	3,3	-	56,5	4,8
Fruits	51,6	0,6	2,3	15,5	0,3	4,8	3,8	-	-	-	-	71,5	11,8
Vegetables	6,2	1,8	5,4	19,2	9,5	27,9	12,3	-	0,2	1,8	0,3	15,6	16,0
Cereals	4,7	0,2	4,8	1,3	0,3	49,7	7,0	16,6	0,9	1,2	-	13,2	19,1
Tomatoes. Sugar beet	-	-	4,8	4,5	4,5	12,7	45,2	9,8	-	-	-	18,5	2,7
Fodder	2,0	-	3,4	6,5	-	1,9	-	-	-	2,1	-	84,1	5,7
Legumes	-	-	48,6	0,5	7,2	43,8	-	-	-	-	-	-	1,7
Chestnuts	19,5	0,8	13,7	3,8	4,0	-	-	-	-	-	-	57,0	2,5
Honey	-	0,4	19,7	30,7	25,0	-	-	8,7	1,0	-	-	14,5	3,4
Herbs	41,0	-	8,5	2,9	20,6	17,9	9,0	-	-	-	-	-	2,1

Source: own data

In order to obtain indications about the most important productions, the quantities indicated in the questionnaire were multiplied for a *sales average price* , identified by means of a few sample surveys. The outcome shows that the two typical regional products: wine and olive-oil are also the most significant in the market. Another important product is meat. These three products cover more than two thirds of the Tuscan organic GPV. Wine is undoubtedly first (with an estimated GPV equal to circa 21 billion Italian Liras (10.8 m€) and is followed by meat (a little less than 3.5 billion Italian Liras (1.8 m€) and olive-oil (3.2 billion (1.6 m€); also the GPV of fodder is quite noticeable, scoring almost 3 billion Italian Liras (1.5 m€).

Oil and wine are exclusively sold through those channels (direct sales, foreign operators) which allow a maximisation of the added value; therefore, the product share sold through conventional channels is very low (21 percent for wine, and only 5 percent for olive-oil) and gives evidence of their strength on the market. Meat sales, however, use mixed channels: at 47 percent shops on the farms and other innovative structures (Miele 1998) at price premium; and 50 percent through the conventional channels, where the price obtained is lower than the potential value of the product.

Cereals are also remarkable (circa 33.000 q.), 57 percent are sold to wholesalers or to the processing industry, 10 percent are processed or sold on farm[32] and 13 percent are marketed through the conventional channels.

The remaining products are less important. Weak marketing of fresh products such as fruit, vegetables and milk is confirmed, and noticeable rates of these products follow the conventional channels. In relation to milk production, it must be stressed that, beyond the increasingly pressing hygiene and sanitary constraints, the few farms processing this raw material on the premises manage to position the finished product in the channels at high added value (via farm shops and specialised retail sales).

The shops selling organic products in Tuscany

In parallel to the survey on the marketing channels used by the Tuscan organic farms, a survey was carried out on a small sample of specialised shops, supermarkets and restaurants offering organic products in the region. The aim of the survey was to obtain some indications about typology and frequency of Tuscan products in the retail distribution or supermarket chains.

From the data collected by Bio Bank in September 1997, in Italy there were around 800 shops specialising in organic products, and 193 supermarkets offered also fresh organic products (fruit and vegetables, and milk and dairy products). The national distribution of these shops is concentrated in the North East, especially in the Emilia-

[32] This category includes also products which are important for the image of the farm and the territory such as, for instance, spelt (farro) and oats for traditional recipes;

Romagna, Veneto and Lombardia regions, with very few existing in the South (Table 6.8). In Tuscany, the number of specialised shops stands at around 64, with one third of them located in Florence. The density of these outlets is higher in the main town or cities. Recently, fresh fruit and vegetables and dairy products have been included in the products in the COOP Ipermarkets in Montecatini (Pistoia) and Montevarchi (Florence). Furthermore, Tuscany and Lombardia have high numbers of both monthly and weekly organic farmer markets (Santucci 1998). The results of a survey on a sample of sales points in Pisa and Florence are reported in this section, including organic specialised shops, supermarkets, restaurants, a local market and a wholesale dealer[33].

Table 6.8 Specialised shops and supermarkets selling organic products in Italy 1997

Region	*Shops*	*Supermarkets*
Piemonte	120	
Valle d'Aosta	3	
Liguria	15	
Lombardia	129	29
Trentino Alto Adige	34	1
Veneto	100	55
Friuli Venezia Giulia	34	1
Emilia Romagna	84	103
Total North	*519*	*189*
Tuscany	64	2
Marche	35	2
Umbria	11	
Lazio	83	
Total Centre	*193*	*4*
Abruzzo	4	
Molise	4	
Campania	18	
Basilicata	18	
Puglia	3	
Calabria	11	
Total South	*58*	*0*
Sicily	22	
Sardinia	8	
Total Islands	*30*	*0*
Total Italy	*800*	*193*

Source: TuttoBio 1998

[33] Detailed interviews were carried out with these distributors, along with visits to the sales points. The collected data were produced directly by the shops' managers and the other operators.

Specialised shops

Most products are from Italy and a small number are imported. The presence of Italian products ranges from 37.3 percent in the 'Mago di Orz' (a centre of natural food) to 64.6 percent in the shop 'Ananda Samgham'. Among the Italian regions, Piemonte scores highest with a share of 22.7 percent at 'Ananda Samgham'. In the specialised shops in Florence, Tuscan products cover minimum shares: at 0.65 percent in the 'Pegasus' shop in the suburban street Viale Ariosto and 10.13 percent in the 'Ananda Samgham' shop in the central Borgo Ognissanti. The percentages of imported products, however, range from a minimum 26.35 percent in the 'La tua erboristeria' (via Ferrucci in Florence) to a maximum 47.32 percent in the 'Mago di Orz'. Here the products imported from Germany comprise 43.53 percent of the total.

The *restaurants* source nationally and locally: in the two sites under survey the rate of Italian products grew from 45 percent to 73.3 percent. Also the number of products from Tuscany is higher, ranging from 13.3 to 22.53 percent. Foreign products cover a lower percentage, from 6.6 to 44.4 percent (there are many products imported from Asian Countries, such as China, India and Japan).

The *wholesale dealer* 'Terre di Toscana' (the only one in the whole Region) is even more closely connected to national and local production: 60-70 percent of the products distributed are Italian, Tuscan products comprising 30 percent of the total. This figure goes up to 51.16 percent for fresh products (Table 6.10).

Although the share of products of Tuscan origin is increasing in specialised shops, restaurants, supermarkets and wholesales it can be maintained that, on the whole, Tuscan organic products are still few and far between in the Tuscan urban sales points. If the analysis had been carried out on the sold quantity, the percentage shares of domestic and imported products would likely be the opposite and yet the results for the Tuscan products would be identical.

The specialised shops offer a wide range of products, as well as large quantities; supermarkets, however, offered only a minimal range of organic products.

A comparison between prices in the supermarkets shows that there is a difference between organic and conventional products. Differences are small for products such as pasta; yet they exceed 200 percent in the case of fruit compotes. In the Tuscan supermarkets there are few organic products, most of them are processed products. Fresh fruit and vegetables, as well as meat, are totally lacking.

In restaurants the amount of 'foreign food' is very limited. It is interesting to note that these include also a few 'special' drinks, such as tonic, macrobiotic coffee and barley with different flavours, all coming from exotic countries (Mexico, India, China and Japan).

The Italian products cover 73.3 percent the total offered in the restaurant 'Il Vegetariano' and 45 percent of that in the 'Caffè d'orzo'.

There is also a high percentage share of 'home-made' bread, Chianti wine, milk, eggs and other products which are not typical of the area, such as soya milk and seitan, but which are common in modern vegetarian cuisine. This data underlines the role of regional cuisine in 'keeping alive' local typical products. Moreover they represent one indication that 'organic' and 'vegetarianism' belong to the same food subculture.

Table 6.9 shows that there is a similar percentage quote (relative to the offer) of imported and domestic organic products in the supermarkets. Tuscany scores 11.98 percent for products; the wholesale dealer 'Terre di Toscana' (Table 6.12) constitutes an exception amongst the organic sales points investigated so far, since the percentage of the total which are Tuscan products is remarkably high.

Table 6.9 Supermarkets in Tuscany: Origin of the product

Total Italy	*45%*
Tuscany	11,98%
Lombardia	13,17%
Veneto	9,58%
Total abroad	43,7%
France	23,35%
Netherlands	3,6%
Unknown	12%

Source: Own data

Table 6.10 Wholesaler Terre di Toscana: origin of products

Dried products	*Fresh products*	*Origin*
10%	4,06%	Abroad
60 - 70%	95,96%	Tot. Italy
50 - 60%		Italy no Tuscany
30%	51,16%	Tuscany
	25,58%	Sicilia

Source: Own data

From a synthesis of the characteristics of the offer in the diverse typology of shops we can assume that the supply of Tuscan products in the urban sales points in Tuscany is still very limited, and consequently at present organic Tuscan producers do not find here a significant market outlet.

Problems encountered by Tuscan organic producers in selling their products

The results of 476 interviews with Tuscan organic farmers clearly show how the marketing of products is perceived as the main problem. The hindrance most often indicated by the farmers in selling the products as organic at a price premium was consumers' 'lack of information' about the characteristics and guarantees of organic agriculture. The second most often cited problem was the price (too low) offered by wholesalers and specialised shops.

Over 75 percent (359 farmers) of those interviewed termed the marketing of their products as 'inadequate' (Table 6.11), even though 63 percent did not specify precise motives for their dissatisfaction. Nevertheless, 37 percent of them (133) gave a specific reason for the inadequate. Among the 117 farms that are satisfied with their marketing of products, 95 detailed also why.

