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Emerging Market Trends of Organic Food in Australia

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Introduction Organic food is a growing niche market in Australia . In 2001 the value of the Australian organic industry was approximately AUD \$ 89 million (McKinna et al . 2006 , p . 60) ; in 2004 the Department of Agriculture , Fisheries and Forestry (DAFF) estimated the value of the Australian organic industry as AUD \$ 140 .7 million (DAFF , 2004) . This indicates a growth rate of 58 .1% from 2001 to 2004 . Although no distinction between the different categories of organic food is available , there has been a consistent increase in demand for organic produce .

This paper compares the price of six categories of organic products in two major Australian cities : Perth (Western Australia) and Sydney (New South Wales) , and explores the major factor for the differences in price .

Materials and methods Fifteen organic outlets were chosen from both Perth and Sydney to compare the prices of six categories of organic product : apples , pears , carrots , potatoes , broccoli and beans . Prices were gathered from direct observations of the outlets in the period June-July 2007 . Interviews with store managers were conducted to explore the main cause for the difference in price . All prices are referred to the period June-July 2007 .

Results and discussion Results show that the price for all six categories of organic products is consistently higher in Sydney than in Perth . Whilst the lowest difference is for beans 22 .2% price increase (Aus \$ 16 .50 vs \$ 13 .50) the highest is for potatoes 62 .5% price increase (Aus \$ 6 .50 vs \$ 4 .00) . The other product differences are : apples 23 .5% (Aus \$ 10 .50 vs \$ 8 .50) ; pears 26 .7% (Aus \$ 9 .50 vs \$ 7 .50) ; carrots 33 .3% (Aus \$ 6 .00 vs \$ 4 .50) ; and broccoli 31 .2% (Aus \$ 10 .50- \$ 8 .00) price increase .

The results of the interviews with the store managers indicate that the major cause for the higher prices in Sydney is that most of the products are imported from other Australian States and from New Zealand , whilst products sold in Perth are mostly from Western Australia . The difference therefore , is largely due to transport costs .

Conclusions There are , in conclusion , significant differences in price within the six categories of organic products researched for this paper . The consistently higher prices in Sydney are most likely due to increased transport costs through the importing of products from other Australian States and New Zealand .

Reference

McKinna D . , 2006 , *Export Potential for Organics-Opportunities and Barriers* , RIRDC Publication N . 06/061

Department of Agriculture , Fisheries and Forestry (DAFF) , 2004 , *The Australian Organic Industry : A Profile* , www.daff.gov.au (accessed 12 September , 2007) .