Organic & Natural 2014
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Executive Summary & Methodology
Executive Summary

The Hartman Group’s *Organic and Natural 2014* is the latest in its longest running series of consumer-centric syndicate research exploring the organic and natural trend in America. In the nearly two decades that we’ve been tracking the organic marketplace and immersing ourselves in the worlds of organic consumers, we have seen their approaches to and understandings of organic and natural products grow and evolve.

With this year’s update, we find greater knowledge about and engagement with organics across all consumer segments. This ongoing evolution is driven by broader cultural trends and narratives, including expanding **food literacy**, the mainstreaming of a **culture of health and wellness** in which food plays a central role, heightened **environmental consciousness** and growing **skepticism about the integrity of big business and institutions**. If there’s one word that captures the swelling chorus of consumer demands in 2014’s organic marketplace, it’s **transparency**.

**What’s in it? How was it made? Who made it? What’s the story behind it?**

Whether through deep engagement with food culture and the worlds of health and wellness, or by virtue of passing encounters with free-flowing information streaming from ever-multiplying channels, today’s **consumers are increasingly aware of the personal, social, environmental, and health consequences of the foods they consume**. While the increased availability and proliferation of organic and natural products across categories fuel consumers’ aspirations, in a climate awash in confusing and conflicting information, consumers are questioning products, companies, and certifications more than ever before. And more and more, they are expecting companies to respond.
Key Observations

Organic usage is staying steady at about three quarters of US consumers.

• Engaged consumers are far more likely to consume organic products regularly and have increased their frequency of usage from 2012.
• While a strong association with the absence of negatives remains, associations with positive attributes are on the rise.
• Increased availability and falling price points are accelerating the adoption of organic packaged foods and the believability of private label organics.

Organic’s and natural’s halos of health and authenticity have lost some of their luster.

• Consumers increasingly encounter products labeled “organic” across a range of mainstream retail channels where they were previously seen less frequently. While they appreciate the greater access and lower prices this entails, consumers are concerned about the quality and integrity of these products.
• The growth of organic packaged foods further dilutes organic’s meanings. Increasingly, savvy consumers distinguish between fresh and processed organic foods and continue to value the former over the latter.
• Although the ideal of “natural” continues to evoke positive associations and an image of simple, real food that is free from artificial ingredients, consumers are increasingly primed to react to the term as a marketing gimmick.
• As a package claim, natural immediately raises red flags. When confronted with a product that claims to be “natural,” consumers turn to the ingredient panel and nutrition facts for the truth.
Key Observations

This is not to say that organic does not retain many of its connections to personal health and environmental stewardship.

• Driven by broader health and environmental narratives that link industrial farming and food production to a range of maladies endemic in America, consumers see authentically organic and natural foods as gateways to better health. “Organic” continues to connote the absence of negatives—primarily those related to growing methods (e.g., absence of pesticides, herbicides, antibiotics).

• Moreover, the positive associations of fresh organic foods have grown, too. There are still myriad opportunities for companies to breathe fresh value into their products and brands.

“Local” is emerging as a category poised to surpass both organic and natural as a symbol of transparency and trust.

• No longer merely a bridge between organic and natural, local now speaks to consumer desires for a food system with integrity. With its connotations of community, economy, and environmental stewardship, local offers a compelling narrative of small-scale production, shorter commodity chains, and closer, reciprocal relationships with the producers of food.

• Although price places regular consumption of local products out of reach for many, consumers in all segments are beginning to turn to local to help them resolve their confusion and uncertainty about organic certifications and the claims of the organic marketplace.
Key Observations

While price has declined as a significant barrier to the increased use of organics, it remains a hurdle for those categories in which consumers see it as most important.

• Fresh fruit and vegetables remain the top priorities of and gateways into organic for most consumers, but other nutrient-dense foods, such as grains, dairy, and meat, are gaining importance.

• Growing anxiety about the safety and health of animal products is driving consumers to experiment with organic meat and dairy earlier on. Although consumers are discovering more affordable organic options in these categories, price continues to be a major obstacle to the speed and breadth of their adoption.

• Greater access and falling price points have accelerated the adoption of organic packaged foods and the believability of private label products. Consumers now purchase these anywhere along the adoption pathway.

• Aside from cost, consumers list comparability, trust, and the availability of preferred brands as top barriers to increased use.

Retailers are well-positioned to gain and strengthen consumer trust and loyalty in the organic marketplace.

• Shoppers are splitting their organic baskets across a broader range of retailers. Yet, while mainstream grocery stores are still consumers’ main source for organic products, discount and club stores and farmers markets are attracting growing shares.

