



COMMUNICATIONS™

Why Consumers Pay More for Organic Foods: Fear Sells & Marketers Know It

Prepared for the
Western Plant Health Association
2014 Annual Meeting

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September 30, 2014

Preview

- Overview of organic marketing research paper
- Why fear sells
- 4 communication strategies to counter fear-based advertising

Information based on article published in Academics Review, "Organic Marketing Report," March 2014.

Research Conducted

- Academic literature review (200+ published studies from 1990-2014)
- Organic & natural products industries sales trends/reports (50+)
- Other published market research (25+ NGO, government and marketing groups)
- Organic and natural product industry company and trade group reports, presentations, websites and press statements (500+)
- U.S. government published market research, surveys and official statements (25+)
- Trade and mainstream media news reports (1,000+)
- Organic and natural product marketing content (websites, labels, advertisements, brochures and related promotional materials) (200+)
- Advocacy NGO campaign materials (websites, social media, promotional materials), annual reports, donor announcements and US IRS tax filings (500+)

Organic Industry Sales Trends

- 1990-2000: market grows from \$1 to \$8 billion per year in U.S.
- 2000: USDA Organic seal approved 2000 and launched 2001 (a critical tipping point)
- 2001-2014: U.S. Organic market grows from \$8 to \$35 billion per year
 - 2013 global market organic market \$63 billion
 - 2013: Combined U.S. organic and “natural product” marketplace \$290 billion
- Total combined U.S. sales since USDA seal \$298 billion (**net difference from baseline \$8 billion in sales without USDA seal is \$186 billion**)

Sales in US\$ billions	USDA SEAL LAUNCHED December 2000														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Annual organic sales	\$8	\$8	\$9	\$10	\$12	\$14	\$17	\$20	\$24	\$25	\$27	\$27	\$29	\$33	\$35
Cumulative organic sales		\$16	\$24	\$35	\$47	\$61	\$78	\$99	\$122	\$147	\$174	\$201	\$230	\$263	\$298

Consumer Motivations Driving Increased Organic Sales: Academics Review

Review of why people buy organic foods reveals:

- **Personal health and food safety concerns** are the primary, sometimes sole, motivational drivers behind consumer decisions to purchase organic over conventional foods.
- **Absence claims** like pesticide-free, no-GMOs, hormone-free and antibiotic-free are key components informing food safety and personal health risk perceptions.
- **Organic** and other eco or sustainability labels **do not significantly motivate consumer purchases** without absence-claim or related packaging “callouts” and links to implied health and safety related claims.

Consumer Motivations Driving Increased Organic Sales: Organic Industry

Review of more than 50 organic and natural product industry marketing reports and presentations reveals:

- Industry acknowledgement and corroboration of academic findings that **food safety and health concerns drive growth in the organic** and natural market places.
- Targeting of **health and food safety risk claims linked to conventional products** to specific demographic groups like new parents and parents with young children generates increased organic and related natural product sales.
- Publicity around **recalls, food contamination and safety scares, health risk studies linked to pesticides, hormones, antibiotics and GMOs** and corresponding consumer mistrust in government food safety regulatory systems contribute to **increased organic sales**.

Consumer Motivations Driving Increased Organic Sales: LOHAS Industry

Research and related reports presented by the broader natural and alternative health (LOHAS – Lifestyles of Health and Sustainability) product marketplace valued at \$290 billion in the U.S. reveals:

- **Only a small percentage of core purchasers are motivated by environmental and socio-economic sustainability messages.**
- **To grow these markets requires reaching customers motivated by more direct personal interests typically linked to health and safety concerns.**
- **Organic food purchases are a threshold indicator** of willingness and likelihood of making purchases in the broader natural and alternative health product spaces.

Consumer Motivations Driving Increased Organic Sales: U.S. Gov't Role & Influence)

Review of government sponsored studies, statements and official testimony reveals:

- **USDA Organic Seal was critical to and continues to be responsible for establishing consumer confidence** and related willingness to purchase organically marketed food products.
- Majority of **consumers do not know about or understand the USDA NOSP and they misinterpret what the USDA Organic Seal** means with more than 70 percent specifically attributing food safety, nutrition or quality distinctions.
- Early government and organic industry assurances that the USDA Organic Seal did not mean and would not be used to convey safety, nutrition or quality claims are **not enforced by responsible regulators, now absent and contradicted by USDA Agricultural Marketing Service research, and disputed via organic industry marketing claims.**



Creating Consumer (Mis)perceptions About Food Safety & Health Risks

- Organic industry marketing executives openly and frequently acknowledge conventional **food scares and health risk claims cause organic sales to rise.**
- While conceding when pushed to admit that **organic certification is not a food safety claims, organic industry marketing, public relations and 'philanthropic' activities focus almost solely on creating food health, safety and quality distinctions** between organic and competing lower cost conventional foods.



