

Demand for Organic Food in Australia: Results from a Focus-Group Study

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Australia has the world's largest organic food production area (mostly pasture and range), although the Australian organic industry is rather small in terms of the number of organic farmers and the volume of outputs compared to conventional production. The number of certified organic farmers nationally in 2003 was estimated to be between 2,000 and 2,200, composing about one percent of the total number of farmers and 1.6 percent of total agricultural land in Australia. The retail value of organic food production was estimated at AU\$250 million in 2003, with farm-gate value at around AU\$90 million and exports at around AU\$40 million. The current share of organic sales in total food sales is about 1 percent. The growth rate in organic production was forecast to continue at 10–30% per year, depending on the categories. The bulk of organic food (about 80 percent) is sold through specialty shops and supermarkets. There are also a number of farmers' markets, home deliveries, box schemes, and Community Supported Agriculture (CSA) projects operating around the country. There is evidence that both supermarket sales and farmers' markets are experiencing growth in Australia, similar to the developments in the United States and other parts of the world.

Organic agriculture was first defined in the Australian National Standard for Organic and Biodynamic Produce in 1992, and certification is administered by the Australian Quarantine and Inspection Service under the auspices of the Organic and Biodynamic Program. It is based on a third-party inspection/certification model whereby production, processing, and labeling of

organic produce are overseen by AQIS-accredited certifying organizations. There are two levels of certification: in-conversion and certified organic. "Certified in-conversion" means that the produce has been produced in compliance with the organic standard for at least one year after being admitted to the certification program. Produce can become "certified organic" if all requirements are met for at least three years. The aim of organic certification is to help consumers distinguish organically produced products from conventionally produced products with specific labels, thereby protecting consumers against fraudulent and unsubstantiated product claims.

Although the Australian Organic Standard is well-recognized in the key international organic markets, domestically there is consumer confusion about product recognition and organic certification and concerns about product misrepresentation.

To understand future demand for organic products and consumer attitudes towards and knowledge about these issues, a focus-group study was conducted in Armidale, NSW. Armidale was chosen in part because we were interested in assessing the opportunity for the development of an organic sector in rural Australia. Rural demand is of particular interest because of limited availability of organic foods in the rural areas. There were 36 participants in four different groups, with seven to ten participants in each group. Five questions were asked, including the most important characteristics of food, the meanings of "organic," the meanings of "organic certification," motivations for buying organic food, and justification for price premiums for organic food.

We found that:

- Sensory appeal is the overriding factor in food choice;
- There are different levels of awareness and understanding of "organic" and "organic certification" among participants;
- The availability of organic food in rural Australia is a limiting factor in demand;

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- Concerns over dietary and health restrictions motivate many organic food buyers;
- Concerns about the level or concentration of chemicals, the environment, animal welfare, and taste are motivations behind the consumption of organic foods by organic consumers and potential motivators for non-organic consumers;
- Both organic and non-organic consumers believe the price premium for organic food is generally justified because of higher production costs, but the differential does restrict purchasing behavior; and

- Organic food consumers are more knowledgeable about organic foods and more tolerant of higher prices and inaccessibility.

These results confirm that consumers are in general concerned about the use of chemicals, the treatment of farm animals, and the environmental impact of food production. In addition, they suggest that increasing consumer awareness of organic farming and certification as well as the availability of organic foods may be the most effective ways of moving organic foods into mainstream.