

Organic foods essay sample

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In spite of the increasing popularity of Organic food these days, most of the people do not have a clear idea regarding the definition of organic food. In simple words, Organic foods are those foods that are produced, processed and packaged without using chemicals. They have been accepted due to their perceived health benefits over conventional food. The organic industry is growing rapidly and has caught the attention of farmers, manufacturers and, above all, consumers. Some of the popular organic food items include organic tea, organic coffee, organic wine, organic meat, organic beef, organic milk, organic honey, organic vegetables, organic fruits, organic rice, organic corn, organic herbs, organic essential oils, organic coconut oil and organic olive oil.

Organic foods protect from heart disease and cancer, as they contain Phenolic compounds. Organic food ensures high food quality, which other conventional foods cannot give. Organic food is natural and fresh, and thus, it is tasty. Many people prefer to grow organic food in their home gardens, because it costs about 20% more than the conventional food. Organic gardening uses organic seeds, organic fertilizers, compost, organic root stimulators, and organic pest control. It has been claimed by health experts that organic food is more nutritious. Some of the features that can be associated with organic food are quality, good taste, proper selection of crop varieties etc.

Advantages of Organic food

- Organically grown foods are natural, without any sprayed chemical. •

Organically grown foods are nutritious and full of taste although they may not look as colorful and well presented as shop produce. • Organic foods put

less burden on environment. Growing foods organically can protect the topsoil from erosion and is a great way of getting closer to nature.

Some people believe that organic food is only a “concept” popular in the developed countries. They think that when it comes to organic food, India only exports organic food and very little is consumed. However, this is not true.

Though 50% of the organic food production in India is targeted towards exports, there are many who look towards organic food for domestic consumption.

Acnielsen, a leading market research firm, recently surveyed about 21, 000 regular Internet users in 38 countries to find their preference for functional foods – foods that have additional health benefits. The survey revealed that India was among the top ten countries where health food, including organic food, was demanded by the consumers.

The most important reason for buying organic food was the concern for the health of children, with over 66 percent parents preferring organic food to non organic food. Though organic food is priced over 25 percent more than conventional food in India, many parents are willing to pay this higher premium due to the perceived health benefits of organic food.

The increase in organic food consumption in India is evident from the fact that many organic food stores are spurring up in India. Today (2006) every supermarket has an organic food store and every large city in India has

numerous organic food stores and restaurants. This is a huge change considering that the first organic food store in Mumbai was started in 1997.

What do Indian organic food consumers prefer? The pattern of organic food consumption in India is much different than in the developed countries. In India, consumers prefer organic marmalade, organic strawberry, organic tea, organic honey, organic cashew butter and various organic flours.

However, the Indian organic food consumer needs education. There are many consumers who are unaware of the difference between natural and organic food. Many people purchase products labeled as Natural thinking that they are Organic. Further, consumers are not aware of the certification system.

Food purchasing behavior

With incomes growing, the standard of living is improving. Increasingly, consumers are now realizing the importance of the impact of food on their health and well-being. The modern

Indian lifestyles and lifestyle-related diseases, as well as limited time to cook at home, are also expected to create demand for health and wellness products in the coming years. These factors, coupled with environmental issues and growing resistance towards genetically modified food products, are predicted to accelerate growth in the organic food category. Indian consumers currently spend a large portion of their income on food. Nearly 45 percent of consumption expenditures go for food (51 percent in rural areas and 39 percent in urban areas). In urban areas, the consumption of

processed and ready-to-eat (RTE) or convenience foods is higher due to relatively higher disposable incomes, exposure to a greater variety of processed foods, a preference for quick meals, and familiarity with foreign foods or cuisines. Rural consumers tend to prefer traditional Indian foods prepared at home, but exposure to processed foods is increasing even in rural areas. Demand for premium high-value foods such as chocolates, almonds and other dried nuts, cakes and pastries, imported fruits, fruit juices, and Indian sweets peaks during the fall festive and wedding seasons.

