

## Organic Farming Brand Identity: Meeting Trends, Building Trust

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El concepto de Agricultura Ecológica (AE) tiene un papel importante en la competencia del mercado contemporáneo tanto en la economía europea como en la de otros países. Este aspecto es el objetivo principal de este artículo. La certificación de AE se considera como marca específica y su significado se presenta desde diferentes perspectivas. El autor centra su atención en la creación del beneficio del consumidor y confianza debido a la certificación de marca de AE. Ésta puede convertirse en una herramienta efectiva para la creación de una estrecha relación entre la oferta y la demanda del mercado.

Palabras clave: producto ecológico, agricultura ecológica, Unión Europea, identidad de marca, confianza del consumidor.

The Organic Farming (OF) concept plays a significant role in contemporary market competition in European and other economies. This issue is the main target of the paper. The OF certification mark is dealt with as a specific brand and its meaning is presented from different points of view. The author puts special emphasis on creating customer benefits and trust due to the OF certification mark. The mark can become an effective tool of building strong relationship between supply and demand sides of the market.

Key words: organic food, organic farming, European Union, brand identity, consumer trust.

## INTRODUCTION

In contemporary business, so called certifying brands enable adopting a uniform approach and constituting fair rules of competition, protecting brands from misuse and imitation. The noble marks express reputation and distinctiveness. This sort of protection gives valuable intellectual property rights as well as added value owing to distinguishing given goods from those of competitors. As buyers pay more for the products, they require the same quality all the time, so after the control non-complying products are withdrawn from the market.

Therefore, an international phenomenon is worth indicating here. In highly industrialized states, interest in eco-food is increasing, and the answer to consumers' expectations is certification of those products in order to guarantee certitude of natural and traditional production. It is one of the fastest developing sectors of agricultural as well as food and beverages fields in the world, with the growth of sales e.g. in the EU-15 on average by 30% in 1998 - 2005<sup>1</sup>. Similarly, the growing importance of the supporting production of eco-food (also the traditional one) and promoting the dietetic habits based on them is expressly exemplified by the international undertakings.

The paper examines the problem mainly from the demand side perspective. However, the key issues connected with the supply side point of view are also considered to a necessary extent.

## OF AS A CONCEPT

In the context of the issues discussed, it is worth paying attention to the EU certificate, namely *Organic Farming (OF)*. In introducing Council Regulation (EEC) No 2092/91 in 1991, the Council shaped a Community framework defining in detail the requirements for agriculture

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<sup>1</sup> Organic Farming, *European Commission Documents* [[http://europa.eu.int/comm/agriculture/qual/organic/index\\_en.htm](http://europa.eu.int/comm/agriculture/qual/organic/index_en.htm); access: 03.04.2006].

products or foodstuffs bearing a reference to organic production methods<sup>2</sup>. Although the OF may not be tied with region or tradition, it has quite a lot in common with so called Quality Agricultural Products: PDO - Protected Designation of Origin PGI - Protected Geographical Indication TSG - Traditional Speciality Guaranteed.

The definition of organic farming given below is proposed by the FAO/WHO Codex Alimentarius for organic food:

Organic agriculture is a holistic production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles, and soil biological activity. It emphasizes the use of management practices in preference to the use of off-farm inputs, taking into account that regional conditions require locally adapted systems. This is accomplished by using, where possible, agronomic, biological, and mechanical methods, as proposed to using synthetic materials, to fulfil any specific function within the system<sup>3</sup>.

According to the definition, the OF is a method for producing foodstuffs, owing to which the consumers who perceived the products as beneficial buy them and in consequence finance OF, so it is governed by market rules. The EU Strategy for Sustainable Development includes the idea as common agriculture policy (CAP) encourages the ecological farming<sup>4</sup>. The standards are connected for instance with listing the permitted additives, processing aids for processed animals products, minimising pollution, improving the conditions of animal welfare, soil protection, biodiversity. The farmers who develop the OF concept can receive investment support from EU as all other groups of farmers. Moreover, GMOs (genetically modified organisms) and/or any product derived from such organisms must not be used in OF (except of veterinary medicinal products)<sup>5</sup>.

