



THE WORLD OF ORGANIC PRODUCTS

**Integrated Pest
Management Symposium**

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The **HARTMAN** *Group*



Organic Lifestyle Defined

- Loosely defined as those consumers who:
 - Are proactive and responsible for their own health and the health of their family
 - Accept that they may have to pay more for specific organic foods and are willing to do so because of the high value they equate with certain items
 - Have an increased reliance on food as preventative medicine
 - Have a greater concern with food safety
 - And to a lesser extent, are looking for a gourmet or specialty food experience

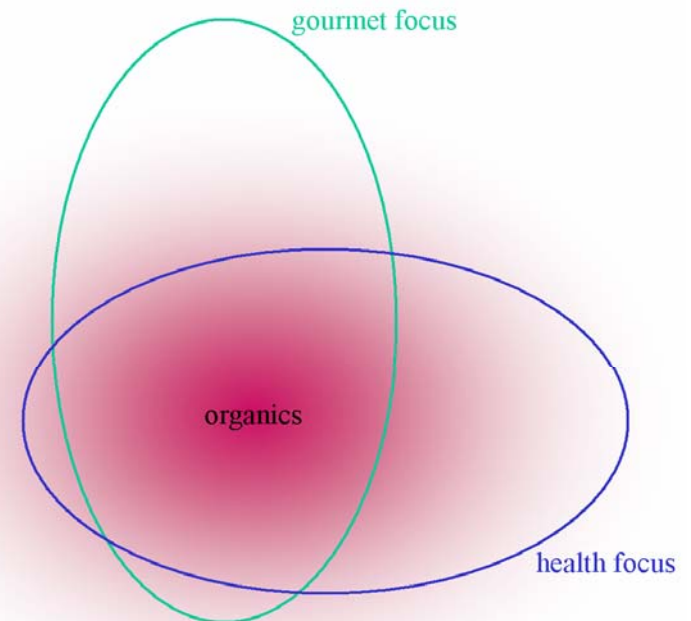


Organic is an Overlap of Health and Gourmet

Health Adoption: A pathway triggered primarily by health concerns and perceived wellness benefits.

Gourmet Adoption: A pathway triggered by increased engagement with food based on taste preferences and product narratives.

Organic foods bridge these compatible yet different lifestyles by appealing to dimensions of health (internal benefits) and gourmet attributes (where and how a product is made). Consumers at the center of the intersection of these two themes believe this process results in superior taste as well as safer, healthier food.





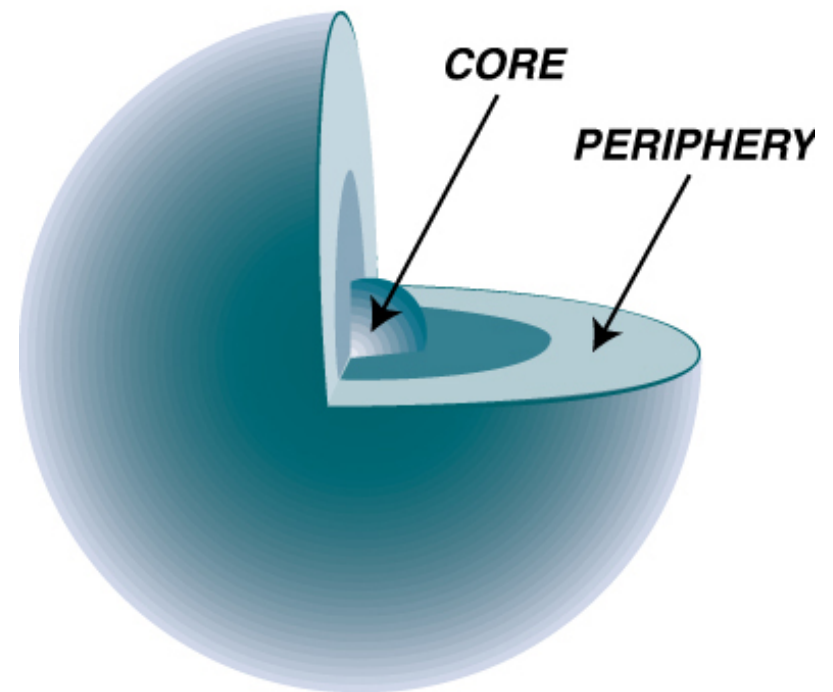
More Consumers are Going Organic Weekly & Occasionally

Frequency of Organic Use within Last 3 Months	2000	2005
Daily	8%	9%
Weekly	9%	14%
Monthly	5%	6%
Occasionally	34%	44%
Never	45%	27%

Sources: Healthy Living, August 2000 (n=4942); Organic 2006 Survey, December 2005 (n=2109).

