

Some Marketers Should Reconsider "Organic" Positioning

By Helen Coster

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Does anyone really need organic shampoo or beer? Nope.



Take any item on a shopping list--pasta, toothpaste, paper towels--and chances are, its organic counterpart is also sold in the grocery store. Thanks, in part, to marketers who are eager to cash in on the organic movement, consumers face a confusing choice: Are organic products better or is the term, used by just about every type of company, from jeans purveyors to cigarette makers, marketing hype?

The answer depends on the product. "Organic" has a specific, limited meaning, but many consumers wrongly equate the term with all-natural or healthy. Marketers that pitch their products as organic when they're not--or sell products that don't really need to be organic--are likely to annoy consumers, who are more skeptical of marketing claims these days.

"An organic T-shirt could be highly polluting if it contains certain kinds of dyes or inks, or was manufactured in a factory that doesn't meet environmental standards," says Scot Case, the executive vice president of environmental marketing firm TerraChoice. "By misusing the term, some marketers are completing devaluing it." According to a study by retail consultancy WSL Strategic Retail, 38% of shoppers don't trust that organics "are truly organic."

Agricultural products are the only goods that can be certified organic. The term "organic" refers to the way that agricultural products are grown and processed, based on standards that the U.S. Department of Agriculture developed. In order to receive the "USDA Organic" seal, food must be produced without antibiotics, synthetic hormones, genetic engineering, sewage sludge or irradiation. Organic products are grown in farmland that has been free from certain pesticides for three or more years. For meat to be considered organic, the animals can't be given antibiotics, growth hormones or feed made from animal byproducts. Organic production comes at a cost: Organic food is typically 50% more expensive than its conventional counterpart, and that number can reach 100% for some organic meats.

Shoppers who buy organic products usually choose these items because they're trying to reduce their exposure to certain chemicals, they want to support environmentally friendly practices--or both. Studies show that people who eat organic foods can reduce their exposure to the potential health risks associated with toxic pesticides and certain kinds of fertilizer. That health benefit has made organic food products one of the fastest-growing categories in the food business, with annual sales growth of 20% or more over the past decade.

According to the Organic Trade Association, Americans consumed \$24 billion worth of organic food and beverages last year. Sales of organic meat increased 29%, while sales of dairy products and produce were up 25% and 24%, respectively. Industry trackers say that so far, the recession has had a negligible impact on the organic food craze.

But not all organic products are considered equal. According to Sonya Lunder, a senior analyst at the research and advocacy organization Environmental Working Group, some fruits and vegetables absorb more pesticides than others. Shoppers who can only afford to buy some organic food should splurge on the organic version of what she calls the "dirty dozen" in produce: peaches, apples, bell peppers, celery, nectarines, strawberries, cherries, kale, lettuce, imported grapes, carrots and pears. These fruits and vegetables absorb more chemicals than others. Onions, avocados, sweet corn and pineapples are among the Environmental Working Group's "Clean 15" fruits and vegetables, which absorb the least amount of pesticides.

For shoppers who selectively buy organic, Lunder suggests splurging on organic meat, cheese, milk and baby food. "Chemicals accumulate in fat," she says. "So products like meat or cheese, which contain large portions of animal fat, may have accumulated antibiotics or pesticides." She also recommends buying organic baby food because infants eat large amounts of a few types of food.

What about products made with grapes and grains, such as wine, beer and bread products? Save your money. Organic pasta, oatmeal, bread and such are made from grains that have been grown without pesticides for three years. But the conventional versions don't have as many chemicals as, say, peaches, so cost-conscious consumers may not want to splurge on those. As for beverages, organic wines lack sulfites, which vintners use to prevent the wines from going sour. Wines without sulfites have a greater chance of spoilage, which may not outweigh whatever benefits come from avoiding the preservatives.

TerraChoice's Scot Case says that consumers should be skeptical of organic claims in the areas of "kids, cosmetics and cleaners." Unlike agriculture, these industries don't have a standardized organic labeling system. A shampoo may have "organic" on its label because it includes a small amount of organic lavender, but it could still contain chemicals that are harsh on the skin. Case in point: Hair care company Modern Organic Products makes a "molding cream" that received a high toxicity score, according to the Environmental Working Group's cosmetic safety database. Organic-labeled products from Africa's Best and Organic Bath Co. also scored high in toxicity.

Marketers that exaggerate organic claims may make consumers mistrustful of products with an organic label--and the companies that make them. Tough economic times, when most consumers are careful about how and where they spend money, are more likely to spur an organic backlash. "In good times, people could afford to be misled," says TerraChoice's Case. "Now shoppers are being more cautious about how they spend their green dollars. Shoppers are asking tougher questions about the goods that they're buying. As a result, they're finding out how much 'green washing' is actually occurring."