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ORGANIC PRODUCES IN BRAZIL: FROM A CONCEPTUAL POSITION TO A MARKET CHOICE

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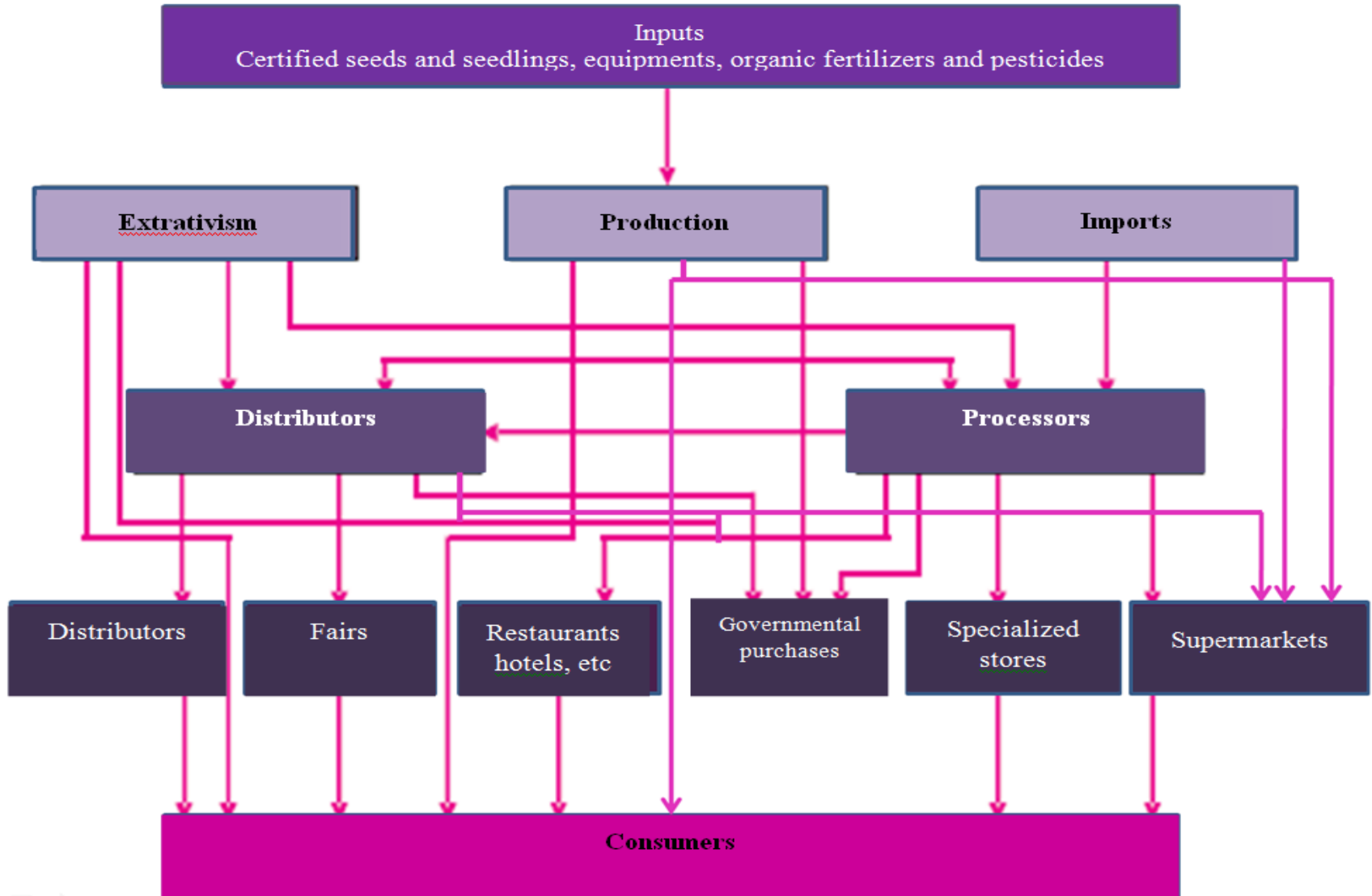
OBJECTIVES

This study aims at analyzing the market of organic products in Brazil at different moments in order to identify the role of marketing in that chain.