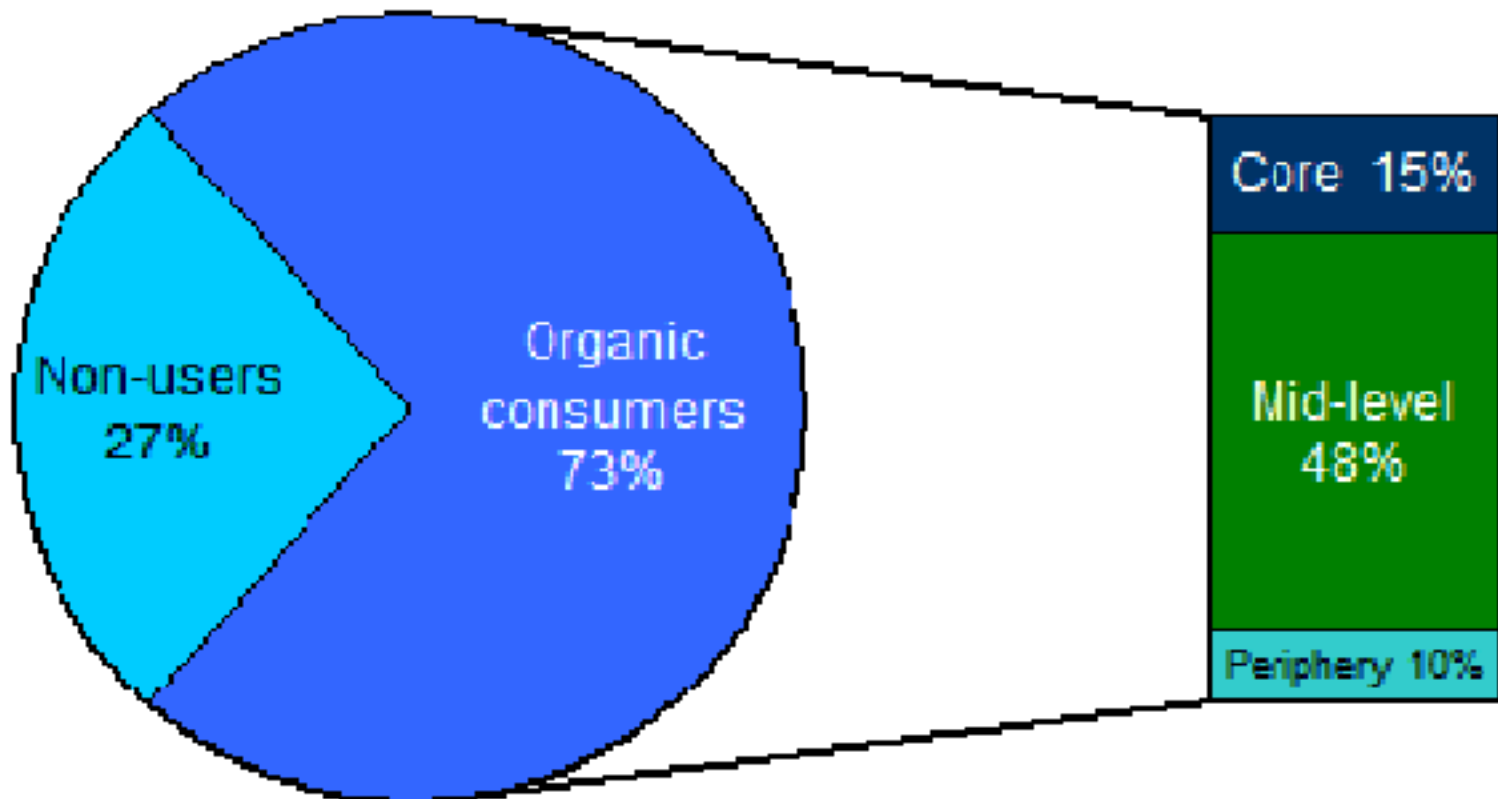
The Hartman Group World Model

- Core, mid-level and periphery
- Based upon an intensity of lifestyle
- Not just rational choices, but emotional
- Dependent upon usage occasions