Table 6.11 Result of survey on marketing of organic products: Opinion of the farmers

Opinion	*N.*	*% on total respondents*	*n. of farmers who gave a motivation*		*n. of farmers who gave no motivation*	
			n.	%	n.	%
Unsatisfied	359	75,42	133	37	226	63
Satisfied	117	25,58	95	81.2	22	18,8

Source: own data

The farmers happy with their distribution channels pointed to the advantages of direct selling (in farm shops and by post) and to the long established relationships with dedicated organic shops, both in Italy and abroad. About 40 percent of the farmers dissatisfied with their marketing indicated the measures they wanted to adopt in order to improve the situation. The most frequently proposed solutions could be divided into two groups as follows:

The first group of farmers pointed to the need to strengthen *direct selling:* the majority of the farmers (45) declared that they wanted to sell their products through direct sales, or enlarge this option where it was already operational (e.g. the farm shop). The approaches included the starting of an agritourism activity, the improvement of the farm shop, the realisation of a processing activity on farm or labelling and packaging the products with a private label in order to start or improve direct sales on foreign markets, and sales through internet or postal catalogues. These different types of direct selling varied according to the age of the farmer and the composition of the family. Younger farmers declared themselves to be attracted to sales through the Internet and the families with unemployed or under-employed labour, women especially, declared themselves to prefer agritourism and the farm shop.

All the farmers who suggested these forms of direct selling had in common a specific *vision* of the market for *their* organic products as a 'niche market' for lifestyle oriented consumers. Crucial in this regard is the willingness to stay in the 'alternative niche' of the first networks of producers-dedicated retailers-lifestyle oriented consumers that would guarantee high price premiums and would avoid the inevitable banalisation/anonymisation of the products on the supermarket' shelves.
The second group was smaller. The farmers indicated the need to improve the forms of *collective sales* and integration into the conventional channels: a group of farmers advocated collective sales or wanted to improve the organisation of those already operating; other pointed to the need of an *advertisement campaign* to improve general consumer knowledge of organic products and attract new consumers. Another small group of farmers aimed at the realising *a trade mark*. All the farmers who suggested these solutions for improving the commercialisation of their products shared a *vision* of the market for organic product as integrated into the conventional one and were concerned about attracting new conventional consumers. Crucial to them are the traditional marketing activities (advertisement campaigns, trade marks, collective offer in offer in order to meet supermarket chain requirements and so forth) in order to increase the visibility of the organic products among the conventional ones.

Table 6.12 Farms and farmed land: Var. 1992-1997

	Year	*< 10 ha*	*10-50 ha*	*50-200 ha*	*> 200 ha*	*total*
Farms	1992	56,9%	33,0%	8,3%	1,8%	100,0%
	1997	52,8%	36,5%	8,3%	2,4%	100,0%
	Var.97/92	-4,1%	3,5%	0,0%	0,6%	
Farmed land	1992	11,0%	28,0%	29,4%	31,7%	100,0%
	1997	10,4%	30,1%	25,8%	33,6%	100,0%
	Var.97/92	-0,5%	2,1%	-3,6%	2,0%	

Source: own data

Tab. 6.13 Number and size of satisfied and unsatisfied farms

	Satisfied farms	*Unsatisfied farms %*	*% satisfied*	*% unsatisfied*
0	2	50	2,0	15,7
<10	44	153	44,0	48,1
10 – 30	35	74	35,0	23,3
30 – 50	8	14	8,0	4,4
>50	11	27	11,0	8,5
Tot. Farms	100	318	100	100

Source: own data

The farmers expressing discordant opinion about marketing do not differ as to either structural data or crops cultivated (Tables 6.12 and 6.13). Other factors seem to be more important, for instance the average age of unsatisfied farmers is definitely higher than the average age of satisfied ones. Most significant differences appear in the marketing methods utilised and in the length of time they have been involved in organic production. Those farmers who sell directly have less problems with marketing and usually they obtain satisfactory prices. It is evident how the percentage of farmers satisfied with their marketing methods is much higher amongst those who had converted earlier to the organic system (Table 6.14). In particular, amongst the farms converted from the 1980's to the 1990's the percentage of satisfied farmers is 46 percent, and in the last three years the same percentage declined to 19 percent. This data emphasises that with the growth of the organic niche the marketing issue becomes even more important than production. New problems related with the quality and the pursuit of adequate channels are relevant above all for the new organic farmers (older than the pioneers) who have still to become expert and have to convert their know-how, not only technologically but also in terms of marketing.

Table 6.14 Year of registration to the CTPB of farms satisfied and unsatisfied with their product marketing

Year of subscription	*N. satisfied farms*	*N. unsatisfied farms*	*% satisfied per year*
1983	5	2	71,4
1984	0	0	-
1985	1	1	50,0
1986	2	3	40,0
1987	1	3	25,0
1988	6	2	75,0
1989	4	9	30,8
1990	5	12	29,4
1991	5	8	38,5
1992	6	23	20,7
1993	13	38	25,5
1994	22	82	21,2
1995	23	66	25,8
1996	5	47	9,6
Without date	2	22	8,3
Total	100	318	23,9

Source: own data

Rural policies of the regional government

The Region of Tuscany has developed a specific policy in order to sustain the local movement of organic agriculture. The most important steps of this policy are the followings:
– *Regional Law n. 49, 16th of July 1997*, which provides rules for the control of agricultural productions obtained through organic methods. This law regulates and organises the supervision of the private certifying bodies. Moreover it grants a modest economic compensation (max. 300,000 Italian liras) to the small farmers to offset control and certification costs. This support has been the first example in Italy and was positively judged also by the European Community.
By means of the Law n. 49/97, an innovative organisation for the public supervision of the private certifying bodies is therefore prefigured. Also in this field, amongst the Italian regions the Region of Tuscany has been the first to carry out systematically this kind of activity, and now the other regions are developing a similar instrument.
Within this new organisation, the A.R.S.I.A. (Regional Agency for Development and Innovation in the Agri-forest sector) plays a pivotal role, fulfilling the following tasks:
– The supervision of the organisations authorised to control the organic farmers; periodically the A.R.S.I.A verifies the technical requirements of these organisations following the rules ISO 45013.
– The compilation of a regional list of the organic operators, constituted by all those who produce, prepare or pick the spontaneous products and have notified either their organic activity or their conversion to the above authorised organisations of control. Therefore the A.R.S.I.A is playing a completely new role within the public administration.
The Region of Tuscany supported such an activity by providing an initial budget of 100 millions Italian liras. The funds had been raised through the Interregional Programs which had included a specific action in the objective 'Agriculture and Quality', i.e. the Regions should apply the instruments entrusted to them for the supervision and the compilations of the lists. It can be said that through the controlling action carried out by both the private certifying bodies authorised by the Ministry (in Tuscany the most important are AIAB, IMC, 'Suolo e Salute', CCPB) and the A.R.S.I.A (public control), the sector of organic production offers remarkable guarantees to the consumer as far as the respect of laws and the healthiness of the products are concerned. Moreover, the rights of the producer are more effectively protected.

The Triennial Project for the development of organic agriculture and husbandry in the Tuscan Regional Parks.

Since 1997 the A.R.S.I.A has been co-ordinating a pilot project for the promotion of *Organic agriculture and husbandry in the Tuscan regional parks* founded by the Department of the Environment of the Tuscan Region and managed with the co-operation of the 'Ente Parco della Maremma', the 'Ente Parco di Migliarino, S.

Rossore e Massaciuccoli', the 'Ente Parco delle Alpi Apuane' and the 'Coordinamento Toscano dei Produttori Biologici'. The promotional activity of the project (lasting from September 1997 to September 2000) aims at encouraging the farms included in the park areas or in the surroundings to convert to the organic system. The projects therefore includes:
Information to farmers on financial incentives;
Technical assistance on organic methods of production to the converting farms;
Development of homeopathic veterinarians for the treatment of the cattle;
Marketing support and commercial promotion of the products.
The aim of the project is to promote the conversion of 30 percent of the farms included in the parks within three years, with a converted land area representing at least 20 percent of the total farmland.
The project is included in a large framework of laws and programmes ranging from the Law 394/91 to the EEC Reg. 2092/91, the 1999 Programme of the Department of Territorial and Environmental Policy of the Tuscan Region and the Agreements with the three Tuscan Regional Parks. Among the actors participating in the project there are specific and common competencies, such as the study of the product marketing, of commercial promotions and of the creation of new brands.
The A.R.S.I.A co-ordinates the project, draws up specific agreements with the interested subjects, arranges demonstration programmes in the parks and transfers the innovation in the farms, monitors the development of the project and prepares annual reports concerning the project. The Enti Parco contact the farms and organise meetings with them in order to promote the project activity, co-ordinate the work of the staff within their respective area and provide the logistic support. The Coordinamento Toscano Produttori Biologici (CTPB) guarantees the qualification and the experience of the staff appointed to this service, organises technical meetings with experts and farmers as well as guided tours to organic farms, carries out the demonstration according to the programme drawn up by the A.R.S.I.A. The Organizzazioni Professionali Agricole (Farmer Unions) and their related organisations guarantee the qualified staff following the Regional Law 32790 to support the project. The annual funds amount to 220 millions IL (113,620 €) divided as follows:
200 millions Italian lira. from the Dept. of Territory and Environment Policy and 20 millions Italian liras (10,329 €). from the A.R.S.I.A, for a triennial total of 660 millions Italian Liras (340,860 €).
Through this project the parks can therefore become study laboratories, from which the experimented methods can be 'exported' to the whole regional territory.

Further activities of the region of Tuscany and the A.R.S.I.A

In order to promote a steady development of the sector the A.R.S.I.A and the CTPB realised that a crucial point was the promotion of organic products and the improvement of the distribution channels for reaching a wider segment of consumers and enlarging the limited market constituted only by the small specialised-shops and direct selling. These two organisations reached an agreement to launch an information

campaign to consumers with UNICOOP-Firenze (member of COOP-ITALIA, the biggest retailer in Italy), one of the most important supermarket chains in Tuscany. The goal of this campaign was to co-operate to inform and promote the Tuscan organic products by means of lectures, leaflets, gadgets and guided sales in the commercial sales points of the Unicoop Firenze (about 20 supermarkets and ipermarkets in the North-East of Tuscany).