Creating Consumers (Mis)perceptions



Creating Consumer (Mis)perceptions About Food Safety & Health Risks, Con't.

- Organic marketing includes advocacy investments, litigation and lobbying to exacerbate public perceptions on food safety, nutrition and quality distinctions specifically via **GMO, pesticide, antibiotic and hormone related** labeling, sponsored risk research, NGO financial support and related legislative and regulatory initiatives.
- Combined **annual expenditures for the above noted activities is now in the tens of billions of dollars per year** and includes formal partnerships with alternative health and natural product industries which receive downstream benefits from increase organic adoption by consumers.

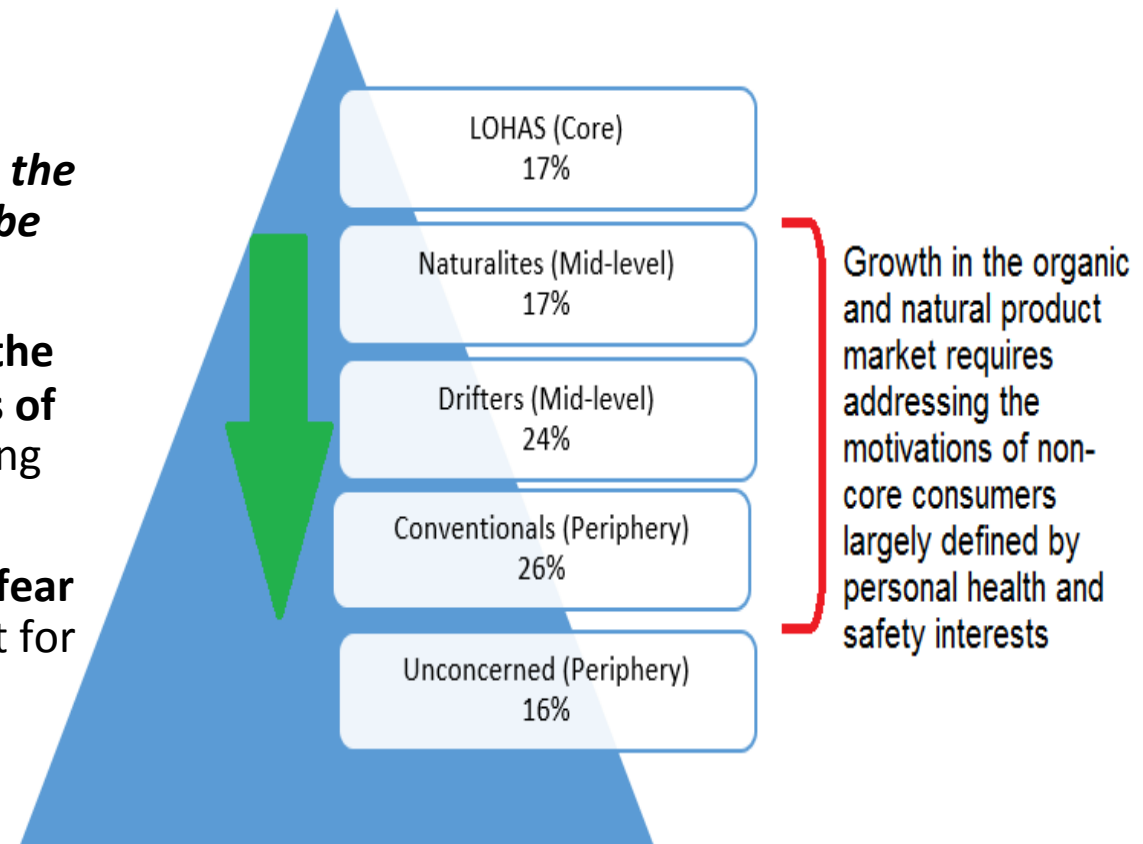
Food Scares Were Required to Grow Organic Marketing Beyond 1%