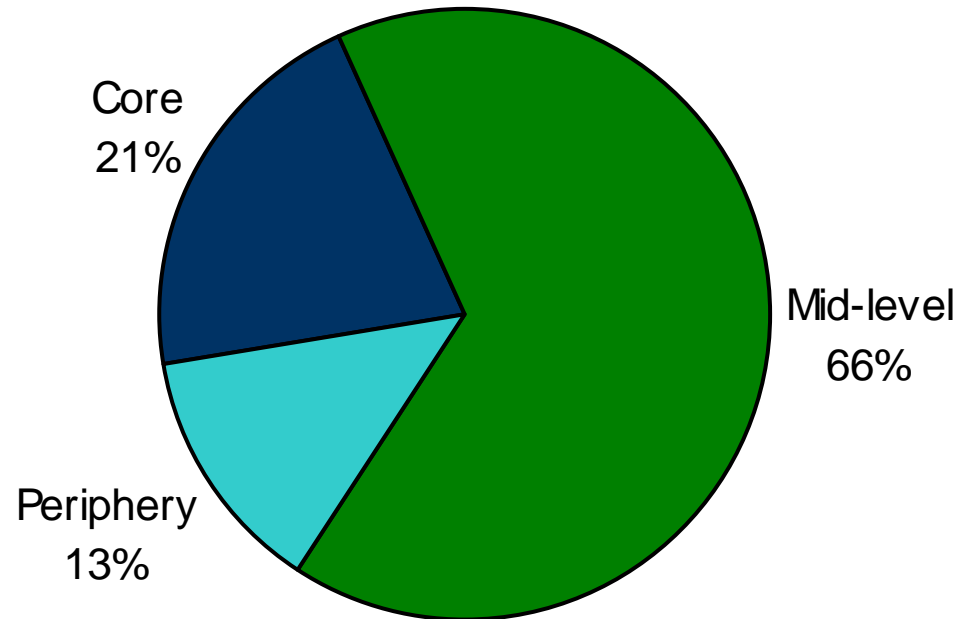


The Majority of Consumers are Going Organic





Organic Consumer Segments



The segmentation is based upon consumer response to three broad measures:

- Consumption of organic or natural foods and beverages
- Importance of organic vs. non-organic when shopping for food
- Knowledge and concern about how food affects health and the environment



Periphery: Just Beginning Organic Use

- Periphery consumers are just beginning to use organic foods and beverages. These consumers are not fully convinced of the benefits of organics and are not willing to spend the time and energy to learn more about them.
- Periphery organic consumers are on “cruise control” in stores and rarely deviate from habitual shopping patterns to seek out new products. Rather, they become familiar with a very small number of organic products (typically organic produce and/or dairy) and find little reason to continue the organic adoption process.



Mid-Level: More Focused Interest in Organic

- While mid-level consumers demonstrate a more focused interest in organic food, this interest tends to be much more occasion-based (e.g., health trigger) and lifestyle driven (i.e., “if it fits into my life, I’ll do it”) than periphery consumers.
- The mid-level is adopting organic products in an evolutionary category by category pattern



