BOOK REVIEW

Australian Organic Market Report 2010

Mitchell, A., Kristiansen, P., Bez, N. and Monk, A. 2010. Biological Farmers of Australia, Chermside.

Researchers at the University of New England in conjunction with Mobium Group have produced the *Australian Organic Market Report 2010 (AOMR2010)*. The project was supported by the Biological Farmer's of Australia and Horticulture Australia Ltd with contributions from other key players in the organic sector.

The AOMR2010 provides a broad picture of the Australian organic industry as well as benchmarks for monitoring the health and growth of the various sectors into the future. It identifies potential areas for growth while identifying some of the opportunities and potential threats to the industry.

The importance of such a document cannot be underestimated. For many, the organic industry is still seen as a niche-market. I refer to a recent communication with a significant figure in the grocery industry who described the market for organic products as 'pretty much irrelevant'. This was based on a view that the organic industry is worth around $80million a year, and less than 0.1% of the Australian food and grocery market. Suffice to say the person in question was surprised to learn that the AOMR2010 valued the Australian organic industry at close to a billion dollars ($947million). If this view is held by those who should be better informed, it is unsurprising that funding for organic research and development is at best patchy.

Documents such as the AOMR2010 are essential for informing funding proposals, lobbying and marketing strategies. Raising the profile and understanding of the organic industry can increase opportunities for commercial investment and government funding as well as increase consumer demand. This may in turn lead to increased support for research and development, business expansion and training programs, and assistance with developing markets and overcoming trade barriers. In addition the AOMR2010 provides the industry with information to support forward planning; identifying areas for growth, and enabling it to respond to supply and demand challenges.

The report is broken into various chapters including an overview of certified organic land area and certified operators; production figures by primary industry sector; an exploration of other certified operations within the supply chain; and additional information about Australian organic consumers. Case studies are included throughout to provide a more meaningful understanding of key successes and challenges in various sectors.

The main instrument used to inform the AOMR2010 was a revised version of the 2008 questionnaire, initially based on surveys conducted by the UK Soil Association. A mixed-method approach was utilised combining both quantitative and qualitative data. Consumer information was obtained as part of the Green-Tracker research conducted quarterly by the Mobium Group.

National production data was calculated for each of the sectors based on information from the surveys and interviews. A total of 487 useable surveys were returned representing a response rate of 16.4% of the 2,986 certified organic operators identified.

The disappointing response rates from organic operators may have been due to respondent fatigue, concerns about the security of the information provided (especially financial or production data) or small operators believing that their information was not relevant.

To compensate for this, the researchers have gone to considerable lengths to cross check data. Where a lack of response was shown to be non-representative of certain sectors, extrapolations were made from supply chain information to supplement areas where data was unavailable.

Despite these efforts there are apparent variations in the reliability of the data for different sectors, depending on the response rates and nature of the industry, making it difficult to capture all of the potential nuances of individual sectors. For instance it is unlikely that the AOMR2010 will have been able to account for the full worth of the value-added commodities such as the value of 1 litre of milk compared with the cheese it may produce. As a result the report is likely to be an underestimation of the true value of the Australian organic industry and should be viewed in light of these limitations as a useful but 'conservative estimate'.

The AOMR2010 does not attempt to capture data on imports but rather to demonstrate the value of organics to local producers. As a result it cannot completely reflect the amount that Australian consumers are spending on organics. The report estimates that over $200million worth of products are imported, including ingredients for manufacturers. Imported products continue to dominate the retail shelves in processed and value-added products demonstrating a key opportunity for growth in domestic manufacturing.

Overall the report shows the consolidation of a maturing organic industry. While some sectors contracted or remained contracted since the 2008 report, this has been largely attributed to drought. In addition, the Global Financial Crisis may have impacted on some of the value-adding sectors. Nevertheless, the overall picture is strong and the organic farm gate value increased over 48% in the two years since the 2008 report. The AOMR2010 also highlights the growing availability of organic produce in the mainstream grocery chains as well as through local and web-based food initiatives such as farmer's markets and box delivery schemes.

The inclusion of the Lifestyles of Health and Sustainability (LOHAS) information in the current report provides a valuable resource to those responsible for marketing organic products. While marketing is often regarded negatively due to its ability to manipulate consumption beyond the needs of the consumer, it may also have a positive impact if the outcome is the promotion of healthier and more environmentally friendly purchasing behaviours (Pearson *et al*. 2007).

It has been a commonly held belief that organic consumers are primarily 'yuppies, greenies and health nuts' and that the industry is driven by high income earners attracted both to the perceived health and food safety attributes and to the high status of niche-market organic foods. This is based on the assumption that organic foods are prohibitively expensive so only 'the wealthy or the radically health or environment conscious could afford them' (Lockie *et al*. 2002). The 2010 AOMR however paints a more realistic picture where 61% of Australian households claim to have purchased some organic food in the previous 12 months. However, while the majority (83%) of respondents said they believe in the 'chemical-free' benefits of organics, only around 12% spend more than 50% of their household food-spend on organic options. There is clearly considerable opportunity to increase demand for organics.

The *Australian Organic Market Report 2010* is the most comprehensive to date. The methodology is sound if somewhat compromised by a lack of participation from the organic operators it could most benefit. It is anticipated that the report will assist the commercial sector, informing business decisions and planning. In addition, it provides a valuable resource for researchers, industry related bodies, and government organisations requiring a comprehensive picture of the organic industry and its broader trends.

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References

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