This activity aims at expanding the knowledge about typical products in Tuscan organic agriculture (tomatoes, Florentine marrows, Florentine aubergines, purple artichokes (Carciofo violetto), Zolfino beans (fagiolo Zolfino), etc.) within the Coop chain. The products have been selected from among the most typical and since 1998 they have been supplied at several sales points all around the province of Florence. The products are conveyed and packed by the organic wholesaler 'Terre di Toscana e Dintorni', operating in the market of Florence, which guarantees a daily supply. The percentage of organic products on the total of the sold vegetable and fruits sector is over three percent in the three ipermarkets of Unicoop Firenze (in Montecatini, Montevarchi and Lastra a Signa) and is an increasing trend. (Source: personal communication from Unicoop Firenze and A.R.S.I.A 1999)

Through the development of the organic Agriculture, the Region of Tuscany and all those interested in this development aim at the following objectives:
1. Environment friendly development of the agricultural sector (the organic methods do not use chemical substances, but rather improve the natural resources and are therefore able to benefit the ecosystem as well as the landscape);
2. Social and economic growth (the opportunity for higher prices on the market, the creation of connected services, bio-agri-tourism and other recreational activities for the community which are profitable opportunities for new operators, the maintenance of the population in marginal areas, the opportunity for the farmer to have higher safety and less risk of pollution of chemical products);
3. Quality of the organic products for the consumers, in terms of tasting quality which depends on the inherent characteristics of the product (nutritional, organoleptic and safety); quality however can be seen also as a factor included in sustainable development. In this way quality becomes a socially desirable requirement independent from the appreciation of the consumer.

Organic certifying bodies

In Italy there are eight certifying bodies. In terms of number of farms and farmed hectares, AIAB (Italian Association for Organic Agriculture) is the most important and it controls 50 percent of Italian land (159,104 hectares and 9,687 farms). Also Switzerland and Austria recognise the AIAB, which can release certifications also in these countries. Only recently have the Italian certifying bodies been deemed reliable at the international level. In fact, previously they had no marketable value since they were not able to offer adequate guarantees to European consumers (e.g. in Germany,

an Italian certification had to be associated to a German one). In general, however, these bodies have been developing both effectiveness and certification ability; all of them can certify according to the ISO rules 9000 and 45000 (and also UNI EN 45011) for they are equipped for both organic and conventional quality productions.

The main Certifying Bodies operating in Tuscany are AIAB, IMC, Suolo e Salute and CCPB. Among them, AIAB is the most numerous association (519 farms with an overall organic and converting farmed land area of 10,602 ha at the end of 1998 – Source: AIAB 1998 Report). At the end of April 1999, the number of farms was over 600, thus confirming the increasing trend towards organic production in Tuscany.

Besides the SOT, i.e. the regional office that co-ordinates the controlling staff, in Tuscany there is also AIAB Toscana ONLUS (non-profit organisation of social utility) which is part of the federative national AIAB and also the reference cultural association for the organic sector in Tuscany. Members of this association are not farms, but processing and marketing firms, associations of producers and consumers, cultural associations, associations for the protection of environment, experts, technical staff, private and public institutes. The main objectives of the Associations are the following:

- to promote the organic production system in agriculture and the agro-food industry by providing support and services for the associate members;
- to promote and carry out environmentally useful developments;
- to promote and carry out professional training, research, and information diffusion;
- to promote the use and the values of the quality mark Garanzia AIAB;
- to promote and carry out events in the schools concerning the social relevance of organic agriculture and natural food;
- to carry out publishing activity in the sector.

Producers associations

Founded in 1983, the Coordinamento Toscano Produttori Biologici (CTPB) is an association of producers that promotes the development of organic farming and represents the first example in Italy.

Until 1997, AIAB and CTPB were one single association, working as a certifying body and as a marketing agency. It provided technical support, information and was also the intermediate between supply and demand in the marketing field. After 1997, in application of the EEC REG. 2091/92 the Certifying Body (AIAB) became an independent association, separated from the farmers' organisation. CTPB is now promoting associated marketing of organic producers by means of two lines of action:

– Associated Shops on Farm (till now 5 shops all over Tuscany) where the members can sell directly according to the Regional Law 59 offering a wide range of products to the consumers;

– An agency of promotion and professional advice for the producers: the 'Solo biologico' association makes available an efficient commercial bureau, which is constantly in touch with the national and international market and costs 2 to 5 per cent

of the sold quantity. CTPB members can therefore rely on a larger market and have easier access to export to Japan or North Europe.

Conclusions

In Tuscany the geographical conformation of the region (high percentage of hillside and mountain) and the farm size and structures slowed the process of modernisation of agriculture, therefore industrialised agriculture did not develop as quickly as in other near regions (e.g. Emilia Romagna) and traditional farming survived. Two weak points have always characterised Tuscan agriculture: lack of vertical integration through the supply chain and lack of collective marketing of produce. The local institutions have been searching for alternative paths of development in order to make viable agriculture production even in a difficult structural context. The same geographical and structural factors that limited possibilities for industrialising farming have been key elements in the development of quality production (wine, olive oil, processed meats, cheeses) and integrated activities (handicraft and agriculture, agritourism). Recently (over the last 5 years) organic farming has become one of the priorities of regional agricultural policy.

Tuscan organic agriculture has recorded a real boom over the last five years, yet it must still be defined as a 'niche' sector. Although the survey on socio-economic data was carried out on a partial sample of the farms certified by the AIAB, the average farmed land shows a noticeable increase.

Organic agriculture is mostly located in the provinces of Grosseto, Siena and Florence, i.e. those areas where the opportunities to supplement farm production with the offer of rural services are high, due to the specific situation of the territory: e.g. attractive landscape or environment, closeness to the cities, possibility for combining sea-tourism and art-tourism. This data emphasises the persistence of a quest for development patterns oriented to the integration of farm activity with the new recreational and environment services in order to promote the revitalisation, both economic and demographic, of many Tuscan rural areas.

At present, olive oil and wine are the products of greatest importance for the organic farms in Tuscany. They are both typical products of the Region, mostly marketed through the channels allowing the product maximisation of added value (direct sales, specialised foreign and domestic retail trade, restaurants). Fresh foods (fruit and vegetables, meat and milk products) are still limited, representing a weak element in the Tuscan supply system, although new marketing initiatives may be helpful here, as highlighted by a recent survey on fresh meat distribution (Miele *et al.* 1997).

The predominance of short circuits between producer and consumer is based on the optimisation of a few specific features of the Region, such as the large production of typical products (Tuscan olive-oil and wine). As regards these products, the

conventional farm system represents a point of contact in terms of realising first-rate products within a stable market. Vice versa, sales of organic meat are increasing and until now its main limits are given by moderate capacity of production and also in an absence of laws at the EU level (until 1999), that has limited the possibilities for certification[34] and consequently the access to a premium price. Furthermore, the possibility of starting direct forms of marketing linked to linked activities (sea and art tourism, recreational services, craftsmanship) is also interesting. Most organic producers prefer these channels because of their weakness in meeting the requirements of the supermarkets chains and the specialist shops. These outlets require quantities, quality standards and prices which are not feasible for most Tuscan producers.

The farms which have recently converted to the organic system (mainly because of EU incentives) are confronted with more severe problems than those which converted earlier. The pioneers can count on their experience in this sector and on their alternative networks (direct sales, specialised shops and export). The farms that shifted to the organic system in recent years have to face all the technical problems linked to the converting phase (lower production, adjustment of crops, etc.). Moreover, they also have to reconvert all the sales forms, since the 'conventional' distribution channels are not immediately profitable. To these farms the phase of experimentation and market research for the new organic products is more difficult. Therefore, they see an urgent need for marketing to be supported, although at present it is not included amongst the support measures of the EU.

The Tuscan Region has developed a policy on organic farming addressing specifically the needs of these last farmers by promoting 'protected access' to conventional distribution channels (supermarkets) and a general campaign to consumers. The relevance and the implication of this type of policy will be discussed in the concluding chapter, where the Tuscan experience will be contrasted with the other two case studies.

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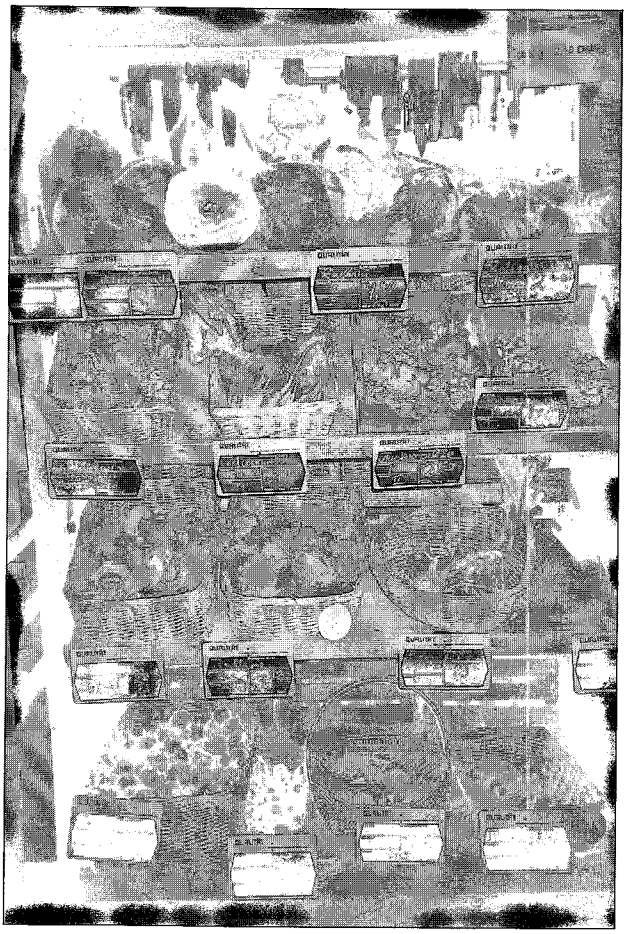
[34] The EU Regulation 2092/91 does not inlcude specific set of rules for organic zootechnics. Presently a specific regulation for the sector is under examination of the UE Commision for Agriculture. The Tuscany Region, however, has recently approved a specific law on organic zootechnics (RL nr. 54/1996) which is a positive point of reference for the producers and a support to the visibility of the zootechnical food products obtained through organic rearing methods.