Core: Have Made All Things Organic

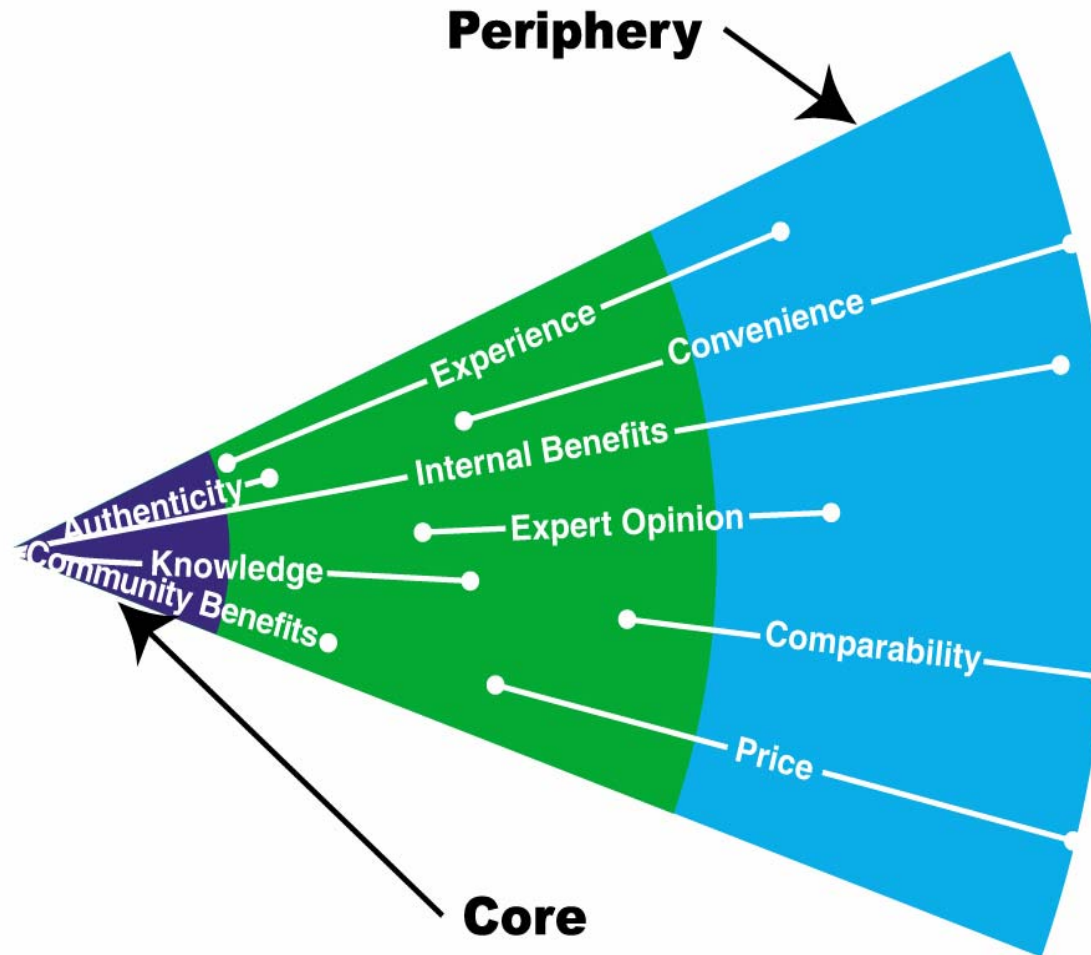
- Core organics consumers have made all things organic--ingredients, recipes, dining out (when possible), fibers, personal care and household products, sharing information and critical discussion.
- They are constantly on the look out for new products, information, and many take “organic” a step further expanding into biodynamic, local, and raw foods.



