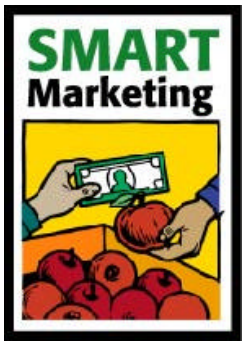

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Does the Organic Label Really Mean What Consumers Want It To Mean?

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In academic circles, the implementation of the US Department of Agriculture's National Organic Program's Final Rule in late 2000 was often seen as a key step in expanding commerce in organic foods. Before this time, the exact meaning of the organic label, including what was or was not allowed to be used in organic production and processing, was left to a broad group of independent certifying agencies such as New York's Northeast Organic Farming Association chapter. Many researchers argued that having a single definition would make it easier for consumers to know what they are getting when they buy food labeled organic and, therefore, decrease transaction costs and facilitating trade in these foods.

This all sounds good in theory, but the actual process proved to be more difficult. The USDA committee responsible for drafting the rules released an initial draft in 1997 and received an unprecedented 275,000 comments, most of them critical of these standards. The most common objection was allowing the use of what became known as the Big 3: genetically modified organisms (GMOs), biosolids (municipal sewage sludge) and irradiation. Although the Final Rule banned the use of the Big 3, it has become clear that if the meaning of the organic label does not mean what consumers want it to mean, or if the meaning is not well understood, the value of this label, and the program in general, will be diminished.

This issue was the subject of a 2000 survey of current consumers of organic food in Ithaca, New York. Consumers were asked about their attitudes and behaviors concerning organic food. Questions included reasons why they buy organic, whether they thought a number of key practices (including the Big 3) ought to be allowed in the production and processing of organic food, and how much they would pay to have or avoid the Big 3 in organic food.

The results showed that if the meaning of organic is only a list of what practices are allowed, the Final Rule conforms to consumer preferences quite well. About 75% of organic consumers oppose the use of any of the Big 3, and strong majorities also support the banning of hormones, growth regulators, sub-therapeutic antibiotics and confinement of animals. None of these practices are allowed under the Final Rule. In addition, organic consumers are willing to pay an average premium of 50% to avoid each of the Big 3 in organic food. An experimental auction, conducted with another sample of organic consumers a year later, confirmed consumers' willingness to pay a premium to avoid GMOs.

However, results from the auction indicate that label's meaning is not well understood. For instance, most of the participants did not know that GMOs were banned in organic food. Industry has responded to this confusion: many organic food products have a label on the package stating the ingredients are GMO-free. These manufacturers must believe that a significant number of consumers do not understand this aspect of the organic label's meaning if they incur the extra labeling cost.

Furthermore, the organic label does not always guarantee reasons stated by consumers for buying organic. Some common responses, like concerns about pesticide residues, the environment, and farm worker safety, are addressed by the current standards. However, other common responses, such as concern for community, sustainability and opposition to the corporate food system, are not addressed. It is believed that the Northeast's dependency on imported food products from the west coast and around the world contributes to the loss of farms and disintegration of rural communities. Transportation of food over vast distances contributes to fossil fuel depletion and pollution. Following national trends, the organic market has been marked in recent years by increasing domination of large corporate producers and processors. Such issues are central to the spirit and founding principles of the organic movement in many consumers' minds, and the Final Rule does not address them.

These results suggest promotional opportunities for smaller organic producers in the Northeast. First of all, these producers can highlight the fact that buying organic is the best way to avoid the Big 3 (especially GMOs). Organic consumers have expressed willingness to pay a premium to avoid these practices. Secondly, local organic producers should promote their independence from the corporate food system and their contribution to the social and ecological well-being of their communities. Since advertising resources are limited among individual producers, such promotional efforts would likely have a greater impact if organic producer and consumer groups pooled their resources to promote the broader aspects of the benefits of local organic food to a wider audience.

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