

## **Comparative analysis of the impacts of marketing instruments on the organic market in Austria, the United Kingdom and Germany**

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Keywords: *price-, product-, place- and promotion-policy, labelling of organic food*

### **Introduction**

Continued growth of the market for organic food will be influenced by a number of factors, such as consumer behaviour and marketing policies. Summarising recent studies, consumers appear to be taking an increasing interest in organic products - however, the organic food market is still relatively small. Obstacles to further enlargement might be found in the market by analysing the use of the four marketing instruments: price-, product-, place- and promotion-policy. The aim of this paper is to evaluate the impacts of the four marketing instruments on the organic food market and to develop recommendations with regard to its further growth.

**Material and methods:** The paper is based on literature review and in-depth interviews with selected experts.

### **Results and discussion**

*Price-policy:* The higher price-level for organic food varies according to the type of food, market share and marketing channel (Michelsen et al. 1999, p. 71). As regards *product-policy*, organic products are positioned as premium goods which consumers associate with healthy food. To ensure the credibility of an organic food product, organic labels have been developed. In Austria, in addition to the labels of commercial- and certification-organisations, there is a state label. However, it is to a large extent ineffectual because public recognition of the label is low and it is not widely used (Hofer 1998, p. 23). In the UK the majority of organic produce is marked with the label of a private certification organisation. In Germany a common label, Öko-Prüfzeichen (ÖPZ), which can be used in addition to existing labels, has recently been introduced. At this stage it is not possible to evaluate its effectiveness. In terms of *place-policy* supermarkets are the most important distribution channels in Austria and the UK and have achieved a substantial growth in market, whereas in Germany organic products are mainly sold either through direct marketing channels or through specialised organic food shops. With regard to *promotion-policy*, in Austria a private commercial label of the main retailer is promoted heavily (Zenner and Ziehlberg 1998, pp. 44). In the UK, the multiples have recently started to promote their range of organic products, whereas in Germany promotion activities are hardly undertaken.

### **Conclusions**

This paper provides a comparative analysis of the impacts of the marketing instruments: The price-level can be identified as an important factor for further development. To promote sustained consumer demand, the premium price-level should be closer to the conventional price, although consumers are willing to pay some premium. Organic produce is associated with healthy food, which may appeal to consumers interested in healthy nutrition. Nevertheless, producers, processors and retailers of organic food should bear in mind general trends in food consumption and create organic food with lifestyle-oriented design. In future, supermarkets will become the main retail outlets for organic produce. In order to compete with larger, mainstream retailers, outlets like organic food shops or direct marketing channels should concentrate on offering special and added values e.g. by offering locally/regionally produced food or by creating an environment which provides the consumer with a unique shopping experience. Promotion activities are extremely important in influencing consumer behaviour, therefore all those involved should invest in further promotion activities.

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Bibliographische Angaben zu diesem Dokument:

Zenner, Silvia and Foster, C. and Padel, S. and Wirthgen, B. (2000) JW-Comparative analysis of the impacts of marketing instruments on the organic market in Austria, the United Kingdom and Germany. Paper presented at 13th International IFOAM Scientific Conference, Zürich, Schweiz, 27.-31. August 2000; Published in Alföldi, Th. and Lockeretz, W. and Nigli, U., Eds. *Proceedings 13th International IFOAM Scientific*

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