With the penetration of modern retailing in the suburbs and semi-urban areas, more and more Indians have access to retail shops carrying organic food products. Shopping habits Indian consumers traditionally purchase their daily food needs from small neighborhood stores and vendors because of convenience, perceived freshness, and limited refrigeration and storage space at home. Consumers of organic and health foods generally purchase these food items through modern retail outlets. Quality is considered important, but there is a reluctance to pay a premium. With the penetration of retail outlets in larger cities, suburbs, and semi-urban areas, more and more Indians are gaining exposure to them. A growing number of people in urban areas are widely traveled and have experienced international cuisines and branded food products. These consumer groups (often young professionals) have higher levels of disposable income, and generally prefer making weekly purchases of fresh and processed foods and branded products. In general, women do most of the shopping and make most of the food purchasing decisions. In households that can afford hired help, servants often do much of the shopping. Availability of many fresh foods, particularly

fruits and vegetables, is seasonal, and people are accustomed to adjusting their diet to the season.

A typical Indian household will make regular purchases of wheat flours, pulses, edible oils, ghee (clarified butter), dairy items (milk, butter, yogurt, paneer (a local cheese)), spices and condiments, pickles, noodles, snack foods, jams and jellies, ketchup and sauces, and health drinks. Most packaged food items are sold in small containers to keep pricing low
example is here

Natural Mantra

- Started November 2011
- Investment Rs 10 lakh
- Working with NGOs and other social entrepreneurs who make natural and organic products
- Social Impact Besides promoting eco friendly products, creating a window for others to sell

Where would you go for bright lipsticks made with honey, ghee and kokum butter? Or mosquito repellent diffusers with peppermint, citronella and lemongrass? Do you have a source for laundry soaps without added chemicals, organic and natural honey and whole wheat pasta? Some net-savvy consumers do — they go to the Natural Mantra e-store to choose from its 2, 000-odd eco-friendly, all-natural products across categories like body care, food, home care, kids products, eco fashion and gifts. The site gets some 1, 000 visitors every day and Nishant Nayak, who founded the company in 2011 and is its CEO, says he gets about 100 orders every month.

“ The average ticket size has grown to about Rs 1, 000 and the number of orders is doubling every month,” he adds.

Natural Mantra is a result of Nishant and his wife’s struggle to find natural products for their daughter while they were in the US, where he worked with Ebay as a product manager. The infant had eczema and commercial lotions only irritated her skin further. Thus began their quest to find a non-toxic solution. The Nayaks began by carefully reading labels to identify chemicals, spoke with doctors and scoured the internet to make the right choice. But when they returned to India in 2011 after a five-year stint in the US, they found that unlike the US, where natural products are easily available, there was no dedicated website or store here. “ We had become used to living an organic lifestyle in the US as we found the products more healthy and clean. But in India it is very difficult to lead such a lifestyle,” says Nayak, who quit his job as GM of product and analytics with futurebazar, the digital arm of Future Group, last year to set up this company.

Consumer perception

The demand for environmentally friendly products such as organic foods has significantly increased due to increasing awareness on health, food safety and environmental concerns (Loureiro et al., 2001, Nair, 2005; Briz and Ward, 2009). Awareness and knowledge has become critical factor in changing the attitude and behaviour of consumers towards organic foods, which in turn is expected to drive the growth in the organic food markets (Soler et al., 2008; Freeland-Graves and Nitzke, 2002). Several studies have investigated the knowledge, awareness, attitude and behaviour of consumers towards organic food in both developed and developing countries

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(Chakrabarti, 2007; Compagnoni et al., 2000; Cunningham, 2002). It has been argued that the consumer awareness & knowledge as well as consumption of organic foods are significantly higher in developed countries as compared to developing countries. In countries like India, where organic food markets are still in the early phase of its growth, comparatively have low level of awareness (Squires, 2001).