• Consumers appreciate retailers who help by vetting natural and organic products for them. They value retailers who they believe are allies in, if not advocates for, their search for healthy, high-quality, and authentic products.

• Less engaged consumers report turning to retailers for information and education as they begin to adopt healthier approaches to eating and experiment with organic products.
Key Observations

While organic in food service remains a relatively low priority, changes in the market are driving consumer interest.

- As organic becomes increasingly a common part of mainstream food culture and the retail marketplace, consumers are becoming more interested in taking their commitments to organic out of the home.
- There is a growing casualization of organic as quick casual and fast food channels begin proving to consumers that quality natural, organic, and even local foods can be affordable and accessible.

Genetically modified organisms (GMOs) have become a potent symbol of the ills of the American food system.

- More than organic and natural, today, GMOs touch on the nerves of deepening distrust of big companies and government institutions.
- While a comprehensive and consistent understanding of GMOs is yet to come for most consumers, there is growing interest around the topic and concern about the lack of transparent communication.
- Regardless of the depth or accuracy of their knowledge about GMOs, consumers are concerned about maintaining a right to know how their food was grown and handled (transparency).
- In this climate of distrust and cynicism, manufacturers who ignore the issue are most at risk of losing relevance and credibility as others step in to shape the conversation.
METHODS
Overview

In-depth in-home, focus group and panel interviews with a total of 23 consumers were held in Nashville and Seattle and Denver. Respondents varied, with various levels of engagement with organic and natural.

Topics explored included:

- Attitudes around organic, natural, local, and GMOs
- The meanings of organic, natural, local, and GMOs
- Reasons and criteria for purchasing organic, natural, local, and non-GMO foods
- Shopping behaviors

An online survey of 1,728 U.S. adult (ages 18-69) primary shoppers, including 544 parents of children 8 years and younger, provided data on such topics as:

- Associations with organic and natural
- Usage and purchase of organic products/brands
- Trust of USDA organic certification and usage of other information sources
- Price and purchase priorities for organic
- Organic in food service
- Perspectives on GMOs

Survey fielded June 2014 to nationally representative sampling frame, with sampling error of ±2.4% at 95% confidence level.
METHODS

Focus groups in Nashville and Seattle

We conducted focus group interviews in Nashville and Seattle, as well as a panel discussion in Denver, with consumers representing various levels of engagement with the worlds of organic and natural. We probed a range of issues in these interviews, including:

- Attitudes around organic, natural, and local
- The meanings of organic, natural, and local
- Criteria for purchasing organic, natural, and local products
- Perceptions of and attitudes toward GMOs
- Shopping behaviors

Each participant was asked to bring her/his favorite organic product to discuss their reasons for purchasing it and how it fit into their approach to food and eating.
METHODS

In-home ethnographic interviews

We also conducted in-depth ethnographic interviews in consumers’ homes in Nashville and Seattle. As with the focus groups, participants were recruited to represent a range of engagement with organic and natural products. These interviews allowed us to delve deeper into the topics explored in the online survey and in the focus groups.

Each ethnographic in-home interview featured a participant-guided tour of their kitchen, pantry, and other places where food and relevant organic and natural products were stored. These “pantry tours” leveraged the lived-in, day-to-day context of consumers’ lives as an opportunity for deeper exploration of actual purchasing and eating behaviors.
The Organic Consumer

Organic consumer’s rear window, Nashville, TN
About three quarters of U.S. consumers are organic users

Q7. How often have you used organic foods or beverages in the past three months? If you use some organic products more often than others, please indicate the greatest frequency. For example, if you used organic milk daily and organic fruit occasionally, choose daily.
Source: Organic and Natural 2014. Base: All respondents (n=1,728).
Organic users continue to skew higher income, higher education, and younger

<table>
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<th>Demographic Profile</th>
<th>Total</th>
<th>Organic Users</th>
<th>Organic Non-users</th>
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<td>$78,837.44</td>
<td>$58,732.77</td>
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<tr>
<td>College Graduate or Higher</td>
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<td>38%</td>
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<td>Male</td>
<td>48%</td>
<td>47%</td>
<td>51%</td>
</tr>
<tr>
<td>Female</td>
<td>52%</td>
<td>53%</td>
<td>49%</td>
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<tr>
<td>Average Age</td>
<td>43.4</td>
<td>41.5</td>
<td>48.5</td>
</tr>
<tr>
<td>Employed Full Time</td>
<td>48%</td>
<td>51%</td>
<td>39%</td>
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<tr>
<td>White</td>
<td>78%</td>
<td>78%</td>
<td>80%</td>
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<tr>
<td>African-American</td>
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<td>13%</td>
<td>14%</td>
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<td>Other</td>
<td>9%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>12%</td>
<td>13%</td>
<td>9%</td>
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<table>
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<th>U.S. Census Region</th>
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<tr>
<td>Northeast</td>
<td>18%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Midwest</td>
<td>21%</td>
<td>20%</td>
<td>26%</td>
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<tr>
<td>South</td>
<td>37%</td>
<td>37%</td>
<td>38%</td>
</tr>
<tr>
<td>West</td>
<td>24%</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