7 Conclusions

This chapter will present three points that have emerged from the analysis of the case studies illustrated in the previous chapters. The first point is that the growth of the demand for organic products can lead to very different situations; therefore abstract conceptualisations of the 'market' as a co-ordinating mechanism do not help our understanding of the divergent paths of development that seems to characterise many countries in Europe. Neither do overly generalised sociological themes of new consumer trends (outlined in Chapter 2). The second point is that specific actions and policies aimed at promoting the development of organic farming can bring about divergent effects when they are applied in different contexts. The three preceding chapters have outlined three very different contexts, which clearly affect policy implementation. And the third point is that in order to promote more environmentally sustainable agricultural practices and robust food systems the issue of localisation of both production and consumption needs to be addressed.

In the previous chapters through the illustration of three case studies it emerged that the first organic movements in Europe were quite similar in various countries in terms of their philosophies, their agricultural practices and the markets that they gave rise to. Organic movements in Europe have emerged as alternative actors that have criticised what they successfully defined as 'conventional agriculture'; they proposed an approach to food production where the aim is to create integrated, humane, environmentally and economically sustainable agricultural production systems. The system of beliefs that has inspired this approach to agriculture has been defined as being paradigmatically distinctive from modern agricultural systems since it is founded on a holistic interpretation of natural processes at the farm level. The term 'organic' is best thought of as referring to the concept of the farm as an organism, in which all the component parts - the soil, minerals, organic matter, micro-organisms, insects, plants, animals and humans - interact to create a coherent and stable whole.

Therefore, local or farm-derived renewable resources are believed to play a crucial role in providing acceptable levels of crop, livestock and human nutrition, protection from pests and diseases, and an appropriate return to the human and other resources employed. Reliance on external inputs, whether chemical or organic, is reduced as far as possible. In many European countries, organic agriculture is known as ecological agriculture, reflecting this reliance on ecosystem management rather than on external inputs.

The objective of sustainability lies at the heart of these organic farming movements and was one of the major factors in determining the acceptability of specific production practices. The term 'sustainable' was used in its widest sense, to encompass not only conservation of non-renewable resources (soil, energy, minerals) but also issues of environmental, economic and social sustainability. This world view largely informed the first pioneering movements of alternative agriculture that stressed the importance of cultivating the land according to such principles. It also affected perception of the market for organic products and they believed it should be locally based, oriented towards seasonal products, and should promote specific styles of consumption oriented towards simple foods (unprocessed, unrefined, wholesome, typical of the region and so forth) and low consumption of energy for packaging and transportation.

This system of beliefs has been the provenance of small groups of producers and consumers in most countries in Europe and for more than half a century has galvanised the emergence of alternative networks of organic agriculturists, organic shops and alternative retailers, and alternative consumers. An ideal-type of this alternative circuit can be found in the first biodynamic movements in Germany and Switzerland in the 1920s. The values that inspired these alternative movements became more widespread from the 1970s onwards in Europe with the general growth of the environmental movements, firstly in the northern European countries and later in the Mediterranean areas. A growing number of lifestyle oriented consumers promoted the development of an alternative food subculture as opposed to the growing massification of food that was part of the dominant consumer culture; thus a small market niche was established and flourished during the 1980s.

During the 1990s the demand for organic products has grown rapidly in Europe. Nevertheless there has been a substantial change in this demand: if the first consumers of organic were lifestyle oriented and conceived food consumption as part of a broader system of beliefs, the new consumers increasingly were motivated by health concerns without specific connections to other values. The major effect of this broadening of demand has been a polarisation of consumption in the wealthier countries and in the urban areas.

During the same period organic farming has become one of the key issues in reshaping European agricultural policy. Most European countries have developed financial support schemes to assist farmers converting to organic production. These policies have aimed at increasing organic farming in Europe thereby reducing the overproduction of conventional commodities through the diffusion of more environmentally compatible agricultural practices. Since 1993 an effect of the environmental measures accompanying the reform of the Community Agricultural Policy has been a general increase in organic production across the EU. Such an increase did not automatically translate into more favourable prices for consumers, as pointed out by Michelsen *et al.* (1999:113-115), because the distribution systems in the

same years did not reach an adequate level of efficiency in the marketing of these products in most countries. On the contrary, there were generally lower prices for the producers (especially for cereals) and the percentage share of organic products sold as conventional increased, notable fruit and vegetables, meat, animal products. This last phenomenon occurred in all the cases presented here: in Germany the estimated share is 20 percent, in the Netherlands (according to Michelsen *et al.* the Netherlands is the country that is less affected by this phenomenon) it is 20 percent of fruit and vegetables, and in Tuscany over 50 percent. But very few countries have developed specific policies addressing the marketing of this growing supply. As previous chapters have shown, the marketing of organic products is a complex process, one that must be tailored to the particular circumstances which exist in each country.

The organic sector has grown rapidly in recent years, but with increasing disconnection between sites of production and sites of consumption. Thus, one of the key elements defining the 'sustainability' of organic farming, the localisation of consumption as well as production, has become increasingly neglected. There is increasing evidence that the localisation of organic farming seems to be affected by national or supranational policies, which provide financial support for conversion to organic coupled with low profitability of conventional farming (Michelsen *et al.* 1999), while the growth of the market is most marked in urban areas where the highest numbers of consumers with significant disposable incomes are located. Notwithstanding some notable exceptions, this trend is leading to a concentration of organic production in marginal areas in every country and is promoting a polarisation of production in the south and consumption in the north of Europe.

The time dimension is also relevant here since, given the conversion period of 2-3 years for moving from conventional agriculture to organic, the signals of the markets (increasing demand) cannot be caught immediately by producers and retailing companies which have to source internationally. Therefore the countries in which consumer demand has grown more rapidly are also those that have experienced the major increase in the import of organics.

The aim of this book was to investigate the relationship between the development of the alternative agricultural movements in three countries in Europe (Germany, the Netherlands, and a region in Italy, Tuscany) and the growth in the market for organically produced foods. Both organic agriculture and the consumption of organic foods have grown rapidly during the last decade but very seldom have they grown together, either in terms of space or time. The co-evolution of these phenomena is here assumed as a key feature of more sustainable food systems. The way these cases has been analysed has placed special emphasis on the conditions that can lead towards a localisation of food production and consumption and the ones that can lead to the opposite. The selection of the case studies has been affected by this objective.

Germany is an interesting case in terms of the space dimension for it is an example of the growing disconnection between 'sites' of consumption and 'sites' of production. It shows that especially in those countries where the organic movement developed early, thereby establishing a set of alternative agricultural institutions and a solid niche market, specific policies are needed which address marketing in the context of a move from 'niche' to 'mainstream' (in ways that do not threaten the original networks).

The case of the Netherlands is interesting since the development of organic farming here represents a unique situation in Europe for both the dimensions of space and time. It presents an opposite situation to Germany and the disconnection between production and consumption derives from the low development of the domestic market, compared with the high production capacity. The small pioneer, alternative agriculture movements have not established a strong alternative network of production and consumption of organics. During the 1990s, when the demand for organics has grown in the rest of Europe, the Dutch organic farmers, building on the specific tradition of organisation and on the example of successful forms of vertical integration in the conventional sector, reproduced this type of organisation in the organic sector and realised one of the most efficient system of production oriented towards exports.

There is one similarity between Germany and the Netherlands, and that is in both countries the main distribution channel for organics is represented by the specialised shops as the supermarket chains started to offer organic foods much later than in other northern European countries. According to Biologica (1998), the Netherlands in 1999 has 380 of these shops. In 1997, they still accounted for 75 percent of total sales (Comber 1998). Supermarkets had then a share of 20 percent, while other outlets including direct sales, subscription schemes and farmers' markets took the remaining 5 percent. However, in 1998 the balance began to turn with an increase of the market share of supermarkets: they now account for 35-40 percent of sales (Rabobank 1998, in van der Grijp *et al.* 1999). Michelsen *et al.* identify in this specific form of commercialisation (natural food stores) a hindrance to the development of the domestic markets and attribute this to the 'delay' in the supermarket chains stocking organics. These last are seen as instrumental for reaching new consumers, the ones who would not look for organically produced food as part of a broader lifestyle choice, but would be attracted to buy if it were available in their most usual site of shopping.

Organic farming in Italy has developed very unevenly: the size of the market for organic foods and organic agriculture differing between regions. Also the timing and the modalities of EU regulation vary in different regional contexts. Hence, in most analyses of the evolution of organic agriculture in Italy it has been thought appropriate to describe the Italian case as composed of a series of regional organic farming sectors developing in rather independent ways. The description of regional cases has been adopted even in comparative studies at the supranational level (Michelsen *et al.* forthcoming). Here the same method has been adopted and Tuscany has been identified as a special case in the context of Italy and a useful contrast to both Germany

and the Netherlands. As in the case of the Netherlands, the prevailing path of development of conventional agriculture in the region represented a reference point for the development of organic farming. In the case of Tuscany the early organic movement had many of the same traits as the German pioneers, and indeed there were many German farmers among the founders of the movement in Tuscany. This early movement created a niche market very similar to the German one but it was more fragile, less diffuse, and less institutionalised.

With the implementation of EU Regulations, the southern regions in Italy, characterised by a higher numbers of marginal areas and stagnating markets, have moved to organic farming attracted by the financial incentives. Most of these farms do not locate their products as organic in the market since the financial support is already remunerative and the bureaucratic procedures for the certification would simply increase the cost in the face of uncertain premium prices. Moreover in the south of Italy the market for organic is very underdeveloped, despite the fact that is growing in the northern regions. The financial support granted by the EU has also attracted new producers in the northern regions, and as chapter 6 shows, the number of farms and land cropped organically has increased in Tuscany as well. The main difference with many regions in the south is that the conventional producers who converted to organic in this region had to find a market for their products.

The results of the survey presented in Chapter 6 show that the commercialisation of organic production for the 'new' organic producers in the second half of the 1990s has become very problematic. The sophisticated but fragile networks of the pioneer producers were linked to a limited market characterised by lifestyle-oriented consumers that could not be expected to grow at the same speed of 'sustained' production. At the same time the conventional retailing companies started to display an interest in offering organic lines, but could source from a larger and more competitive supply, both at national and international levels.