Most Companies Should Target the Mid-level

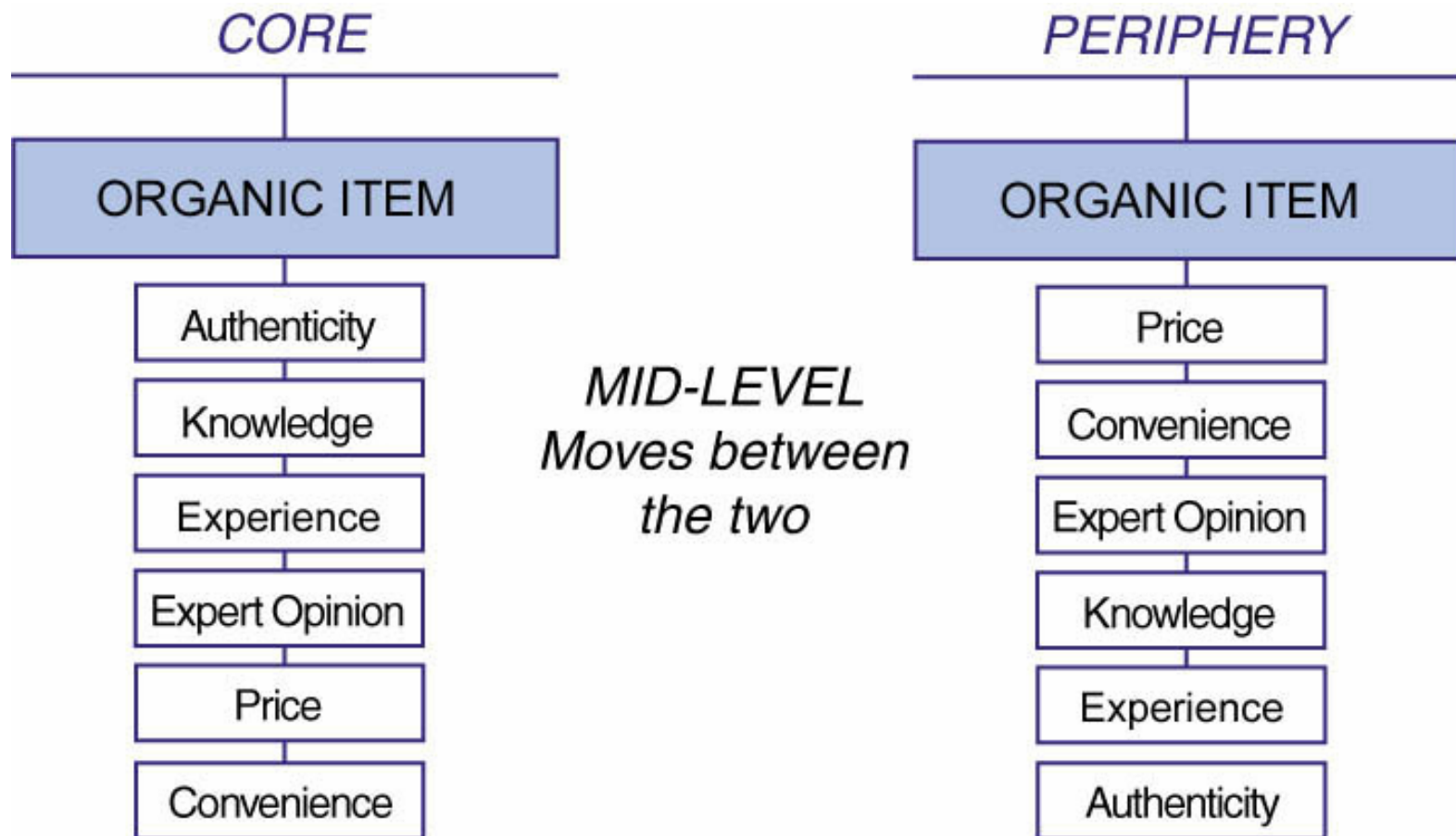
- Companies should have an understanding of the core as their interests, tastes and preferences will eventually “trickle down,” to shape the preferences of other consumers.
- The mid-level consumer segment is the largest target:
 - Their enthusiasm for new products and hunger for information translates to an experimental and active consumer.
 - Are searching for simple and convenient nutritional solutions for themselves and their families.
 - Are willing to spend more on products that provide clear benefits and/or peace of mind.
 - Trust larger companies to do adequate research and distribute high-quality products.