Some Member States have applied their own rules of OF (for example: Austria, Denmark, Finland, Germany, Slovakia, Sweden, the

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<sup>2</sup> EU Document (2004) *European Action Plan for Organic Food and Farming*. Commission Staff Working Document, Annex to the Communication from the Commission [COM (2004) 415 final], Brussels 10.06.2004, SEC (2004) 739, p. 7.

<sup>3</sup> EU Document (2004) *European Action Plan for Organic...*, *op. cit.*, p. 3.

<sup>4</sup> EU Document (2001) *A Sustainable Europe for Better World*. Commission's proposal to the Göteborg European Council [COM (2001) 264].

<sup>5</sup> Article 6. of Council Regulation (EEC) No 2092/91 on Organic Farming.

UK) but their programmes should be compatible with the European Action Plan. Similarly, in 1998 International Federation of Organic Agriculture Movements (IFOAM set up in 1972) adopted fundamental standards for organic farming and processing. The Federation cooperates with European Commission<sup>6</sup>.

#### MARKET FACTS AND DATA - SUPPLY SIDE

In 2004 organic food held a market share of *circa* 2% (i.e. the share of organics in total food sales) in the EU-15, while the USA 2.3%, Latin America less than 0.5%<sup>7</sup>. The old continent with 21.8% in EU-25 of the organic area belongs to three largest in the world winning the third place, while Oceania is number one with 43.2% and South America as number two with 23.7%<sup>8</sup>.

In 2005 the OF constituted 4% of the total Utilised Agricultural Area (UAA) in EU-25 with such leading countries as: Austria, Italy (the major regions - Sicily, Sardinia), Greece, Czech Republic, Latvia, Finland and Sweden. While Austria had the highest share of organic area over total UAA (11%), Latvia became the most dynamic country with imposing growth of 354% (another EU newcomer, Slovakia, also noticed an impressive growth of *circa* 76%). In terms of total organic area measured by country, in 2005 Italy accounted for almost 18% of total organic area in EU-25 (then Germany and Spain with about 14%), and Czech Republic was the leader among the EU newcomers (more than 4%)<sup>9</sup>.

The number of organic holdings in EU-15 increased from 29,000 in 1993 to more than 140,000 in 2003. It should be stressed that in 2005 Austria reached the highest position in the rank of organic producers

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<sup>6</sup> G. Le Guillou & A. Scharpe (2001) *Organic Farming. Guide to Community Rules*. Luxembourg: European Communities, European Commission Directorate-General for Agriculture, p. 6.

<sup>7</sup> EU Document (2004) *European Action Plan for Organic Food and Farming*, *op. cit.*, pp. 7-9.

<sup>8</sup> Report: *Organic Farming in the European Union. Facts and Figures*, Commission Europeenne. Direction Generale de L'Agriculture et du Developpement Rural, Bruxelles, 03.11.2005, p. 6.

<sup>9</sup> L. Llorens Abando & E. Rohner-Thielen (2007) "Different Organic Farming Patterns within EU-25. An Overview of the Current Situation", *Statistics in Focus. Agriculture and Fisheries*, 69. European Communities: Eurostat, pp. 1-2.

out of the total number of agricultural holdings (12%), followed by Denmark and Finland (however their shares showed decreasing tendency)<sup>10</sup>.

In 2004 Germany was the biggest national market with a share of circa 30% of the total EU market volume, followed by the UK, Italy, France.

Registered operators in EU-25 consist of three key market segments: producers, processors and importers (Table 1).

**Table 1: Main OF operators in 2005**

Type of operator in EU-25	Major countries	Number
Producers	Italy, Austria, Germany, Spain, Greece	~ 160,000
Processors	Germany, Italy, France, the UK, Spain	~ 28,000
Importers	Germany, the UK, Italy, Netherlands, Sweden	~ 2,000

Source: L. Llorens Abando, E. Rohner-Thielen, *op. cit.*, p. 3.

From the EU newcomers, Latvia, Lithuania and Slovakia belonged to the leaders in terms of the operators number dynamics.

However, it is the U.S. where organic sector has been growing most rapidly for several years (more than 15% per year). In the U.S. till 2006, 10,000 farmers had made the transition to OF production on about 2.3 million acres of land<sup>11</sup>.