In general, consumers have positive attitudes towards organic products and perceived as healthier than conventional alternatives (Chinnici et al., 2002; Harper and Makatouni, 2002; O'Donovan and McCarthy, 2002; Radman, 2005). However, market size for organic foods remained low due to both supply and demand side constraints (O'Donovan and McCarthy, 2002; Hill and Lynchehaun, 2002; Magnusson et al., 2001; Stefanic et al., 2001; Gil et al., 2000). In terms of the role of 'brands' in this segment, these are still early days and only a limited number of brands are available in the market. However, these companies are generally unfamiliar to the consumers, so they feel unsure about what they are actually buying. They find it easy to remember the names of the stores from where they buy organic food since these stores usually also double as the places from where they typically make their household purchases. Some store brands recollected by consumers of fruits and dairy products for instance are Reliance Fresh, Organic Bazaar, Organic Heritage, Namdharis, Navdanya, Naturally Yours, Spencer's, Easy Day, Prakiti Aarogya Kendra, Sahakari Bhandar and Godrej Nature's Basket. Indian consumers are living in a dynamic world these days. They are continuously coming across new things in the world of food. Organic

food is one such new phenomenon that is widely talked about but rarely understood. Organic Food Overall

While buyers of organic food like to try new categories, they are yet to feel convinced enough to completely overhaul their purchase patterns. The typical product categories that they prefer to purchase are usually perishable goods – fruits & vegetables and dairy products. This pattern hints towards consumers' concern regarding the quality of regular varieties currently available in these categories –as fresh products, the need for 'freshness' and 'quality' is paramount in consumers' minds. While organic food is certainly perceived as a healthy option, there is lack of clear understanding among consumers as regards their exact health impact. Recent debates in the public sphere about the freshness and quality of regular food products have made consumers more aware about the possible adverse effects of such products.

Therefore, the health benefit they expect from organic food stem from the fact that organic products do not contain harmful chemicals or pesticides and are grown in hygienic conditions. However, even considering the perceived health benefit, consumers are currently in a confused state of mind about the actual meaning and implication of "organic". They are also not clear about the difference offered by products labelled 'organic' or 'natural'. While a select few understand the 'organic' category in terms of factors related to its production, farming, packaging etc., overall there is a huge blank in consumers' minds about the same. This gap is even wider for non-users of organic food, i. e. people who have never bought any kind of organic food till date.

DATA REQUIRED TO LAUNCH THE PRODUCT

The Indian consumer is becoming more and more conscious about their health; the Indian market is offering increasing potential for health friendly food segments such as that of organic food. Organic food serves as a promising alternative for the population concerned about the consequences of high amounts of chemical infusions in food items – both in terms of self – consumption as well as the ill impact on the environment. The affinity of an individual towards consumption of organic food items is highly dependent on the awareness levels, spending capacity and accessibility available to the individual. Market Size:

The market for organic food is extremely nascent in India at present, with very few active brands and low penetration even among urban consumers. Estimated Market size of organic fruits and dairy products at present is US\$ 80 million and US\$ 20 million respectively. Organic fruits and dairy products are expected to grow at a CAGR of 13-14% and 10-11% respectively over the next five to six years

Buyers – Reasons for Purchase

The main reasons stated by consumers for buying both organic fruits and dairy products are similar – health (both personal and family's), absence of harmful chemicals & pesticides, freshness and taste. Other factors that play a role in purchasing organic produce and dairy products include word of mouth (including recommendations from friends, relatives and store staff), specific health ailments & recommendations from medical practitioners, and

a sense of environmental responsibility (as these are perceived as good for the environment in terms of eco-friendly production methods).

IMPORTANT DATA

The market for organic food products in India is growing at 20-22% a year, a top official from Yes Bank has said.

“ The market for organic foods is growing at an compounded annual growth rate (CAGR) of 20-22%,” Yes Bank’s Country Head, Food and Agribusiness, Girish Aivalli told PTI.

With rising spending power of the growing middle class in the country and increased awareness towards chemical free food, organic and natural products sector will grow significantly in the coming years, he added.

Yes Bank also released a report ‘ Indian Organic Foods Market’ at a one-day conference, Jaivik India, on proliferation of organic and natural products in the Indian market.

The report said the global organic food and beverages market is expected to grow from \$57. 2 billion in 2010 to \$104. 5 billion by 2015 with a CAGR of 12. 8%.

Europe contributed to the largest share of the organic foods market in 2010 with revenue of \$27. 8 billion, the report added.