Dimensions of Consumption Organizing the World of Organics





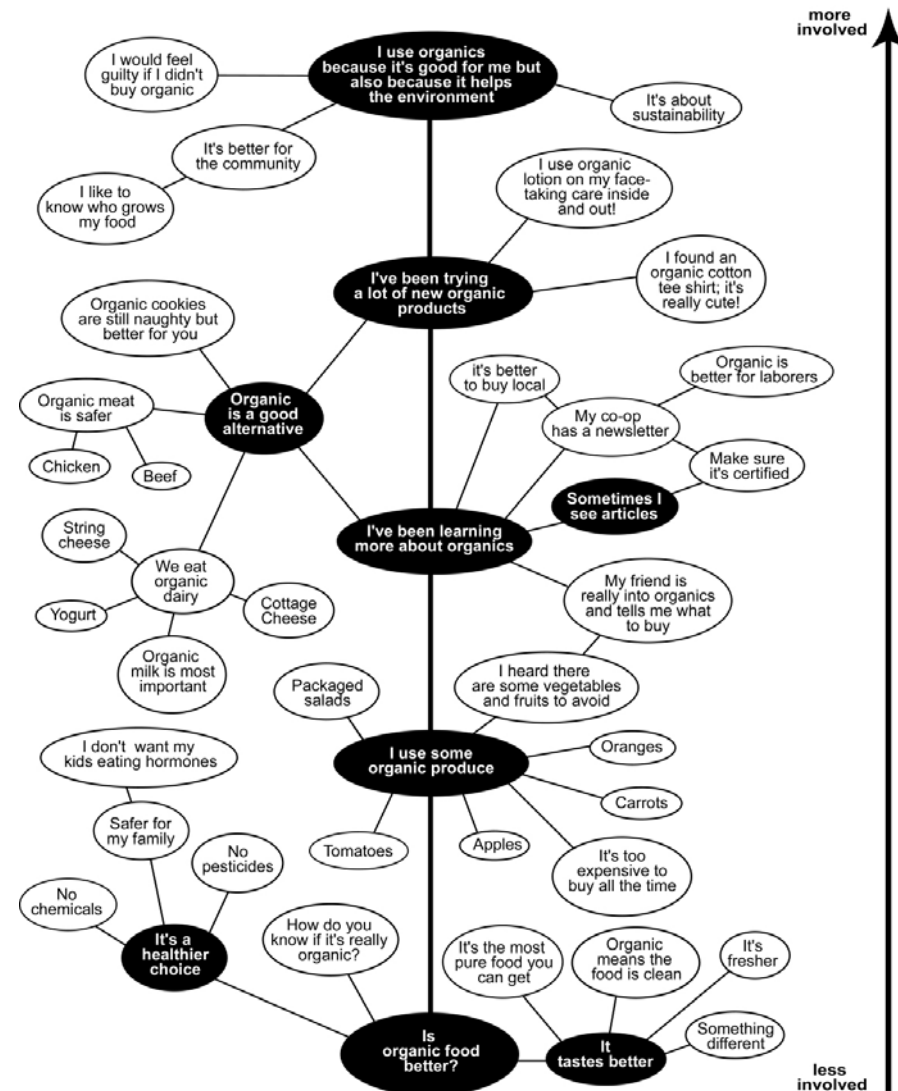
How Price Plays a Role in the Organic Purchase Decision





Organic Language Map

- “Good for me & helps the environment”
- “I’ve been trying a lot of organic products”
- “Organic is a good alternative”
- “It’s a healthier choice”