#### MARKET FACTS AND DATA - DEMAND SIDE

In the 80s of 20th century, the interest of ecological food took off in to a great extent, initially in the western Europe and Scandinavia, Australia, Canada, U.S. and Japan. Since the 80s the buyers had become more convinced of the wholesome, "green" products values.

In 2004 shares of OF in total food products turnover was the largest in Demark (5%), Sweden (3.5%) and Germany (2.6%) but generally

<sup>10</sup> L. Llorens Abando, E. Rohner-Thielen, *op. cit.*, p. 4.

<sup>11</sup> S. Faber (2006) "Demand for OF Growing Faster Than Domestic Supply", *Chesapeake Bay Journal*, 16, No. 1, March [<http://www.bayjournal.com/article.cfm?article=2760>].

in the EU-15 less, about 2%. Moreover, in the same year a European individual consumer in 2004 spent monthly per capita<sup>12</sup>:

Denmark - more than € 60,  
Sweden - € 45,  
Austria - € 41,  
Germany - € 40,  
Belgium - € 29.

The consumers' price premium depends on a product category. For instance apples' premium is the lowest in Sweden (approximately 37%), and the highest in Portugal (283%); beef - reaches maximum in Luxembourg (126%), and minimum in Portugal (4%). In the U.S. according to the department of Agriculture, sales of OF had grown from \$ 3 milliard (in American English - billion) in 1997 to 10 in 2003<sup>13</sup>.

#### CONSUMERS' PERSPECTIVE AND BENEFITS

A consumer, who makes a decision to purchase such food, is absolutely confident that at least 95% of the product ingredients are organically produced. The OF product bought is guaranteed by certification system and strict control.

Moreover, the OF relates to different consumer's motives - ethical values, when it comes to attitudes towards environment or animal welfare and personal aspects, when healthy food from not polluted natural areas is the major determinant of purchase. According to market research projects carried out by different authors, to the major motives to purchase the OF products belong: taste, health, ecology - environmental protection, and animal welfare<sup>14</sup>. On the other hand, organic products are unavailable in many shops, perceived to be too expensive, and prospective buyers are not aware of their values or have doubts related to their reliability. Indeed, the price is a barrier because its premium reaches

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<sup>12</sup> *Organic Farming in the European Union. Facts and Figures...*, *op. cit.*, pp. 20-21.

<sup>13</sup> S. Faber, *op. cit.*

<sup>14</sup> R. Zanolli & S. Naspetti (2001) "Values and Ethics in Organic Food Consumption", M. Pasquali (ed.) *Preprints of EurSafe*. Milan: A&Q, pp. 411-415. A. Makatouni (2002) "What Motivates Consumers to Buy Organic Food in the UK. Results from a Qualitative Study", *British Food Journal*, 3-5, pp. 345-352.

even 50-60%. The problem lies also on a different sphere - potential average EU consumers' awareness is not deep therefore it should be stimulated more intensely by greater variety and amount of information about OF. So the challenge to boost OF as environmentally friendly agriculture belongs to the key Common Agriculture Policy tasks owing to widespread communications, tough and uncompromising control system and reliable market enquiries. Buyers must be informed in details about all the benefits and rules. For instance a prospective buyer should know rational reasons for organic products high prices shaped by farmers extra costs.

Although it is impossible to persuade the audience into believing in healthier values of OF on legal basis, consumers are often convinced about its better nutritive attributes (for example circa 26% of Sainsbury's customers in the UK).

One more issue should be emphasised here. The concept of OF has much wider and universal meaning for European society as a whole. The society belongs to the long term beneficiaries as the OF protects nature and environment. Therefore, there is a positive synergy effect of OF emerged in three dimensions:

- social (in terms of improvement of food safety and quality, public health, influence on rural development, responsiveness to consumer demand),
- environmental (in terms of establishing high standards for nature protection and animal welfare)
- economic (in terms of creating entrepreneurship and competitiveness, giving income support, stimulating market-orientation).

Consumers, who present a socially-oriented attitude of including less developed countries in global competition, may notice one more benefit. According to the Article 11 of Council Regulation (EEC) No 2092/91 external countries are allowed to export their organic products to the EU internal market but the products must fulfil all the OF requirements and standards established by the Commission (among them for example Costa Rica but also rich countries, as Norway, Liechtenstein)<sup>15</sup>. They also can be certificated with the EU OF mark.