The role of the Regional government in recent years has been particularly important in identifying instruments for orchestrating the development of the organic sector at the regional level in line with forms of more localised circuits of production and consumption, without confining the commercialisation of organic products in the alternative circuits of the pioneer movement. For the development of organic farming, this active role of the local institution is fundamental for the direction that the development itself will take.

The local institutions implement not only the regulation for financial supports, but can also promote an active interaction between the involved actors. In the case of organic farming local government can exert controls over the implementation of the regulations, can propose and promote objectives of development, and can play an active role in connecting local actors with broader networks. In the Tuscan case, for example, local government, by promoting a dialogue between organic producers

associations and local supermarket chains, has created the conditions for the supermarket chains to develop a commitment to local products, that, most likely would not be in the forefront of the management of the company without this authoritative intervention.

The Tuscan Region has developed a policy on organic farming identifying it as a possible model of rural development for the whole region, as is stated in the project for the diffusion of organic agriculture in the regional parks (see Chapter 6). The focus therefore has been on developing instruments for addressing specifically the need of the new organic farmers by promoting 'a protected access' to conventional distribution channels (supermarkets) and a general campaign to attract new consumers in order to broaden the local market. The specificity of this type of policy is that organic farming has been considered more a form of rural development than a form of agrarian restructuring and it has become more oriented to sustaining localised forms of production and consumption than promoting the general growth of the sector. An example of this last point is the financial support for the certification costs granted to the small farms. If localisation, or re-localisation of food production and consumption is one of the elements that characterises more sustainable food system, the case of Tuscany, despite its limited experience, shows interesting features and underlines the role that the local institutions can play in promoting a localised connection between producers and consumers.

In sum, organics displays the contemporary fragmentation of the food sector as new consumer trends interrelate with new systems of production, processing and retailing. In different national and regional contexts these new systems take a variety of forms and display combinations of old and new organic structures. This study thus illustrates the complexity that now runs through food systems. As the market fragments even further then it might be assumed this complexity will increase. The combination of structures and forms that now configures the organic sector highlights the need for forms of analysis that can address such complexity. In Chapter 1 and 2 new perspectives on current trends were assessed and it was showed that globalisation and fragmentation run hand in hand so that the lengthening of food circuits goes along with greater diversity. But such diversity does not arise 'naturally' (as though the market could just orchestrate the requisite characteristics); it needs to ride 'on the back' of appropriate production, processing and retailing systems. Some of these systems have been put in place by the pioneers of organics, others have been implemented by more conventional actors. These systems do not always work in complementary ways and often the existence of one can hinder the development of the other. This perhaps implies a more substantial co-ordinating role for policy so that the various elements that comprise a successful organics sector can be effectively harmonised. If policy is to play this role then it will need to find a way of working with rather than against complexity (the traditional failing of conventional agricultural policy). In aiding policy in this role academic analysis will also need to engage with the complex interrelationships that comprise the new food sector fragments such as organics. The

analysis presented in the preceding chapters is a starting point in this regard and indicates the extensive range of actors now operating in and shaping the organics and other food markets.

Appendix
Detail of Research Strategies and Methods

The research has been carried out during the period 1996-1998. A preliminary desk research has been carried out in order to obtain statistical data on the development of organic agriculture in Europe. The fieldwork took place in three countries: Germany, The Netherlands and Italy. In each country 20 open-ended interviews have been conducted with organic producers, wholesalers and retailers in order to understand their views and visions of the market for organically produced products. Moreover in Tuscany, Italy, ten more open-ended interviews have been carried out with key informants from the local institutions (both public and private) working in the field of organic agriculture and rural development. Two surveys with organic producers were also conducted, as part of a research project that I co-ordinated. The Regional Government of Tuscany founded the project in order to understand the structure of organic agriculture in this region and in order to understand the problems of the commercialisation of organic products from the perspective of the producers.
The transcripts of the open-ended interviews with producers were analysed for the discourses drew on to articulate their understanding of the ideals and practices of this type of farming and the motivations for joining the movement for organic agriculture. The interviews with wholesalers and retailers focused attention on their perception of the distinctiveness of the organically produced products, their motivation for entering in this market and their visions of the future market. The concept of *discourse* is been adopted for it acknowledges variability rather than consensus or consistency in the way that people represent phenomena, in this specific case the development of organic agriculture, the diverse visions of the future food markets, the ideas about how farming should be done.
According to Lupton this approach accepts that individuals commonly use competing or contradictory as well as cohesive explanations in conversation, drawing upon various interpretative repertoires to perform different tasks and to present themselves in certain ways. 'It is accepted in this methods of analysis that the discourses articulated by participants in such research are produced from a pre-established stock of discoursed already circulating in a culture. The choices people make in presenting their experiences and making sense of them reveal a hierarchy of discourses, and also demonstrate that there are conflicting and contradictory discourses' (1996:159). This point is particularly important in the case of organic producers, wholesalers and retailers since most of them experienced a more or less high degree of *conflict* with the mainstream agriculture institutions and a sense of solidarity and *co-operation* with the co-pioneers in the alternative agriculture world. The majority of the people I interviewed experienced also a change in the mainstream agriculture environment, especially in the Italian case during the last 5 years, and found their values more accepted and shared. Michelsen *et al.* (forthcoming,) underline that a similar preocess has taken place in the majority of the European countries, with the only exception of Austria, and that the 'legitimisation' and acceptance of organic farming values and practices is a quite recent phenomenon. Benvenuti (1987) also underlines the same point by referring to dynamic of the development of Dutch agriculture. This author describes the 'dominant' discourse of the

modernisation through 'scientification' of the Dutch agriculture (during the 1970s and 1980s) as promoted and echoed by a web of institutions collectively named TATE (Technological Administrative Task Environment) that legitimised a high level of modernisation of agriculture and the professionalisation of farmers. Traditional practices became viewed as 'lesser' relevant and marginalised if not openly obstructed in dominant discourses.

This point underlines that discourses are contingent and may vary over time since they are highly embedded in their contexts, both in terms of social and spatial dimensions. The interviews' transcripts have been used to present participants opinions, perceptions and have been treated as socially contested texts, that means that the goal of the interviews was not to assess whether or not they were true or false representations of reality, but rather to get an understanding of the system of credence, beliefs and expectations that they held.

The phone interviews have been employed for the surveys to estimate organic farmers actual use of different distribution channels for organically produced products in the region of Tuscany and their motivations for that choice. The questionnaire was constructed with 25 closed questions and 2 open-ended questions. The phone interviews were carried out by 4 technicians working for the CTPB in October-November 1997.

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Samenvatting

Duurzaamheid creëren: de sociale constructie van de markt voor biologische producten

Hoofdstuk 1: Beschouwingen over globalisering

Dit hoofdstuk begint met een beschouwing over het globaliseringsconcept en bespreekt de literatuur over dit onderwerp in de sociologie van landbouw en voedsel (*sociology of agriculture and food*) en de rurale sociologie. Twee tegenovergestelde hoofdstromingen worden met elkaar vergeleken. De eerste stroming bestaat uit het geheel van politieke economische studies. Voedselproductie en levensmiddelenindustrie worden vanuit een macroscopisch niveau geanalyseerd. Deze studies benadrukken de toenemende homogenisering van de voedselvoorziening, tengevolge van de liberalisering van de wereldhandel en de rol van Trans Nationale Ondernemingen (*Trans National Companies: TNC's*).
De tweede stroming, bestaande uit studies naar 'het nieuwe platteland' (*new ruralities*), vertegenwoordigt een wezenlijk andere interpretatie van het globaliseringsfenomeen. De focus is nog steeds op de voedselproductie, maar met name de 'universele' processen van endogenisering en de selectie van wetenschappelijke en technologische kennis door de actoren betrokken bij de voedselproductie, worden onderzocht. Deze studies laten zien dat nieuwe vormen van productie, die zijn gerelateerd aan nieuwe, op de symbolische karakter van voedsel, de bezorgdheid over de gezondheid en de wens tot het behoud van de natuurlijke leefomgeving gebaseerde consumptiepatronen, leiden tot het onstaan van een zeer gedifferentieerde platteland. Om kort te gaan, deze benadering suggereert dat 'rurale verandering' wordt gestuurd door cultuur gebonden consumtie aspiraties.

Het tweede deel van dit hoofdstuk onderzoekt de ontstaansgeschiedenis van deze cultuur gebonden consumptie aspiraties. Ten eerste wordt een korte beschrijving gegeven van de overgang van een periode van voedselschaarste, naar de huidige situatie van overproductie in Europa. Vervolgens worden de veranderingen die plaats hebben gevonden in de jaren 90 beschreven. Deze veranderingen duiden op een aantal belangrijke trends, waaronder de fragmentering op micro-niveau, in de context van een toenemende homogenisering op macro-niveau. De processen die ten grondslag liggen aan de genoemde fragmentering en homogenisering omvatten een veranderende tijdsbeleving, toenemende zorg voor gezondheid en (voedsel-) veiligheid en een toenemende belangstelling voor kwaliteit. In het afsluitende deel van dit hoofdstuk wordt ingegaan op de consumptie van biologisch voedsel en de goeiende markt voor diervriendelijk geproduceerd voedsel. Vegetarisme wordt, in de context van de huidige overvloed, besproken als een uiting van een nieuwe sensibiliteit ten opzichte van voedsel. Dit voorbeeld illustreert niet alleen huidige veranderingen in de houding ten

opzichte van voedsel, maar het laat tevens zien hoe oude waarden herontdekt (kunnen) worden door (post-) traditionele consumenten. Het is derhalve noodzakelijk om te begrijpen hoe consumptieve behoeftes en wensen veranderen en hoe dit wordt geinterpreteerd in sociale wetenschappen. In hoofdstuk 2 wordt ingegaan op de gezichtspunten in sociologie en cultuur studies (*cultural studies*) ten aanzien van dit onderwerp.

