

Connecting sustainable agriculture to consumers



Dr John Lowenthal (left) and Dr Mike Johnson's team at CSIRO Livestock Industries developed a new generation 'natural' treatment to protect chickens against infection – proteins called cytokines – which could phase out the use of antibiotics in the poultry industry. CSIRO Livestock Industries

With consumers becoming increasingly fastidious about the food and products they buy, big new markets are growing. According to a recent study investigating the marketing of sustainable agriculture, the doors for Australian farmers and exporters have opened, with environmental benefits.

In the report *Marketing Agricultural Sustainability*, developed for the Rural Industries Research and Development Corporation (RIRDC), consultants Mr Phillip Toyne and Ms Claudia Cowell, and CSIRO researcher Dr Thea Mech, assessed the marketing of agricultural sustainability. They explored the potential for environmental labelling schemes for verifiably sustainable farm produce to drive environmental improvement and generate marketplace benefits in Australia.

From a marketing perspective – with consumer behaviour increasingly affected by environmental, health, food safety and ethical issues – it makes strategic sense to evaluate how this global pattern could benefit Australian primary industries. From a sustainability point of view, consumer demand can drive more environmentally friendly agriculture.

International approaches

In Europe, especially, the race is on for a share of big discerning consumer markets. Mainstream supermarket chains like Sainsbury's and Tesco, in the United Kingdom, and ICA stores in Sweden, are already supplying customers with environmentally differentiated products and showing what can be done.

Sainsbury's encourages wildlife conservation by using Farm Biodiversity Action Plans and all farms supplying Sainsbury's premium range of products are expected to have such plans by 2006. The chain also sources sustainable seafood, including Australian rock lobster, from fisheries certified as sustainable by the Marine Stewardship Council (a global, non-government organisation set up to find solutions to overfishing).

The company is working on an environmental management guide for suppliers and on pesticide reduction via special protocols for all UK fresh and frozen fruit and vegetables. It specifies stringent organic standards and certification for all its own-brand organic products.

Similarly, the sustainability-promoting Tesco supermarket chain in the UK has a

'Nature's Choice' product range which seeks to differentiate food products on environmental grounds, while the Waitrose chain, also UK-based, stocks some 1400 organic lines (up from less than 100 in 1996), including pork, beef, lamb and eggs.

In the United States, growth in demand has also been impressive. The Shaw's shopping chain, which carried just 10 organic products in the mid-1990s, had more than 1000 different types of organic fruit and vegetables by 2000. Most of these are sourced from California.

Worldwide, about 130 countries produce and trade certified organic produce. Global trade in organic farm produce was worth about US\$11 billion in 1997 and organic foods have been the fastest growing sector of food industries in the US, Japan and parts of Europe. Producers in the US and New Zealand have been the quickest to respond to these market demands, but Australia has been slow to respond.

Growing the organic potential

Australia has a good 'clean and green' reputation for quality organic farm produce. Industry sources put the value of Australian organic farming at between A\$200 million and A\$250 million. Exports account for about A\$30 to A\$50 million of this.

So Australia has plenty of room for improvement. Our relatively modest organic production is the key obstacle hindering our capture of a greater share of this fast-expanding market. Australian supply is just not enough to keep up with market demand, notably in Japan.

As for labelling, success here depends on a number of factors listed in the report. In particular, there is a need for third-party certification (to validate label claims), consumer willingness to pay for a premium labelled product, relevant environmental criteria, and effective marketing of the eco-label so that people understand its meaning and significance.

At present, it seems most consumers are unwilling to pay a premium for eco-products, but will choose them if price, quality and availability are about equal.

'The advantage of eco-labelling is that it links environmental protection at the production level with consumer choice,' says Toyne. 'On-farm environmental protection costs money and the expense can limit the land-owner's ability to address serious degradation issues.'

'However, if eco-labelling convinces consumers of the importance of

Progress

sustainable production, and if shoppers are willing to purchase the products, this effectively supports responsible farming or fishing,' he says. 'Growers can benefit commercially through supply chain security with powerful buyers like supermarkets.'

The authors make several recommendations for moving environmental assurance forward. Firstly, for a certification scheme to be successful, it's essential to have ways of explaining the meaning and merit of an environmental label or brand to consumers. Other recommendations include: market research to establish the feasibility of labelling and branding schemes addressing consumer concerns about environmental issues for specific foods and fibres, and development of a handbook to act as a guide to setting up an environmental labelling or branding scheme.

Dr George Wilson, RIRDC Program Manager, says the corporation also has in hand a recent report by Professor John Cary and his colleagues at Victoria University, who investigated the extent of



According to CSIRO research, 90% of chemical insecticides have been eliminated from commercial orchards. Orchardists are turning to pheromone traps to disrupt the mating of insects. CSIRO Entomology

consumer demand for food produced according to codes of practice ensuring sustainable use of natural resources. They distinguish between organic and sustainably produced food.

'Our interviews indicated that there is lack of understanding and scepticism regarding the nature of food produced to

environmentally sustainable standards, in contrast to foods labelled as organic,' says Cary. 'The meanings of the labels *'sustainably produced'* and *'environmentally friendly'* for food are quite confusing to consumers.'

Cary says it would appear that the market for food products that are sustainably produced would actually not be commercially viable in the short-to-medium term. He and his colleagues conclude that the development of a sustainability logo in Australia will require complex criteria and it will be necessary to ensure that all parts of the supply chain – production, distribution, transportation, retailing, consumption and disposal – are sustainable.

● Steve Davidson

More information:

RIRDC Report on Marketing Agricultural Sustainability:
www.rirdc.gov.au/reports/Ras/04-050.pdf

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Keoghs Creek, Tasmania. Photo: Philip Sloane

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