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cit., p. 27.

<sup>15</sup> EU Document (2004) *European Action Plan for Organic Food and Farming*, op.

## BRAND IDENTITY

Brand identity is treated as a group of individual features connected to each other and typical of a given product which are consciously exposed by a company (brand's owner). They may be actual attributes of a specific good (e.g. Lindt&Sprüngli products - a multi-generation tradition of Swiss confectionery, Blue Mountain - Jamaican coffee characterised by extraordinary flavour and taste as well as highest quality in the world for connoisseurs) or features created by experts in branding (e.g. Red Bull energy drink - a "powerful" product of *new age* type, Max Factor cosmetics - necessary for professional make up used by celebrities).

It should be added that brand identity is highly influenced by the corporate identity strategy implemented by a company (widely used acronym for corporate identity: CI)<sup>16</sup>. However, the EU OF label, although can be treated as a brand, in fact belongs to a special category of brands. While considering the different interpretations of its meaning one adopts several approaches. The matter is perceived from rational as well emotional perspectives. On rational level the OF is protected by law registered certifying mark (similarly for instance to Woolmark), then on both rational and emotional level: is European, guaranteed by pan-regional union, good for health (a buyer can identify himself with the region and feel secured), as well as emotional (for a buyer a method to express his admiration for animals).

**Table 2: OF brand perception – from rational to emotional level**

OF as a brand perceived on 3 levels:		
rational level	rational and emotional level	emotional level
examples		
protected by law registered certifying mark	European roots, good for health, protects environment	protects animal welfare

<sup>16</sup> More on identity: C.L. Morgan (1999) *Logos: Logo, Identity, Brand, Culture*. Hove, East Sussex: RotoVision, pp. 47-73; L. de Chernatony (2003) *Marka. Wizja i tworzenie marki*. Gdansk: GWP, pp. 48-51.



## MARKETING ACTIVITIES

As it has been already mentioned, the information about OF is unsatisfactory and the task to communicate the concept lies not only in public authorities' and the main operators' hands but also all the stakeholders involved in organic products distribution.

The registered OF mark, mainly its protection, promotion belong to the major marketing undertakings in which the EC policy of organic farming is engaged. The graphic sign placed on the food qualified within this category is very similar to the symbols of regional products described above. It has been used since March 2000 according to the Commission Regulation EEC No 2092/91 as a guarantee that both plant and animal products come from ecological cultivation and culture, as well as that they are environmentally friendly. It is not obligatory. The OF mark guarantees a special kind of confidence for its customers, and in details it means that at least 95% of a given product's ingredients have been ecologically produced.

Furthermore, the specific product is sold in a package sealed by its preparer or producer. The OF products are sold twofold - through direct marketing tools and specialized point of sale (POS) as well as large-scale distribution with supermarkets as its final link in a chain and non-specialised POS. The first option is typical for Belgium, Germany, Greece, France, Luxembourg, Italy, the Netherlands and Spain. The other one is preferred by Denmark, Finland, Sweden, the UK, Hungary, and Czech Republic. The product must comply with all the regulations of the strict inspection format, presenting the producer's, preparer's or a vendor's name as well as the name or code of the inspection body. It has already come out that the mark belongs to the major factors that influence purchasing decisions. The sign can be found on such products as fruit, vegetables, bread, meat, dairy goods, apiary and aquaculture products, wine.

Although the graphic design is equal in the Member States (the mark must be used only in accordance with the technical reproduction rules in the graphic manual)<sup>17</sup>, the name differs as the terms biological, organic and ecological have dissimilar interpretations in national languages, for instance:

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<sup>17</sup> G. Le Guillou, A. Scharpe, *op. cit.*, p. 17.

- in English - Organic Farming. EC-Control System,
- in French - Agriculture Biologique. Systeme de Conrole CE,
- in German - Biologische Landwirtschaft,
- in Italian - Agricoltura Biologica. Regime di Controllo CE,
- in Polish - Rolnictwo ekologiczne - system kontroli WE,
- in Spanish - Agricultura Ecologica. Sistema de Control CE,
- in Sweden - Ekologiskt Jordbruk. EG-Kontrollsystem.