Hoofdstuk 2: De vermaatschappelijking (???) van de markt voor voedsel

De afgelopen 10 jaar is er een sterke toename van studies naar uiteenlopende consumptiepatronen waat te nemen. Het kan niet langer gezegd worden dat consumptie een genegeerd onderzoeksgebied is, zoals Featherstone (1991: viii) beweerde in zijn belangrijke bijdrage in *'Consumer Culture and Postmodernism'*. Veel studies in sociologie, antropologie, economie en cultuur studies behandelen de verandering in de westerse samenleving op het gebied van voedselconsumptie vanaf de jaren 70. Behalve dat wordt ingegaan op de (symbolische) betekenis van voedsel, hebben zij de brede implicaties van deze veranderingen bestudeerd.
In dit hoofdstuk wordt ingegaan op de huidige benaderingen in de sociologie van consumptie (*sociology of consumption*) en de inzichten die hieruit voortvloeien om de veranderende consumptiepatronen in Europa, en de groei van de markt voor biologische producten, te begrijpen. Drie visies worden besproken: ten eerste de structuralistische benadering. In het bijzonder relevant voor deze benadering zijn de antropologische studies van M. Douglas uit de late jaren 70 en vroege jaren 80, gewijd aan het begrip *'commodities as communicators'* (goederen als overbrengers van informatie). Bourdieu levert een relevante bijdrage vanuit de marxistische traditie. In zijn sociologische analyse van *'taste'* (smaak) en *'manners'* (manieren) wordt ingegaan op de wijze waarop mensen consumptiegoederen gebruiken om sociale verbanden aan te gaan, of juist om sociaal onderscheid aan te brengen. Terwijl Bourdieu's stelling is dat leefstijlen in principe vooertuigen zijn voor sociale classificatie, om dat zij duiden op de verschillen tussen sociale klassen (Bourdieu gebruikt voedsel en tafelmanieren als voorbeelden hiervan) wordt in de tweede benadering gesteld dat het sociale onderscheid in voedselconsumptie gedurende het eind van de twintigste eeuw juist is afgenomen. Deze tweede benadering (social network approach), gedurende de jaren 90 ontwikkeld door onder andere Mendel et al (1992), Harris (1986) en Warde (1990, 1992, 1997, 1999), richt zich op gemeenschappelijke consumptie praktijken en laat zien hoe patronen van *sociability* de individuele keuzevrijheid beperken en debet zijn aan de duidelijke inconsistentie tussen de houding en het gedrag van consumenten (Warde 1999). Zij leiden tevens tot een substantiele inertie van consumentengedrag.
De derde benadering komt voort uit het post-modernistische debat en bouwt voort op algemene theorieen over consumptie, zoals ontwikkeld door M. Featherstone (1991) en R. Shields. De nadruk ligt op met consumptiepatronen samenhangende processen van *individualisering* (contrasterend met individualisme) en een *'new tribalism'* (nieuw stamgevoel of stamverband). Deze laatste benadering kan worden geschaard onder de reflexieve sociologie (Giddens 1991, Beck 1994, Bauman 1998) en gaat in op de continue re-evaluatie van traditionele gewoontes door het individu, hetgeen de grip van de gevestigde praktijken van *sociability* (bronnen van identiteit, het gevoel er bij te horen) op consumptiepatronen vermindert.. Deze studies wijzen op een fenomeen dat Chaney *'lifestyle politics'* (de politiek van leefstijlen) noemt. Met het begrip 'lifestyle politics' wijst deze auteur, en anderen zoals Tester en Franklin, op de nieuwe sociale dimensie van voedselconsumptie en op de nieuwe vraag naar 'burgerrechten' die tot uiting komen in consumentenboycotten en

ideologisch georienteerd koopgedrag (fair trade, diervriendelijke producten). Deze fenomenen worden steeds evidenter. Bij een verdergaande politisering van het leven van alledag, worden belangrijke veranderingen in collectieve voedselpraktijken voorzien, autonoom van en zelfs in conflict met de leidende spelers in de agro-food sector.
Alle beschreven benaderingen verschaffen op hun eigen wijze inzicht in en begrip van de context en de dynamiek van de ontwikkelingen in de markt voor biologische producten in Europa.

Hoofdstuk 3: De groei van de markt voor biologische producten

In dit hoofdstuk wordt een overzicht gepresenteerd van de ontwikkeling van de markt voor biologische voedselproducten in Europa. Twee belangrijke aspecten van deze ontwikkeling gedurende de jaren 90 worden verder toegelicht.
Het eerste aspect betreft de polarisatie van de vraag naar biologische producten in de noordelijke Europeese landen en de concentratie van de productie in marginale gebieden van de zuidelijke landen. Dit proces werd in sterke mate beinvloed door de EU maatregel 2078/92, die gerichte financiele ondersteuning voor de biologische landbouw bood en de omschakeling van een conventionele bedrijfsvoering naar een biologische productiewijze voor een gedeelte van de landbouwbedrijven mogelijk maakte.

Het tweede aspect is een verfijning (*sophistication*) van de consumentenvraag naar biologische producten. Sinds de jaren 80 is een steeds groeiend aantal consumenten in nagenoeg alle lidstaten van de Europeese Unie geinteresseerd geraakt in biologische producten. De algemene redenen voor deze toenemende vraag zijn een groeiende bezorgheid over gezondheidsaspecten van voedsel en voedselveiligheid. Milieu-overwegingen, die vooral voor de eerste bewuste consumenten (met name in Duitsland) de doorslag gaven, waren niet langer doorslaggevend voor 'nieuwe' consumenten. Dientengevolge zijn de meer conventionele kwaliteitskenmerken, zoals uiterlijk, maat , maar vooral ook gemak en variatie, de nieuwe vereisten om het nieuwe en groeiende marktsegment van de conventionele groothandelsketen in te spelen. (Gemak en variatie zijn op zich minder mindervriendelijk van aard, maar komen desondanks overeen met een gezondheidsbewuste keuze). De socio-demografische kenmerken van de nieuwe consument van biologische producten (hoog opleidingsniveau en middel- tot hoog beschikbaar inkomen) zijn een verdere impuls voor de conventionele groothandelsketen om biologische producten aan te bieden en het beleid op deze consumenten af te stemmen.

Hoofdstuk 4: Duitsland: de problemen van een pionier

In tegenstelling tot de meerderheid van de Europese landen, waar veel producenten zich pas in de jaren 90 tengevolge van de financiele ondersteuning door de EU bij deze ontwikkeling aansloten, is de Duitse biologische landbouw in belangrijke mate ideologisch georienteerd. Dit hangt samen met de vroege start van de biologische landbouw (in het begin van de jaren 20) en met de relatief grote aantallen milieubewuste consumenten.
Een uiting van deze ideologische orientatie is de grote terughoudenheid van biologische producenten om hun producten in de conventionele groothandelsketen (supermarkten) af te zetten. Zij hadden een sterke voorkeur voor het afzetkanaal van de gespecialiseerde biologische winkels.

De aan biologische producten gewijde afzetkanalen (boerderijwinkels, gespecialiseerde winkels, consumenten-verenigingen, abbonnementensystemen) ontwikkelden zich in de jaren 70 en 80 voor het eerst in Duitsland. Binnen deze onconventionele afzetkanalen werd een alternatieve en in zekere zin radicale consumptie-ideologie gepromoot. Voedsel diende eenvoudig, oorspronkelijk, volwaardig, milieu- en diervriendelijk geproduceerd en indien mogelijk, onverpakt te zijn, zonder conserveringsmiddelen en andere toevoegingen.
Voor de eerste biologische winkels werd het aanbod van een breed assortiment aan verse producten (bv. vers fruit en groenten) als milieu-onvriendelijk beschouwd. De presentatie van de producten was onbelangrijk, evenals conventionele kwaliteitskenmerken zoals uiterlijk en de maat van de producten.
Gemaksvoedsel (*convenience food*) was op z'n minst verdacht zo niet in overtreding met de een consumptie-ethiek, die uitgaat van een minimaal gebruik van energie. Gezien het hoge aandeel vegetariers onder de eerste consumenten ontbraken vlees en dierlijke producten in de schappen van deze winkels of werden slechts in zeer beperkte hoeveelheden aangeboden.
Gedurende de jaren 80 en 90 groeide de vraag naar biologische producten in Duitsland sterker dan in andere EU-landen, maar het 'alternatieve circuit'van producenten en leveranciers waren er op voorbereid een grotere hoeveelheid te kunnen leveren, noch de meer verfijnde vraag naar kwaliteit te kunnen bevredigen.

De nieuwe consumtenten waren veel minder ideologisch georienteerd, milieuoverwegingen waren minder relevant en gezondheidsaspecten werden het belangrijkste motief om biologische producten te kopen. Deze nieuwe consumenten zochten naar conventionele kwaliteitskenmerken zoals uiterlijk, variatie, grootte en gemak. De toename van biologische consumptie in Duitsland leidde tot een sterke groei van de import: 50% van al het in Duitsland geconsumeerde biologische voedsel wordt geimporteerd uit andere EU-landen en uit Nieuw-Zeeland, Australie en USA.

Hoofdstuk 5: Nederland: export van biologische producten

In dit hoofdstuk worden de ontwikkelingen van de Nederlandse biologische landbouw gedurende de laatste twintig jaren beschreven. In het eerste deel van dit hoofdstuk worden consumptie trends en de houding en het beleid van de voedselindustrie, importeurs-exporteurs en groothandelaren ten opzichte van biologische producten beschreven. In het tweede deel wordt een serie van case-studies gepresenteerd. Hierin staan de strategieen van landbouwbedrijven centraal, om de ontwikkelingen van de markt bij te kunnen houden en de vereisten van de voedingsindustrie en groothandelsbedrijven te kunnen vervullen.

De analyse van de houding van voedselverwerkende bedrijven en overheids instituties over de toekomstige ontwikkelingen op de biologische markt, laat zien dat er een gedeelte toekomstvisie bestaat waarbin de ontwikkelingen worden gestuurd door de export naar andere Europese landen (Duitsland, Groot-Brittanie en Scandinavie).
Deze overheersende visie legitimeert het idee dat de ontwikkeling van biologische landbouwproductie stoelt op *professionalisering* van de landbouwbeoefening, *schaalvergroting* van de productie en versterking van de *verticale ketenintegratie.* Het proces van verticale integratie tussen producenten, voedselverwerkende industrie en de toenemende binnenlandse consumptie wordt, door de ondersteuning van de introductie van biologische producten in de supermarktketens, gestimuleerd vanuit het beleid.

