

Organic Produce – what scholars have written about and what consumers think

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May 9th, 2007

EEP142 Presentation

Overview

- In this presentation, I will talk about the following:
 - Definition of organic produce
 - Where organic produce are sold
 - A brief discussion of what has been published about organic produce
 - Discussion of a short survey that I have conducted with a pool of around 20 people

Definition of Organic Produce

- Produce that are grown and produced without the use of synthetic chemicals or pesticides

What have been said about organic produce academically?

- Demand for organic produce in the United States, Europe and elsewhere in the world has been increased (Thompson 1998)
- Gary D. Thompson estimated the choice between organic and conventional produce empirically using a two equation probit model. The higher the incidence of cosmetic defects in an organic produce relative to their conventional counterpart, the less likely was the consumer to purchase organic produce. (Thompson 1998)

What have been said about organic produce academically?

- In Luanne Lohr's paper "Implication of Organic Certification for Market Structure and Trade", she listed the three functions of the certification of organic products:
 - First, it assures consumers that a product that is not observably different from non-organic food was grown, processed, and packaged according to rules that limit or ban synthetic inputs and that protect the environment.
 - Second, it assures producers that unscrupulous use of the term *organic* does not defraud them of price premiums and market share that can be earned from certified foods.
 - Third, it makes the market more efficient by reducing information asymmetry along the marketing channel from producer to consumer

Where can you purchase Organic Produce

- Grocery stores such as
 - Safeway
 - Trader Joes
 - Whole Foods
- Farmers' Market

Results of the Survey

- Here are the findings of a survey that I have conducted with a pool of around 20 people
 - ✓ All of them have purchased organic produce before
 - ✓ 72% do not purchase them on a regular basis (majority of them purchase at a ratio of less than 30% on organic vs. conventional produce)
 - ✓ All of them, whether they purchase organic produce on a regular basis or not, consume conventional produce
 - ✓ 96% would either definitively or perhaps increase their consumption of organic produce if they are priced around the conventional ones
 - ✓ Over 75% of the people surveyed reported that they cannot taste the difference between organic vs. conventional produce

Results of the Survey (con't)

- Here are the findings of a survey that I have conducted with a pool of around 20 people (continued from previous slide)
 - ✓ The number one reason people choose to purchase organic produce is that “they are healthier”
 - ✓ Rank #2 they are more sustainable to the environment
 - ✓ Rank #3 they are reasonably priced
 - ✓ Rank #4 they taste better
 - ✓ Rank #5 they trust the concept behind “organic foods”

Implications of the Survey

- Consumers are aware of the existence of organic produce and the places where they are sold.
- Consumers do believe that organic produce are healthier and also sustainable to the environment.
- Consumers are aware of the price difference between organic vs. conventional produce, and it is an important determining factor of their level of consumption of organic produce.
- The likelihood of an increase in consumption of organic produce is higher for those who has a lower level of consumption if the prices are lower.

Implications of the Survey

- Although the consumption of organic produce is not as popular as the conventional produce, consumers are able to find them easily in local supermarkets and farmers' market.
- Difference in taste between organic vs. conventional produce is not a big determining factor for consumers – they choose to purchase organic produce although most of them cannot taste the difference.
- Consumers care about their health, but also care about the environment.

Pitfalls of the Survey

- The results of the survey is not very inclusive because of the following reasons:
 - ✓ The survey is conducted w/ a pool of only around 20 people
 - ✓ I personally know these people either from work or from school, so their ethnicity and age groups are not very diverse (mainly aged from 21-30 and ethnicity of Asian/Pacific Islanders)
 - ✓ They are located in the US and mainly in the Bay Area, with a small number of them located on other parts of the US.
 - ✓ Since I personally know them, I did not feel comfortable asking for their salary range, and I also believe they would feel comfortable providing such information
 - ✓ None of them indicated that they have never purchased organic produce before

References

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