The biggest gap (11%) between organic and non-organic users is among 55-64 year-olds, among whom 19% are organic users and 30% are not.

Note: The demographic profile of Organic Users shows no meaningful changes between 2012 and 2014.

Source: Organic and Natural 2014. Base: All respondents (n=1,728); Organic users (n=1,278), Non-organic users (n=450).
Organic usage is holding steady, with more than a third of consumers using organics at least monthly.

Sources: Healthy Living (n=4,942); Organic 2006 (n=2,109); Organic 2008 (n=2,161); Beyond Natural & Organic 2010 (n=1,679); Organic and Natural 2012 (n=1,569); Organic and Natural 2014 (n=1,728). Note: Annual percentages may not sum up to 100% due to rounding.
THE WORLD MODEL

Consumer orientation toward organic is influenced by cultural engagement

Consumers’ orientation toward organic manifests itself in “worlds of activity”

How that orientation plays out depends upon the arena of activity in which a person is involved and the intensity of involvement with that world

The gap between aspirations and behavior narrows as consumers become more engaged, while the scope and reach of their behaviors grow

Core is the smallest segment and most intensely involved—early adopters, trendsetters, evangelists, highly food literate

Inner Mid-Level consumers adopt Core attitudes and behaviors, but with less consistency and reach

Outer Mid-Level consumers experiment with organic, but less consistently and concertedly

Periphery consumers are the least engaged and involved and are just beginning their journey
The Mid-Level (Inner and Outer) account for 61% of all organic users

Segmentation is based on:

- Organic usage
- Number of organic categories purchased
- Importance of organic when shopping
- Associations with organic
While all segments are driven by personal benefit, differing values inform their purchase criteria.
THE WORLD MODEL

Purchase Criteria

Social and Environmental Impact: Encompasses farming and production processes, employment practices, fair trade, animal welfare, environmental stewardship, community involvement, and personal relationships with farmers and food producers.

Authenticity: Represents that which is real and as it appears and claims to be. This includes concerns over not only the genuineness, origins, and integrity of food products but how they are made, by whom, and with which ingredients. Previously relevant mostly to Core consumers, authenticity is of growing concern to Inner and Outer Mid-Level consumers.

Local: Gaining prominence as a marker of quality and authenticity. No longer just refers to the transportation miles required to transport food to table. Increasingly, consumers across segments talk about local in terms of transparency, trust, safety, health, and sustainability, as well as a means of supporting the economy close to home.

Transparency: The level to which consumers can discern the corporate practices, policies, and intentions that shape their food choices. Influenced by the wider climate of corporate mistrust, consumers across segments express concern over transparency.
**THE WORLD MODEL**

**Purchase Criteria**

**Quality:** The extent to which consumers perceive organic and natural products to be superior and distinguished in terms of taste, nutritional content, and overall kitchen performance.

**Knowledge:** The quantity and quality of information consumers actively seek out about the foods they eat, including information on farming practices, production, and manufacturing, and about the companies themselves.

**Safety:** Confidence that foods are hygienic, unspoiled, and processed in a way that will not jeopardize health. Recent food-borne illness outbreaks and scares fuel consumers’ concerns about safety across segments.

**Experience:** The emotional, intellectual, and symbolic benefits consumers receive from buying organic and natural products. Experience is relevant to retail, food preparation and consumption as well as any social status derived from buying these types of foods.
**THE WORLD MODEL**

**Purchase Criteria**

**Expert Opinion**: The importance consumers place on the expertise of others when making food choices. Popular sources of expertise include:

- Medical professionals (Dr. Oz, Dr. Mercola)
- Documentaries (*Food, Inc.*, *Super Size Me*)
- Certifications (USDA, Fair Trade, etc.)
- Social networks (friends, family, bloggers)

**Price**: The importance given to household budget. Periphery and Outer Mid-Level consumers are most likely to make purchase decisions based on price comparisons.