De Nederlandse case-studie laat zien dat het institutionele omgeving en de agribusiness gezamenlijk zeer succesvol in hebben gespeeld op een groeiende Europese markt: maar liefst 70% van de Nederlandse biologische productie wordt geexporteerd.
Door deze ontwikkeling kwam biologische productie in belangrijke mate los te staan van de oorspronkelijke ideeen en idealen betreffende regionalisering van voedselproductie en van een ontwikkelingsmodel dat het voortbestaan van kleinschalige bedrijven, streekproducten en aan landbouw gerelateerde ambachten omvat. Dit wordt geillustreerd door het voorbeeld van de 'Nautilus' cooperatie. Maar gezien de gunstige omstandigheden van een goeiende vraag voor biologische producten, kunnen ook experimenten met kleinschalige, streekgebonden productie opmerkelijk succesvol zijn (zoals wordt geillustreerd met het voorbeeld van de Waddengroep), zelfs in een 'institutionele omgeving' dat geen specifieke stimulering voor deze vorm van ontwikkeling kent.

Hoofdstuk 6: Toscane: de gemeenschappelijke constructie van een markt voor biologische producten

In dit hoofdstuk wordt de ontwikkeling van biologische landbouw in Italie geillustreerd en wordt nader ingegaan op een specifiek regionaal voorbeeld (Toscane).
Het voorbeeld van Italie, het leidende land in Europa voor wat betreft het aantal biologische landbouwbedrijven en de oppervlakte aan biologisch areaal, is relevant voor de discussie over de ontwikkeling van biologische landbouw in Europa. Niet alleen gezien de omvang en de snelle groei van de biologische sector, maar vooral omdat het voorbeeld van Italie als een spiegel kan dienen voor de ontwikkelingen in heel de EU. Zowel in Italie, als in de EU als geheel, vindt een sterke polarisatie plaats, waarbij de productie zich concentreert in zuidelijke regio's en de consumptie in noordelijke en centrale regio's. Tussen de Italiaanse regio's is bovendien een grote ongelijkheid in de ontwikkeling van distributiekanalen waar te nemen. Dit geldt tevens voor de rol van biologische landbouw in de stimulering van rurale ontwikkelingsprocessen. De biologische productieketen in de noordelijke regio's wordt gekenmerkt door een sterke vertikale integratie. De distributiekanelen hebben daarbij veel overeenkomst met die in de noordelijke EU landen. In Zuid Italie en op de eilanden, is de productie van biologisch voedsel vrijwel geheel bestemd voor Noord Italie of voor de export. In de centrale regio's daarentegen, ontwikkelt biologische landbouw zich op een wijze die meer van belang is als ruraal ontwikkelingsmodel, dan als een nieuw segment in de agri-business. Een uitgebreide discussie over dit onderwerp wordt gepresenteerd in de case van biologische productie in Toscane.

Naast een beschrijving van de ontwikkeling van biologische landbouw in Toscane, wordt vooral ingegaan op alternatieve afzetstrategieen, gebaseerd op korte ketens tussen producent en consument. Kenmerkend hiervoor zijn boerderijwinkels, boerenmarkten en speciaalzaken voor biologische producten. Door de grote toename van het aantal biologische bedrijven en het biologische areaal in de tweede helft van de jaren 90, ontstonden er in toenemende mate problemen met de afzet van biologische producten in de bestaande 'alternatieve kanalen'. Omdat zij zich genoodzaakt zagen hun producten af te zetten in de reguliere kanalen, werden veel producenten geconfronteerd met een aanzienlijke terugval van de prijzen. De biologische producenten vereniging (CTPB) probeerde de locale en regionale instituties te mobiliseren tot het afkodigen van beleidsmaatregelen om locale producten te promoten. De regionale overheid en andere regionale instituties, zowel publiek als privaat, raakten betrokken in de denkbeelden van de CTPB. De regionale overheid verwoorde biologische landbouw als een

van de belangrijkste peilers onder een ruraal ontwikkelingsmodel gericht op de regionalisering van voedselproductie, het overleven van kleinschalige bedrijven, streekgebonden producten en aan de landbouw gerelateerde ambachten. In dit hoofdstuk wordt verder ingegaan op de modaliteiten waarmee dit rurale ontwikkelingsmodel is geimplementeerd. Centraal hierbij staat een unieke onderlinge s*ynergie* van publieke instituties, boerenorganisaties, milieuorganisaties en private ondernemingen.

Hoofdstuk 7: Conclusies

In dit hoofdstuk worden drie belangrijke aandachtspunten die voortkomen uit de analyse van de case-studies uit de voorgaande hoofdstukken gepresenteerd. Het eerste punt: de groei van de vraag naar biologische producten kan leiden tot zeer uiteenlopende situaties. Een abstracte conceptuatlisatie van 'de markt' als coordinerend machanisme draagt derhalve niet bij aan het begrip van de divergerende ontwikkelingsrichtingen, karakteristiek voor verschillende Europese landen. Het tweede punt is dat het uniforme EU beleid, gericht op de stimulering van de ontwikkeling van biologische landbouw, kan leiden tot uiteenlopende effecten als het wordt toegepast in verschillende situaties. Het derde punt is dat, om meer ecologische duurzame landbouwpraktijken en robuuste voedsel productiesystemen te promoten, de regionalisatie van zowel productie als consumptie speciale aandacht vraagt.

Samenvattend: biologische landbouw is een voorbeeld van de hedendaagse fragmentatie in de voedselsector, waarin consumententrends in verband staan met nieuwe vormen van productie, verwerking en (detail)handel. Een coordinerende rol vanuit het beleid is gewenst om de verschillende elementen die samen een succesvolle biologische sector maken, effectief samen te brengen. De grote verscheidenheid aan voedselketens in de verschillende landen duidt hierop. Om deze coordinerende rol te spelen dient het beleid een manier te vinden om te werken *met*, in plaats van *tegen* complexiteit (de traditionele fout van het conventionele landbouw beleid).
This chapter foods and the increased popularity of vegetarianism represent a good example of this trend.

Summary

Chapter 1: Reflections on globalisation

This chapter starts with some reflection on the concept of globalisation and reviews the literature in sociology of agriculture and food and rural sociology that deals with this issue. Two contrasting bodies of literature are confronted: the political economy studies that share a macroscopic level of analysis and focus attention on food production and food industries. These underline the growing homogenisation of food provision brought about by the new possibilities offered by trade liberalisation processes to TNCs . The second body of literature, that can be categorised as studies about the 'new ruralities', represents a different line of interpretation of the globalisation phenomenon. Attention is still focused on production, but the aspects that are investigated are the "universal" processes of endogenisation and selection of scientific and technological knowledge reached by the actors involved in the production processes. The latter studies show that new forms of production, which are linked to new patterns of consumption based upon the symbolic nature of food, health concerns and the desire to promote conservation of the natural environment, lead to the emergence of many differentiated rural spaces. In short, this literature suggests that rural change is driven by a highly 'cultured' set of consumption aspirations.

The second section of the chapter investigates how these new 'cultured' sets of consumption aspirations came into being at a specific time in Europe. Firstly a brief overview of the shift from a historical food scarcity to the present overproduction in Europe is provided. In the following section the changes that have taken place in the 1990s are described as these indicate some key trends in food culture, including fragmentation at the micro level, in the context of growing homogenisation at the macro level. The processes underpinning fragmentation and homogenisation are then discussed and these include time-saving and shifting, health and safety concerns and a growing interest in quality. In the final section organic foods consumption, as well as the growing market for animal friendly produced products and vegetarianism is discussed as examples of the existence of a new sensibility towards food as elements of a context of food abundance. The reason for selecting these cases is that they not only illustrate contemporary changes, but also that they show how ancient food values can be rediscovered by (post)-traditional consumers. This last point highlights the requirement to understand how consumption needs and desires have evolved and how they have been interpreted in social sciences. Chapter nr.2 will review the perspectives in sociology and cultural studies that have addressed this issue.

Chapter 2: The culturalisation of the food market

Consumption studies have blossomed during the last ten years and, as Warde (1996: 302) acknowledges, 'no longer can it be said that *consumption* is a neglected area of study' as Featherstone (1991: viii) had pointed in his important contribution on Consumer Culture and Postmodernism at the beginning of the 1990s. Many studies in sociology, anthropology, economics and cultural studies have faced the problem of the qualitative change that has occurred in Western societies since the 1970s in food consumption practices and food meanings, and have explored their broader implications.

This chapter presents a brief analysis of the current approaches in sociology of consumption and the insights that they provide in understanding the evolution of food consumption in Europe and the rise for the market of organic products.

Three perspectives are here discussed:

The first one is the body of literature that shares a structuralist approach. Among these studies particularly relevant are the contributions of the anthropological studies of M. Douglas, (1979) that in the late 1970s and the 1980s stressed the role of *commodities as communicators*. However, Douglas's structuralist approach has tended to be overshadowed by work in the Western Marxian tradition, especially that of Bourdieu (1984). In his sociological analysis of *taste* and *manners*, attention is focused on the ways in which people use consumer goods to create social ties or, alternatively, social distinctions. Bourdieu's thesis in "Distinction" is that styles of life are a primary means of social classification because they express distinction between classes (and Bourdieu is precisely using food and table manner as an example). However, a second body of literature stresses that social contrasts in food consumption have diminished during the later twentieth centuries. This second approach (Social network approach), developed by Mennel *et al.* (1992), (Harris, 1986), Warde (1990, 1992, 1997, 1999), and others in the 1990s, concentrates attention on collective consumption practices and shows how patterns of sociability limit the operation of individual choice and account for much apparent inconsistency between consumer beliefs and consumer behaviour (Warde 1999). They account also for the substantial inertia in consumer practices.