The Asia-Pacific organic food market had a total revenue of \$3. 5 billion in 2010 and had a CAGR of 16. 2% between 2006-2010, it said.

On India, the report said that the market for organic food including exports is currently valued at Rs 1, 000 crore.

The report added that the country produced around 3. 88 million tonne of certified organic products that includes basmati, pulses, tea, coffee, spices and oilseeds.

Organic foods industry presently is metro-based, with about 95% of the brands existing in top 10 metros like Delhi (NCR), Kolkata, Mumbai, Pune, Chennai, Bengaluru and other tier II cities, it said.

According to government data, area under organic farming had risen to 1. 08 million hectare. In addition, 3. 40 million hectare is wild forest harvest collection area.

The states doing well in organic farming are Madhya Pradesh (4. 40 lakh hectare), Maharashtra (1. 50 lakh hectare) and Orissa (95, 000 hectare), the data added.

Among crops, cotton is the single largest crop accounting for nearly 40% of total area followed by rice, pulses, oilseeds and spices.

India is the largest organic cotton grower in world, and accounts for 50% share of total world organic cotton production, it said.

Government is promoting organic farming under National Project on Organic Farming (NPOF), National Horticulture Mission (NHM) and Rashtriya Krishi Vikas Yojana (RKVY).

Market Size by Product Segments:

Apple, Mango, Orange and Banana, together account for the majority share in the overall market size of organic fruits at about 75-80%. Milk and Curd, together account for 45-50% of the overall market size of organic dairy products. These products are expected to continue being the more popular ones within their respective categories, over the next five to six years.

Market Size by Geography:

Cities classified as Metro and Mini metro, together are major contributors to both organic fruits and organic dairy products (85-90%). This pattern is expected to continue over the next five to ten years, post which the trend may percolate to smaller cities in India (primarily Tier I cities).

Price of Purchase – Organic Fruits and Dairy Products:

Overall, consumers pay higher for organic varieties of fruits and dairy products compared to their regular varieties. The high prices do not allow these organic products to become part of regular household consumption as they greatly impact the month food budget. This consequently results in low purchase frequency among consumers of organic food and low penetration.

Place of Purchase – Organic Fruits and Dairy Products:

Consumer behavior varies in terms of place of purchase between regular and organic varieties. While regular varieties are commonly purchased from any of the local retail options, the organic varieties on the other hand are purchased from organised stores – this pattern is a likely result of local stores not stocking organic varieties. Apart from that, consumers themselves prefer to purchase organic varieties from organised stores – they are

skeptical about local neighborhood stores selling authentic products. They also enjoy the experience of shopping in organised stores for these organic products. Purchase Process – Organic Fruits and Dairy Products:

These categories are characterised by high personal involvement from the consumers in deciding and buying – only a few products such as milk or other daily use dairy products are delivered regularly to the consumers' doorsteps by milkman or local retailers. For other products such as fruits, consumers prefer to touch & feel before purchasing them. This behavior is similar across regular and organic varieties of fruits and dairy products.

Need Gap Assessment:

The organic food market has three key areas of addressable need gaps basis the importance assigned and satisfaction derived by consumers to various parameters that play a role in purchase decision making. Firstly, there are certain critical areas that have a significant impact on consumers' decision making namely – availability, price points, certifications and information. This area is currently characterised by ' high importance and low satisfaction' for consumers of organic food. Second area of need gap is characterised by certain parameters that are seen as an integral part of the concept of organic food – health benefit, freshness and taste. These are the basic factors that need to be in place to induce purchase or enhance product experience – currently they are placed by consumers at ' high/ moderate importance and high/ moderate satisfaction'. Third area of need gap is the least significant currently as it is characterised by ' low importance and low satisfaction'. These set of factors of – visual appeal and portion size/ quantity

– can play an increasingly important role in future to enable multiple brands to differentiate themselves.

COMPETITOR ANALYSIS

A list of organic food brands available in Delhi NCR, along with their websites. This list is growing at great speed, and we're trying hard to keep it up to date!