Moreover, the Member States have accepted compulsory rules that govern promotion of OF products.

On the other hand there are many private and national labels and standards, which meet local requirements. According to EC the OF mark can be used together with other "green" signs known earlier in a given country<sup>18</sup>. Poland can be presented here as a vivid instance. In this country the first organic farmers' association was established in 1989 - Poland had just entered new era of free market economy and democracy. Therefore Ekoland (Association of Ecological Food Producers) had gained also a kind of symbolic meaning, an added value and extended identity. In 1990 Ekoland became a full member of IFOAM and started such activities as: promoting the organic farming and environmental protection, developing of standards for organic farming. The Association's standards for organic farming were developed in 1994 on the basis of IFOAM principles for organic agriculture and then revised in 1998 in accordance with the Council Regulation (EEC) No. 2092/91. Since May 1, 2004 EU regulation 2092/91 is enforced by the Polish law on organic farming (law of 20 April 2004, Journal of Law No 93, pos. 898).

So variety of different and not always coherent approaches intensifies the problem which is complex *per se*. One may ask a question which sign rated to ecological products is the most important for the target audiences but nowadays the answer is not explicit. Above all other criteria, such mark used as an organic food certificate should communicate reliability, be free from external and internal stakeholders' pressure (i.e. negative, dishonest lobbying) and build infinite trust. Trust belongs to

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<sup>18</sup> EU Document (2004) *European Action Plan for Organic Food and Farming*, *op. cit.*, p. 12.

socio-psychological terms used broadly in contemporary business, so the issue should be presented more precisely.

### TOWARD CONSUMERS' TRUST

The representatives of scientific institutions as well as business practitioners point out the necessity of trust building in social relations, both by individuals and by groups of people.

Bearing in mind this tendency, a company crew should take care of proper tools usage in every step of its market undertakings, if trust belongs to the major values in the chain mentioned above.

Trust can be understood as a belief in the reliability or truth or strength etc. of a person or thing, the state of being relied on, confident expectation<sup>19</sup>. Moreover, in business frame, trust belongs to the axiological and strategic attributes of a company identity. Nowadays companies are faced with a dilemma what steps should be undertaken to make a powerful and convincing attribute of trust, especially in axiological dimension of their identities. So trust, when it is communicated as a key value, must result from formally confirmed achievements.

Another aspect should be stressed here. In practice, companies put the word trust into their slogans only as a self-valuation without any features of objectivism. Therefore, if a firm emphasizes values related to trust in its market activities (for example: reputation, credibility, truth, openness, transparency) it must avoid proofless populism and demagoguery. While a company communicates trust as an pillar of its brand identity it should consider such aspects of its activities, as:

- clearly separating the identity elements which in the modern economy already function as a relatively common standard from the ones surpassing that standard, as well as emphasizing those less popular in messages,
- judging an organization's identity by independent external entities, auditors recognized on the international scale,
- leading to consolidate multi-year presence in international rankings of recognized press publications tackling economic issues,

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<sup>19</sup> *The Concise Oxford Dictionary*, ed. by R.E. Allen (1990) Oxford University Press.

- subjecting enterprise's actions to stakeholders' assessment, especially the one of clients and their associations,
- strengthening the undertakings given above by visual tools of communication.

The OF mark seems to fulfil the criteria given above and additionally strengthens the undertakings by visual tools of communication. It should be added here that the EU inspection system is very rigorous and thorough. It consists of four major parts: certification of operators (by designated inspection authorities or by private bodies with EN 45011 standard or ISO 65), accreditation of inspection bodies, supervision of inspection bodies and evaluation of member States' inspection systems carried out by the Commission.

#### SUMMARY

As globalization increases, such company values as trust, matter more in many countries, which economies are nowadays insecure and chaotic, including even the Triad markets. However, communicating the value of a given business is not enough. Companies must undertake efforts resulted in confirming a truthful engagement in such activities, and proving their effectiveness for example via using certifying brands as marks of international prestige and reliability. The EU Organic Farming brand with its strong identity belong to this group.

In this short article it is impossible to discuss in details a wide issue of creating positive long-term customers' trust based on certifying OF mark. Nevertheless, the basic aim of this analysis was to attract attention to the problem and notice its key aspects.

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