The third approach, developed in the debate on the post-modern condition, builds upon general theories of consumption in cultural studies developed by M. Featherstone (1991) and by R. Shields (1992). It concentrates attention on the processes of "*individualisation*" as oppose to "*individualism*" and the "*new tribalism*" (Maffesoli, 1988) achieved through patterns of consumption. This last body of literature is inscribed in the reflexivity tradition of sociology (Giddens 1991, Beck 1994, Baumann 1998) and, while generally adopting a more individualist approach, it centres on the question of continuous critical re-evaluation of traditional practices which simultaneously loosen the hold of established patterns of sociability (sources of identity, sense of belonging) and opens the perspective for new collective practices through the politicisation of everyday life. These studies point to a phenomenon that Chaney (1996) calls "Lifestyle politics". By lifestyle politics this author, and others like Tester and Franklin point to the new social dimension of food consumption and to the new "demand for citizenship rights" expressed through consumption related activities: consumer boycott and consumer's ideologically oriented choice of commodities (e.g. fair trade and animal friendly produced products). These phenomena are becoming more evident in the food sector.

Changes in collective consumer practices, autonomous from the varied and even conflicting strategies of agrifood leading players, can therefore be envisaged.

All these approaches provide insights in understanding the context and the dynamics of the development of the market for organic products in Europe.

Chapter 3: The growth of the market for organic products.

This chapter presents an overview of the development of the market for organically produced foods in Europe. The chapter focuses on the 1990s and illustrates two main features of this development. The first is the *polarisation* of demand of organic products in the Northern European countries and the *concentration* of production in marginal areas in the Southern European countries. This process has been strongly affected by the enforcement of the EU Regulation 2078/92 that provided specific financial support for organic agriculture and facilitated the conversion to organic farming of part of the existing conventional farms.
The second aspect considered is the *sophistication* of consumer demand for organic products. A growing number of consumers have become interested in organic products almost in all EU countries since the 1980s, health concerns and growing anxiety about food safety being the common feature of such an increasing demand. Environmental concerns, that had represented a strong motivation for the first élite of consumers (especially in Germany), did not affect significantly the new consumers' preferences or choices. Therefore more conventional quality characteristics, like aesthetic, size, and especially convenience and variety (which are intrinsically less environmentally friendly but compatible with a 'health' informed choices have become the new requirements of the conventional retailing chains in order to catch the new and growing segment of the market. The socio-demographic characteristics of the new consumers of organics (high level of formal education and medium/high disposable income) represented a further incentive for the conventional retailing chains to offer organic products and to develop private policies for them (private 'organic.')

Chapter 4: Germany: the problems of a pioneer

The early start of organic farming in Germany (the early 1920s) and the higher number of consumers concerned about environmental problems, compared to the other EU countries in the 1970s and 1980s, characterise the production context as more ideologically oriented than in the other EU countries. The majority of EU countries developed an organic movement later, especially in the South of Europe but also in the Netherlands, and many producers joined the movement in the 1990s attracted by the financial incentives of the EU. A sign of this can be seen in the reluctance that organic producers showed in selling organically produced products in conventional distribution chains (supermarkets) and their preference for the dedicated shops. Also the 'dedicated distribution channels for organic' (farm shops, specialised shops, consumers clubs, box schemes) developed first in Germany in the 1970s and early 1980s, and these alternative retailing outlets were promoting an alternative and quite radical ideology of consumption. Food should be simple, unrefined and unprocessed, wholesome, environmentally and animal friendly produced, possibly unpacked, with no preservatives, no additives etc. Therefore, for the first organic shopkeepers, availability of a large selection of fresh products (e.g. fresh fruit and vegetables) was considered environmentally dangerous, the presentation of the products was largely unimportant and conventional quality attributes like aesthetics and size of the products were perceived as superfluous. Convenience foods were considered suspicious if not deliberately against an

ethics of consumption informed to minimise energy use. Meat and animal products were absent from the shelf or presented in very limited quantities for the high percentage of vegetarians among the early consumers. During the 1980s and the 1990s the demand for organically produced foods in Germany has grown more than in the other EU countries but the 'alternative circuits' of producers and retailers were neither prepared to deliver a higher quantity nor to meet a more 'sophisticated' demand for 'quality'. The new consumers were less ideologically oriented, environmental concern was less relevant and health concerns became the first motivation for buying organic. The new consumers of organic started to look for conventional quality characteristics like aesthetics, variety, size, convenience etc... The higher consumption of organic in Germany created the condition for higher import of products: 50% of the total organic food consumed in Germany is imported from other EU countries and from New Zealand, Australia and USA.

Chapter 5: The Netherlands: exporting organics

Chapter 5 considers the development of organic agriculture in the Netherlands over the last 20 years. In the first part of the chapter consumption trends, food industries, import-export operators and retailing companies' attitudes and policies towards organically produced products are described. In the second part a series of case studies is presented in order to show the strategies adopted by farms in keeping up with the development of the market and the requirements of the food industries and retailing companies.
The analysis of the food companies and public institutions' attitudes towards organic agriculture shows that there is a common vision of the future market for organic products as mostly driven by export towards other European countries (Germany, UK and Scandinavian countries). This prevalent vision among the actors in the organic agribusiness legitimises and makes almost hegemonic the ideas that development of organic production should be reached through the *professionalisation* of the agricultural practices, the *enlargement of scale* of production and the strengthening of *vertical integration* between the actors in the food chain. This process has been facilitated by the support of the public institutions that stimulate processes of vertical integration among producers and food industries and increase domestic consumption by promoting the entrance of organic products in the supermarket chains.
The Dutch case illustrates that both the institutional environment and agribusiness have been very successful in catching a rising market in Europe and 70% of Dutch organic production goes to export. Organic production became largely disconnected from early ideas and ideals of a re-localisation of food production, and from a rural development model that would entail the survival of small-scale farms, typical food and craft activities linked to agricultural production, as the case study of the coop 'Nautilus' illustrates. Nevertheless, given the still favourable context of the growing demand for organic products, some experiences of small-scale, typical production (as illustrated in the case study 'Wadden') have shown a remarkable success even in an 'institutional environment' that does not provide specific incentives for this type of development.

Chapter 6: Tuscany: the co-construction of a local market for organic

This chapter illustrates the development of organic agriculture in Italy and presents a specific regional case (Tuscany). The case of Italy, the leading country in the EU as far as total

number of farms and farmland is concerned, is illustrated. This case is relevant in the discussion of the evolution of organic farming in the EU not only for the rapid growth of this sector, but also because the Italian context is providing a mirror of the EU context. In fact in Italy as well as in the EU as a whole, there is a strong polarisation of organic production in the Southern regions and domestic consumption concentrates in the Northern and Central regions. Moreover, in Italy there is a great regional unevenness in the development of the distribution channels and in the role that organic agriculture plays in promoting rural development processes. In the Northern regions there is a higher level of vertical integration through the organic supply chain, and the distribution channels are similar to the ones in Northern EU countries. In the Southern regions and in the Islands there is production for consumption in the North of Italy or export. In the Central regions organic farming is developing in a specific way which is more relevant as a rural development activity than a new segment of the agribusiness. A more specific discussion on this issue will be presented by analysing the case study of Tuscany.

Firstly will be illustrated the development of organic farming in the region and the relevance of the alternative circuits of commercialisation, e.g. the short chains between producers and consumers of the farm shops, farmers markets, dedicated shops. The great increase in the number of farms and farmland in the second half of the 1990s increasingly created problems for the commercialisation of the organic products through the existing 'alternative channels' and many producers faced a drop in prices when they started to sell their products through conventional channels. The organic farmers organisation (CTPB) tried to mobilise the local institutions for activating specific policies aimed at promoting local production. The regional government and other local institutions, both public and private, got enrolled in the discourse of the organic farmer association (CTPB). The regional government conceived organic agriculture as one of the main features of rural development aimed at a re-localisation of food production, the survival of small-scale farms, typical food and craft activities linked to agricultural production. The chapter addresses the modalities in which this 'rural development model' has been implemented by the *synergetic* actions of public institutions, farmers organisations, environmental movements and private enterprises.

Chapter 7: Conclusion

This chapter presents three points that have emerged from the analysis of the case studies presented in the previous chapters. The first point is that the growth of the demand for organic products can lead to very different situations; therefore abstract conceptualisations of the 'market' as a co-ordinating mechanism do not help in understanding the divergent paths of development that seems to characterise many countries in Europe. The second point is that the same EU policy aimed at promoting the development of organic farming can bring about divergent effects when it is applied in different contexts. And the third point is that in order to promote more environmentally sustainable agricultural practices and robust food systems the issue of localisation of both production and consumption needs to be addressed.

In sum, organics is an example of the contemporary fragmentation of the food sector as new consumer trends interrelate with new systems of production, processing and retailing. The diverse food chains that emerge in different countries suggest that a co-ordinating role for policy is needed so that the various elements that comprise a successful organics sector can be effectively harmonised. The chapter ends underlining that, if policy is to play this role, then it

will need to find a way of working with rather than against the complexity that is so evident in the organic sector.

Curriculum Vitae

Mara Miele was born in Italy in 1958. She is a lecturer in Marketing of the Agrifood sector and Agricultural Economics and Policy in the Dipartimento di Economia dell'Agricoltura, dell'Ambiente Agro-forestale e del Territorio at the University of Pisa, Italy. Her research interests include culture of consumption, consumer behaviour towards food, organic farming, animal welfare issues, and rural development. She has been doing research on organic farming in Italy (1991-1992); in the United States (1998) and in Germany and The Netherlands (1996-1998). Mara Miele's main research interests are consumer behaviour and commercialisation of organic and 'animal friendly' products and during the last five years she has been involved in several research projects that focused on consumer behaviour and sales promotion on regional scale within the European context. Recently she completed a research project on 'International commercialisation and analysis of organic products distribution channels, which was funded by the regional government of Tuscany. She also participated in the research project' Markets for alternative Agricultural Products in Kow Valley (Kansas), which was funded by the USDA. Mara Miele has been the main author and editor of several books (Atteggiamento dei Consumatori e Politiche di Qualità della Carne in Italia e in Europa (with Vittoria Parisi, Franco Angeli, 2001), and La Commercializzazione dei Prodotti Biologici in Europa (Firenze:ARSIA 1998).