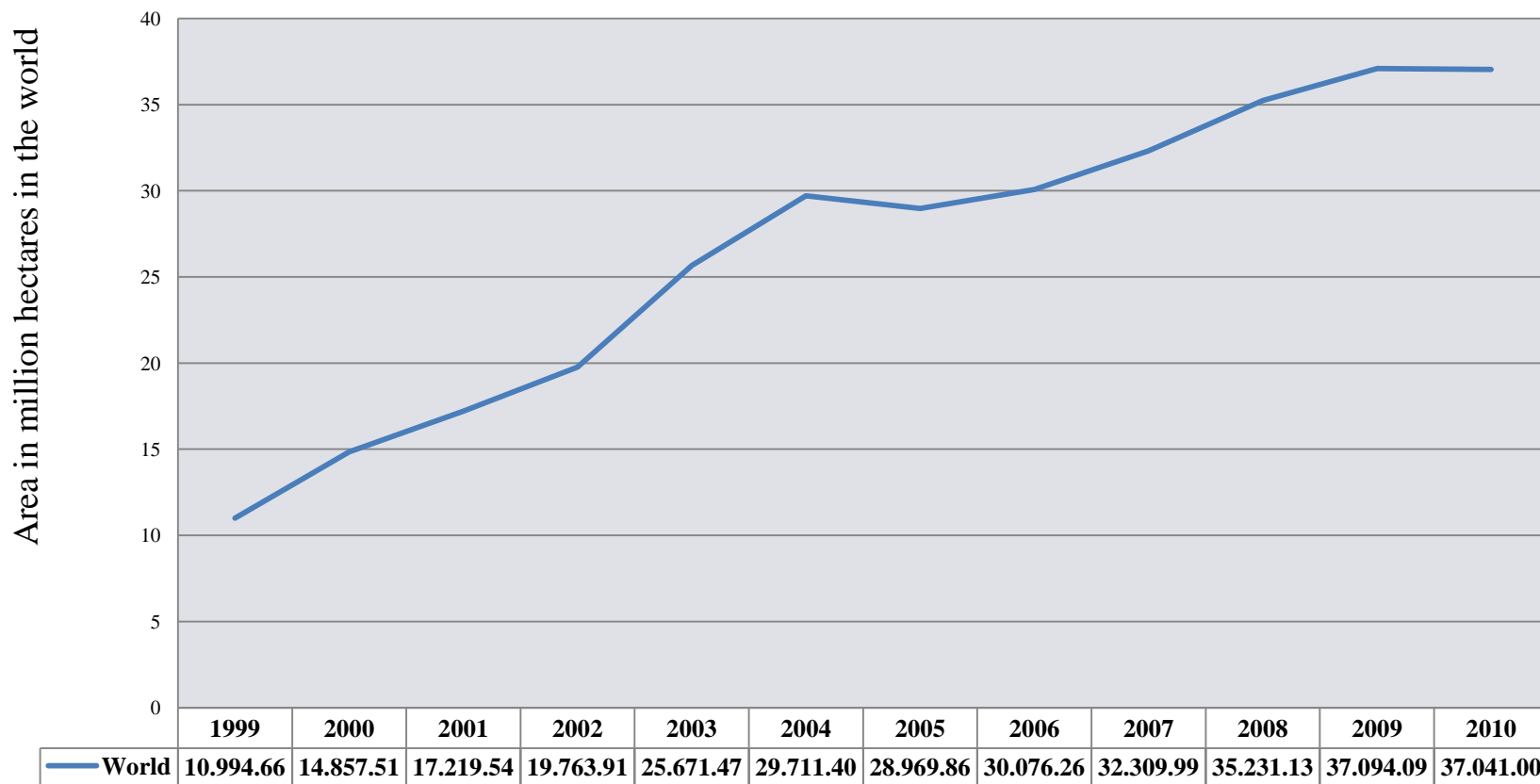
WORLD SCENARIO OF ORGANIC PRODUCTS

Organic Production Chain



World evolution of organic agriculture in cultivated area (million hectares), from 1999 to 2010.