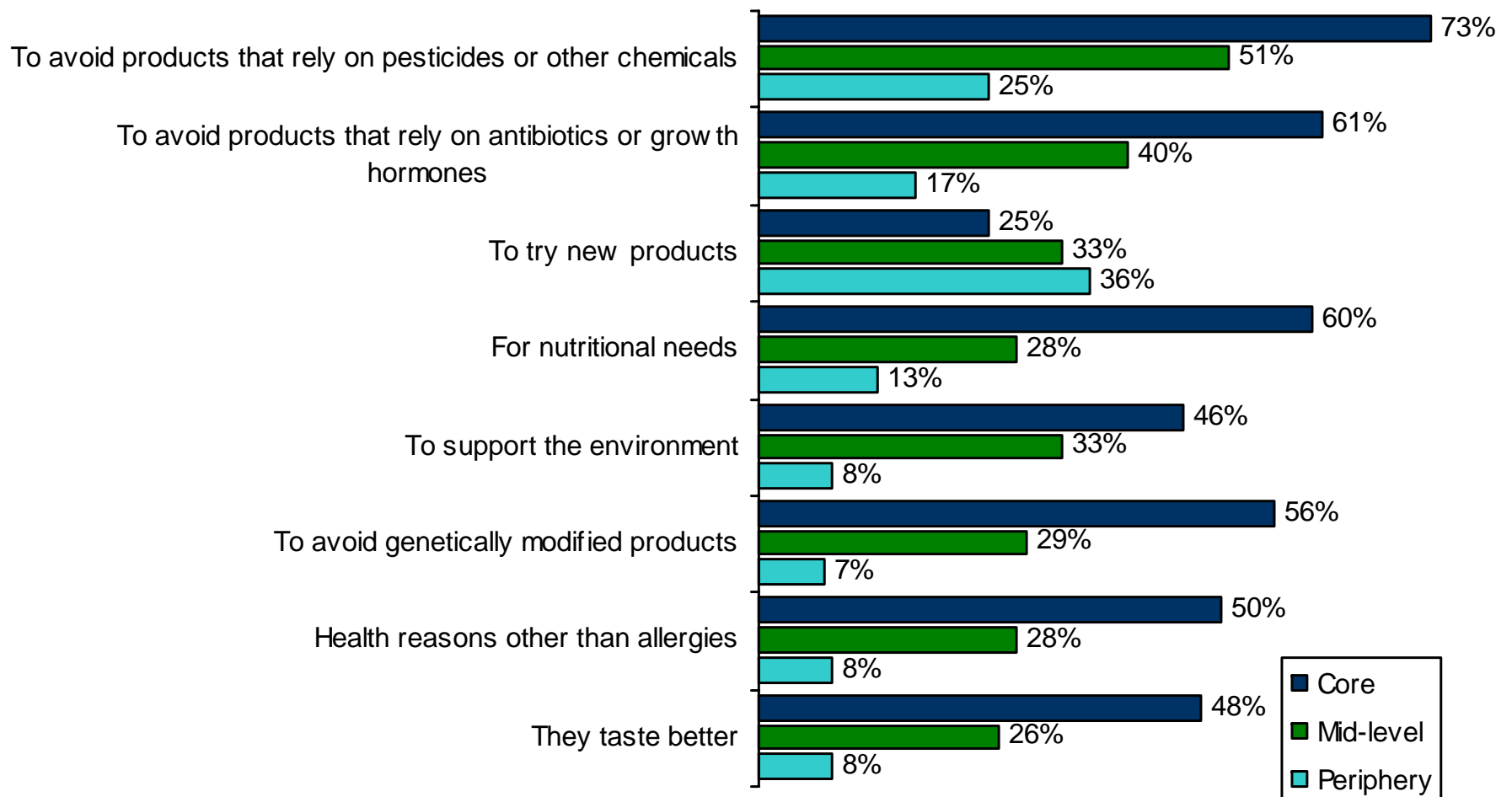
Having a Child & Health Condition Top Triggers for Using Organic

Most triggers focus on health:

- Having children
- Family member has a health condition such as food allergies, skin disorder, cancer
- Social network influence (72% of core users encourage others to use organic, 43% of mid-level and 19% of periphery do so)
- Stated common sense
 - “If pesticides aren’t good for bugs, how can they be good for us?”
- Saw or heard a story about food production that alarmed or frightened them
 - *Fast Food Nation*
 - *Super Size Me*



