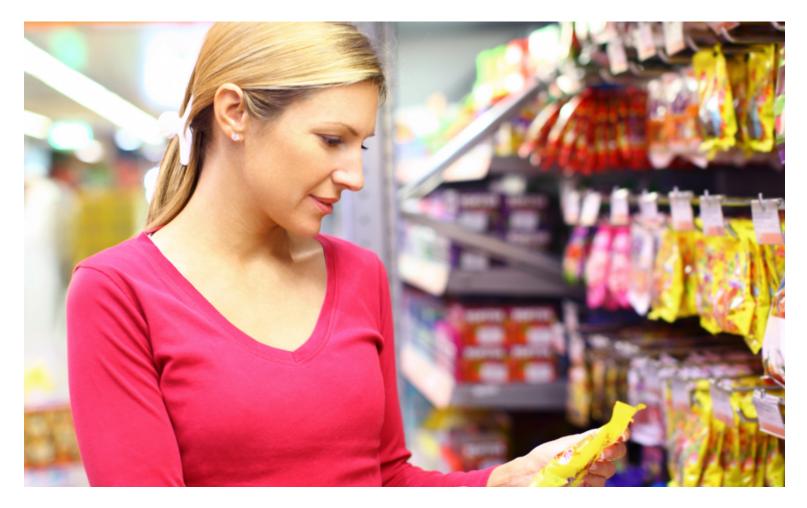


Hartman Group: Organic use is rising

Nearly double-digit jump from two years ago coincides with increased complexity for consumers.



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Bernie Pacyniak

A newly released report from the Hartman Group, <u>Organic & Natural 2016</u>, confirms what many retailers already know: organic and natural food sales are continuing to grow.

This year, 82 percent of U.S. consumers indicated they use organic food and beverage products, a 9 point jump from two years ago.

The new study underscores consumers' love for all things natural, shoppers believing "this food is better – physically, morally, environmentally," researchers say. At the same time, the organic and natural foods landscape has become "more complex to navigate as more quality tiers have emerged. This complexity is challenging the status of well-established quality cues and bolstering skepticism." As such, this has prompted consumers to simply rely on common sense in making purchase decisions.

When it comes to organic, the food imprimatur remains highly sought after, if more scrutinized. Organic, says the report, connotes three key ideas to consumers: grown naturally first and foremost (particularly without farm-level chemicals); made simply; and made responsibly.

However, the increased availability of organic products everywhere, including their presence in "less healthy" categories," has deluded the "crispness" of what organic means. Consequently, consumers are finding less-costly alternatives in the natural foods category. "As a result, organic's ability to differentiate itself and justify its price premium may be under threat," the report says.

When it comes to "more natural" foods, consumers expect them to be more real, simple and whole than conventional choices. Nonetheless, many are skeptical and look for verification. A "less processed" claim suggests minimal change to the product from its origins, particularly when multiple ingredients are involved.

Locally sourced also resonates well with consumers, suggesting a "fresher, more trustworthy food that is more likely to have been made in accordance with consumer values."

As expected, there are "constant trade-offs" when consumers purchase organic and natural foods based on category and occasion. Hence, consumers will opt for organic in categories that are "close to the farm," that they eat frequently or in large quantities, that have strong healthful aspirations and that they purchase for children (and even pets).

They are less likely to prioritize organic in categories that are highly processed, that are indulgent, where convenience or price are bigger priorities and that feature diverse quality cues besides organic.

Switching to natural becomes an option whenever there's a conflict in these tendencies.

As mentioned earlier, consumers' organic shopping continues to grow at mainstream grocery. The report reveals that consumers give grocery retailers high marks overall for making organic and natural products more affordable and accessible.

Organic and natural brands from specialty retailers and national brands enjoy the highest levels of trust. And while mainstream grocery private label is trusted, it is not as highly regarded as those from specialists.

Finally, although consumers are very aware of GMOs, and very likely to avoid them, their knowledge of what GMOs are is still very limited.

Still, consumer concern around GMOs remains strong, but straightforward communication may mollify some consumers. Only 27% of consumers actively try to find out which products contain GMO ingredients, the report reveals.

Moreover, researchers point out that there's evidence to suggest "that some GMOs might be acceptable, particularly GMOs that are well justified and offer a meaningful consumer benefit."

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With more than 30 years experience in B-to-B reporting, writing and editing — the bulk of which was dedicated to covering the bakery, confectionery and snack industries — Pacyniak has chronicled changes within the food industry since the early 1980s. A Boston University journalism degree graduate, he worked for a variety of publications before joining BNP Media in 1994 as editor of Snack Food & Wholesale Bakery magazine. In 2001, he took over as editorin-chief of Candy Industry and relishes his role as the magazine's "Candy Man."

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