Growth of the organic agricultural land 1999-2010



Developed countries: distribution systems of organic products in 2006 selected countries (percentage)

Countries	Traditional Supermarkets	Specialized Stores	Direct Sales and Others	Total
United States	31	62	7	100
Germany	26	46	28	100
Great Britain	74	15	11	100
Italy	23	60	17	100
France	38	46	16	100
Switzerland	57	21	22	100
Holland	2	96	2	100
Denmark	90	2	8	100



ORGANICS IN THE CHINESE MARKET



✓ In China, the development of organic farming started by the end of the 1980's, at first triggered by environmental concerns and later by the commercial perspective of opportunities and business.

✓ The market in China is characterized by eight main groups of consumers: high income and highly educated families; families with children and adolescents; families with members facing health problems; immigrants that have returned to the country; businessmen from Chinese Taipei and Hong Kong (China); civil servants; young people; foreigners living in the country (ITC, 2011).

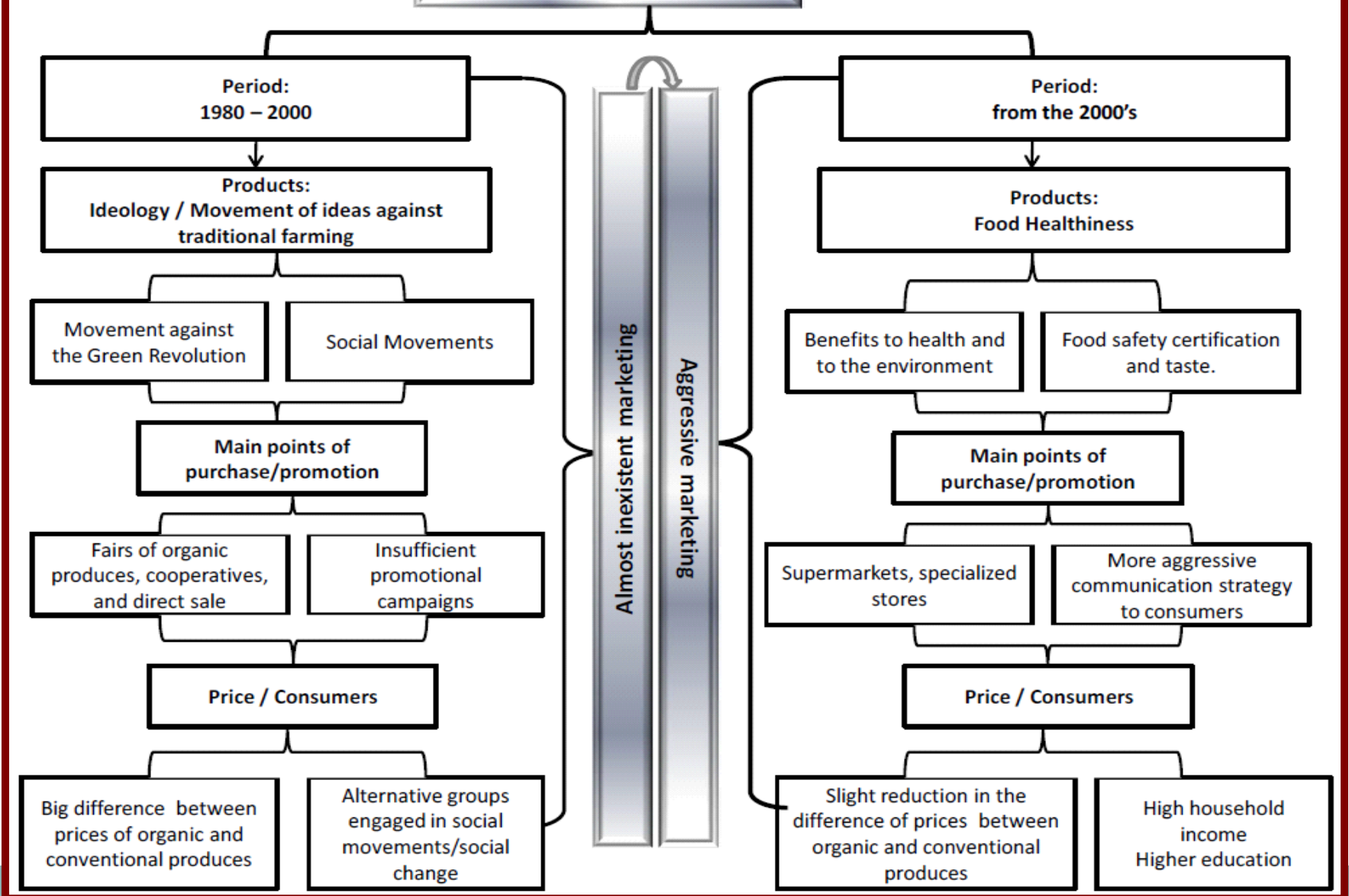
✓ As a consequence of the current world scenario of uncertainty caused by the financial crises, one can understand that the Chinese economic performance, together with the dimensions of the internal market, have turned China into a promising country. The perspective for organic products could emerge through aware consumers that seek for their wellbeing at the same time that they are willing to purchase a differentiated product that particularly involves added value. Therefore, regarding this context, it is possible to visualize a favorable scenario for the development of the organic market.