Avoiding Pesticides, Antibiotics & Growth Hormones Drive Organic Purchases

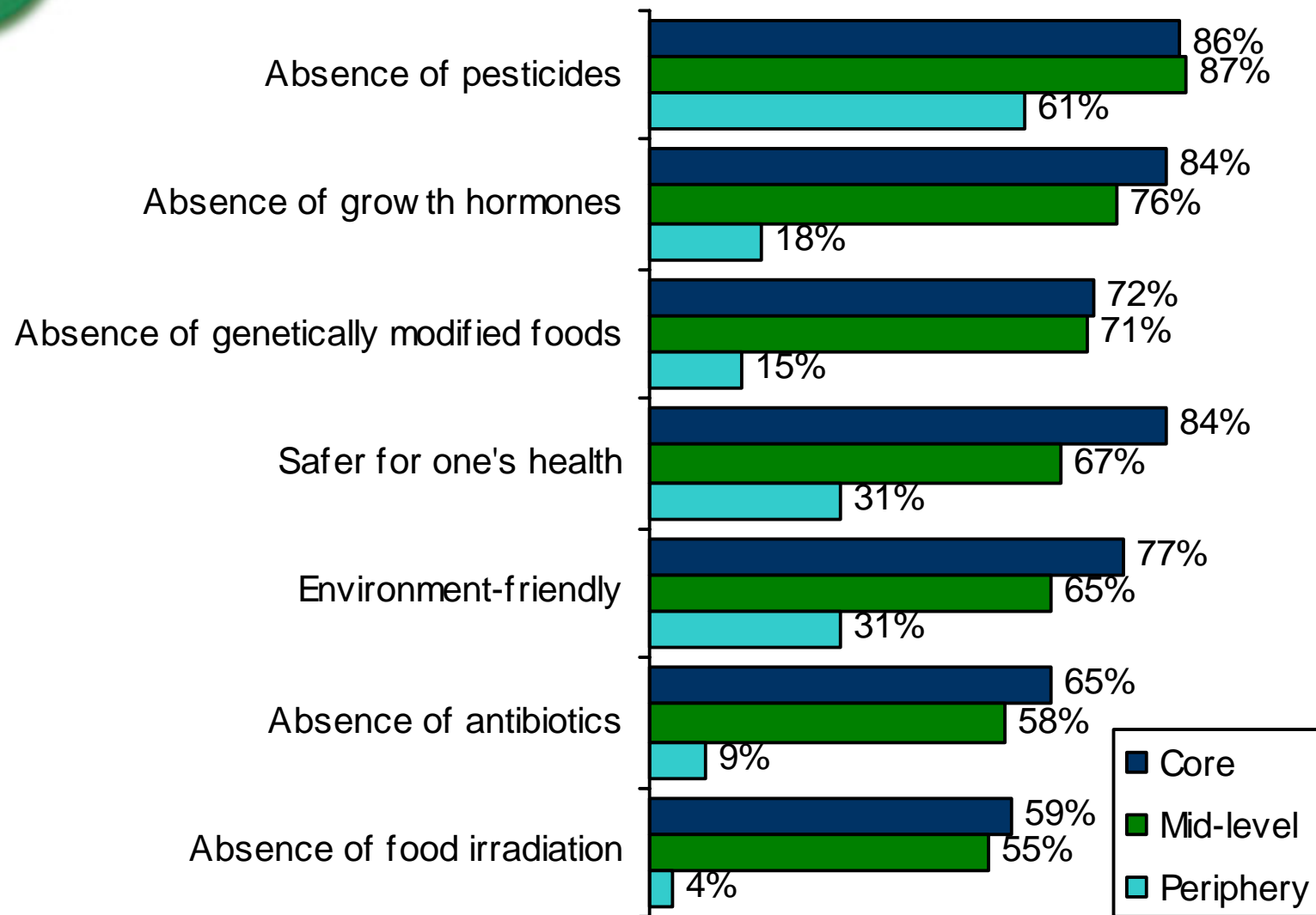


Base: 1334 segmented respondents who are current (i.e., purchased in past 3 months) organic consumers (322 Core, 851 Mid-level, 161 Periphery).

Source: Organic 2006 Survey, December 2005



Aided Implications of Organic Labeling



Base: 1536 segmented organic users (322 Core, 1014 Mid-level, 200 Periphery).
Source: Organic 2006 Survey, December 2005.



Organic Product Category Adoption Path

- **First area of adoption**
 - Produce (92% use)
 - Dairy
 - Non-dairy beverage (soy)
 - Baby food
 - Meat/Poultry
- **Second area of adoption**
 - Juice
 - Single serve beverage
 - Cold cereal
 - Snacks (chips, pretzels)
- **Third area of adoption**
 - Frozen foods
 - Pasta sauces, canned tomatoes, salsa
 - Tea
 - Breads (Artisan primarily)
- **Fourth area of adoption**
 - Canned goods
 - Bulk goods



Different Drivers for Product Category Entry

Produce

- Freshness
- Lack of pesticides
- Taste

Dairy

- Lack of growth hormones
- Lack of antibiotics

Non-dairy beverage

- Health benefits of soy ingredient

Juice

- Freshness
- Flavor profile

Meat/Poultry

- Lack of growth hormones
- Lack of antibiotics
- Taste

Baby food

- Keeping children “free” of pesticides





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