Research and marketing presentations by organic industry sources repeatedly describe growth drivers to move organic from fringe \$1 billion market to today's mainstream \$35 billion sales:

“If the threats posed by cheaper, conventional products are removed, then the potential to develop organic foods will be limited,” Promar International (1999)

“The safety message is a clear driver to the (organic) category and should be a focus of marketing messages...” Natural Marketing Institute (2008)

“You can, and perhaps should, lead with fear as an industry...” Marketing vice president for Nature's Path Organic (2013)





Creating Consumer (Mis)perceptions About Food Safety & Health Risks: Industry Campaigns

A review of the websites, social media accounts, product packaging, marketing materials, annual reports and news reports affiliated with the top organic food companies finds:

- All brands reviewed include multiple references and links to health and food safety risk claims linked to use of pesticides, GMOs, antibiotics or hormones.
- A number of companies had un-branded marketing and education initiatives specifically attacking the safety of conventional farming practices without disclosing their role in those campaigns.
- Industry leaders and spokespeople state a need to equate (and juxtapose) the USDA Organic Seal to be synonymous with pesticide, GMO, antibiotic and/or hormone absence claims.
- Organic industry marketing representatives incorporate these health and food safety related claims in the majority of reported mainstream news interviews, public presentations and even in financial analyst and shareholder reports.



Creating Consumer (Mis)perceptions About Food Safety & Health Risks: NGO Campaigns

A review of the websites, social media accounts, product packaging, marketing materials, annual IRS filings and news reports affiliated with the more than 200 advocacy groups opposing pesticides, GMOs and other conventional agriculture practices finds:

- Nearly 100 percent **allege or amplify health or safety risk claims with one or more of conventional agriculture practices** such as regulated use of GMOs, pesticides, antibiotics or productivity supplements including hormones.
- Near universal **corresponding support by these NGOs for organic alternatives** over conventional foods with **implied health, safety and quality benefits**.
- More than **90 percent report receiving financial support, sponsorship and/or other donor benefits from organic, natural product and/or alternative health industry** sources for their campaigns (many have common staff and board members, and others share common marketing and PR vendors).



Research Conclusions

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- **Fear sells**: rising organic food sales rely upon consumer food safety fears and distrust of government food regulatory and consumer protection systems.
- **False or misleading claims**: organic food marketing involves direct marketing, non-transparent PR and funding of advocacy groups to make false or misleading safety, health, nutrition or quality disparagement claims about lower cost competing conventional products.
- **U.S. taxpayer funded government complicity**: U.S. government agencies empowered to enforce truthful and non-misleading claims in food marketing do not apply existing rules on making absence claims and related health, safety, nutrition and quality statements to organic marketers.

Further, the USDA's own research shows that the USDA Organic Seal is used in support of and critical to creating consumer misperceptions about food safety that have resulted in nearly \$300 billion in organic purchases since the seal was launched in 2001.

Why Fear Sells

Fear works when:

- The portrayed consequence of not taking action is severe, but not exaggerated.
- The audience feels that the problem is relevant to them.
- They are told why they should care and how the issue relates to their lives.
- When they believe the proposed solution is effective in preventing the consequence.
- The solution is easy.



Why Modern Ag Marketing Campaigns Aren't Connecting with Consumers

- The average American is five generations removed from the farm.
 - The average person has no concept of how to grow food for 7 billion people.
- Consumers are leery of “Big Food”.
- Lack of authenticity.
 - Modern agriculture is not pretty.
 - People want to believe in the “salt of the earth” perception of farming that organic industry delivers.
 - Modern agriculture needs to be more honest about the issues of farming.

4 Communication Strategies

1. Stop repeating the negative things others are saying about ag.
2. We need to bring urban and rural, children and adults back to the farm.
 - Will help people empathize about something they don't understand.
 - We need to bring all types of agriculture back to the schools.
3. Farmers need to discuss the pros AND cons of agriculture.
4. Modern ag needs to better engage in the holistic discussion of sustainable agriculture.
 - It's not us versus them – it's everyone.

Example: Farmland campaign.

Farmland



Farmland: www.farmlandfilm.com

U.S. Farmers and Ranchers Alliance is supporting the film with the
I am Farmland campaign: www.iamfarmland.org



Questions?

Contact



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