ORGANICS IN THE BRAZILIAN MARKET

Changes in the market of organic products in Brazil

Brazilian Organic Market





Organics in the Brazilian market

- ✓ In 2007, a study carried out by Latin Panel found that 38.5 percent of Brazilian supermarkets offered organic products.
- ✓ It was also found that in the same year organics were bought at least once by 75.9 percent of upper and higher-middle class families.
- ✓ The increased offer by supermarkets has caused the fairs to occupy a secondary role in the sales of organic foods in Brazil.
- ✓ In Brazil, in recent years, the main points of sale of organic products have been the large supermarket chains, which have seen the commercialization of organic products as an opportunity of both bringing differentiation to their product mix and having the company image valued by consumers, who have become increasingly demanding, with higher purchasing power.



Organics in the Brazilian market

✓ As it has been shown, both ideology and social movements against conventional farming were the grounds on which the market of organic products was established in Brazil. Consumers were then alternative groups, mainly directed towards direct purchase and free fairs.

✓ However, this context started changing in the 2000's, when the production and commercialization of this kind of products went beyond ideology and expanded to Brazilian agribusiness, being motivated by a change of focus of a large number of Brazilian consumers who are presently more concerned with the quality and healthiness of the products they eat.



CONCLUSIONS

- ✓ Presently, competitiveness of the production chain of organic products has been grounded on strategies of product differentiation.
- ✓ This strategy has as its principle the generation of differentiated products with high added value that can attend markets (niches) that have become increasingly segmented and specific.
- ✓ As consumers belonging to this market niche are differentiated, the strategies used by supermarkets that opt for differentiation include: marketing praising the product quality; differentiated point-of-sale display; concern with product presentation and offer diversification.
- ✓ Among the strategies frequently adopted by some supermarkets, following could be highlighted: launch of private labels; focus on logistic management; customer relationship management; increase in the number of local suppliers; offer diversification; new store designs; and market segmentation.



CONCLUSIONS

- ✓ Therefore, from the peculiarities of the widened interest in the consumption of organic products in Brazil, a growing commercial opportunity for supermarkets can be identified.
- ✓ The partnership with producers of organic food would bring economic advantages (lower production cost, with guaranteed return and market) through the construction of a network to consolidate the commercialization of organic products.
- ✓ At this point, marketing, supported by the principles of human, social and environmental health, should work on the image of the organic system in the market, in an attempt to both sensitize and inform consumers.



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THANK YOU

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