1. Navdanya

Navdanya started as a program founded by world-renowned scientist and environmentalist Dr. Vandana Shiva, to provide direction and support to environmental activism. Its main aim is to support local farmers, rescue and conserve crops and plants that are being pushed to extinction and make them available through direct marketing. This is one of the oldest and most trusted brand of organic food available in India.

2. 24 Letter Mantra

This is an organic food brand of Sresta Natural Bioproducts Pvt. Ltd. incorporated in the year 2004. It is headquartered in Hyderabad and has over 300 retail food products. The products are certified for EU 2092/91, NOP (USDA) and NPOP (Government of India) standards.

3. Down to earth

This is a brand from the Morarka Group, which has moved from being in the back end of the value chain for 10 years, to retailing of certified organic products. Down To Earth is certified by OneCert Asia Agri. Certification Pvt.

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Ltd. (a subsidiary of One Cert Inc. USA) as per NOP (USDA), NPOP (Government of India) and EU Standards for Organic Certification. Apart from food, they also do organic cotton clothes and bed linen, as well as soaps and other toiletries.

4. Orgavita

This is a brand from the Jaipur based company Nature's Bounty Dairy Ltd. Apart from pulses, grains & spices, they also do fresh fruits and vegetables. Orgavita products retail at Spencers, Easy Day and Nature's Basket outlets.

5. Organic India

Organic India has a commitment to promote holistic sustainable development through organic agriculture. It is a global leader in promoting organic products and in supporting sustainable farming, wild crafting and village/tribal agricultural communities in India. Their facilities and processing centers have been awarded SQF, HACCP, GMP, ISO-9001 and Kosher certifications, and are EU, Skal, ECO-Cert and USDA certified for organic production. Their products include organic teas, herbal supplements, syrups, desi ghee and chavanprash.

6. Fabindia

Fabindia range includes textile based products, home products, Organic Food Products and personal care products (of which some are organic). In their organic range, they cover several types of cereals, grains, pulses, spices, sugar, tea, coffee, honey, fruit preserves and herbs, at affordable prices.

7. Conscious Foods

The company sources most of its products from small organic farms and farming communities all over the country. Conscious Food targets its products specifically at discerning customers who demand, and are willing to pay for genuinely natural and organic food products. They have an elaborate product range that covers cereals, pulses, spices, oils, seeds, snacks etc.

8. Dubden Greens

This was set up to market organic, herbal and eco-friendly products – at retail stores in larger markets and at their own flagship store at Shahpur Jat in Delhi. They cover grains, pulses, spices etc, and even have fresh produce. They also have a small section of organic cotton textiles.

9. The Altitude Store

This store also has a comprehensive range of natural and organic foods – grains, pulses, spices, oils, snacks etc, and you can also order online from them.

10. Green Fiesta

This company started in 2005 out of Sonapat, Haryana, and covers an array of products like cereals, pulses, spices etc. Their farming practices, processing and products are certified by Control Union Certifications, Netherlands.

11. i2cook

i2cook sells Homemade Peanut Butter, Mustard, Granola Bars & Pesto made of organic ingredients. i2cook's main motive is to deliver quality & assure you that their products tastes much better than the factory processed ones. The products are available in many stores in Mumbai, and they have their own store in Bangalore.

12. Nourish Organics

A company that believes in creating the organic ready to make snacks, cereals and trail mixes, their products are available in stores across India.

13. C Greens

A small company with a big idea – Consume Green wants to revive and preserve traditional food habits. They incorporate millets, healthy seeds and oils into conveniently packed cookies, laddoos, snacks, seed mixes etc. Their products are available in Delhi, Mumbai, Chandigarh and Himachal.

14. Soul Tree

Skin, hair & bath care range made from Organic herbs & natural origin ingredients, and born out of extensive research firmly rooted in the principles of Ayurveda. No artificial colours, fragrances or harmful preservatives are used. Sold at stores and online on their website.

15. Omved Cosmetics

Omved offers over 1, 000 organic, non-toxic products handmade by master artisans and tribal craftsmen to ' heal, purify, rejuvenate and center you', as

per Vedic traditions. These products are chemical free, natural, handcrafted, fair trade, made in India and biodegradable.