**Convenience**: The importance placed on the ability of a product, brand, or service to quickly and easily fulfill a perceived need. Convenience is most important to Periphery and Outer Mid-Level consumers.

**Comparability**: The concern placed on comparing organic and conventional products. Consumers in the Periphery and Outer Mid-Level are more likely to purchase brands and items they are familiar with.

**Personal Benefits**: Relevant across segments, consumers feel they personally benefit from organics because they are healthier, tastier, and all around better.
### ORGANIC CONSUMER PROFILES

**Periphery to Core**

<table>
<thead>
<tr>
<th>Joy</th>
<th>Gunnar</th>
<th>Brooke</th>
<th>Jennifer</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORE</td>
<td>INNER ML</td>
<td>OUTER ML</td>
<td>PERIPHERY</td>
</tr>
</tbody>
</table>

**“I eat organic to avoid chemicals, pesticides, and herbicides, to support farmers who take the time and integrity to farm organic, and, in the long run, for the environment.”**

**“If it says ‘organic,’ I’ll buy it, but I know it takes seven years for soil to become organic, and with the huge growth of organic, I wonder whether it truly is.”**

**“I know it’s important to eat organic. We’re all exposed. I’d like to reduce exposure as much as possible, but it’s not cost effective for a family.”**

**“It’s too hard to buy organic. If it was priced the same, I’d buy it, but I’m not going to spend an arm and a leg for something that can be washed.”**

**Organic**... is sustainable, biodynamic farming; food grown without (or with natural) pesticides or herbicides, and more nutritious.

**Organic**... is food grown without the use of toxic pesticides or herbicides, in particular types of soil.

**Organic**... is food that is less modified and grown as naturally as possible, without chemicals.

**Organic**... is natural food grown without chemicals or additives.

**Food**... is medicine. It should be as close to its natural form and modified as little as possible.

**Food**... should be as natural as possible. Every ingredient should count and be nutritious.

**Food**... is fuel for the body. It should be fresh, healthy, and enjoyable.

**Food**... should taste good and be healthy and enjoyable.
Engaged consumers are far more likely to consume organic products regularly and have increased their frequency of usage from 2012.

Parents with young children (0-8 years old) are more likely to use organic products on a more frequent basis:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Parents (0-8 yo)</th>
<th>Parents (9-17 yo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occasionally</td>
<td>32%</td>
<td>38%</td>
</tr>
<tr>
<td>Monthly</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>Weekly</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>Daily</td>
<td>14%</td>
<td>9%</td>
</tr>
</tbody>
</table>

The core has increased their frequency of organic usage from 39% weekly and 29% daily in 2012.

Q7. How often have you USED ORGANIC foods or beverages in the PAST THREE MONTHS? If you use some organic products more often than others, please indicate the greatest frequency. For example, if you used organic milk daily and organic fruit occasionally, choose daily. Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Core consumers are more likely to buy organic food and beverages for others in their household, including pets

“I want to entice my family to eat better, and the best way to do that is to lead by example.” – Inner Mid-Level consumer, Seattle

Q12. Who in your household consumes the organic foods and beverages that you purchase? (Please select all that apply) Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Meanings of Organic and Natural
Today’s consumers are more food literate than ever before

With unprecedented access to and speed of information, consumers are becoming increasingly informed about their food and the companies that produce it

• Consumers have become more deeply engaged with the products they consume, from the sourcing and processing of foods to the companies that manufacture them

Whether through deep engagement with food culture or passing encounters with information sources, consumers are increasingly aware of the social, environmental, and health consequences of the foods available to them

• More and more consumers consider themselves “label readers,” turning to ingredient panels and nutrition facts to determine the healthfulness and quality of products

• Access to information about food manufacturers is more readily available and easily accessible than ever before
  » Consumers often do not even need to actively seek out this information—it increasingly comes to them through social media and word of mouth

• At the same time, freer and faster flows of information mean there are more opportunities for misinformation to spread
Organic and Natural are part of a broader consumer trend toward fresher, less processed foods

The pursuit of real, fresh, less processed foods is now a cultural norm for all consumers.

Today, consumers see eating well as their fundamental Health + Wellness practice and as a central component of a high quality of life.

Eating well supports all the other behaviors they believe underlie their day-to-day and long-term, well-being.

‘Good food’ is no longer first and foremost about fewer carbs, lower fat, or counting calories; it’s about *fresher, less processed* foods.
Consumers see Organic and Natural as a gateway to better health

Health narratives are playing a particularly powerful role in driving consumers to adopt healthier eating practices via organic and natural foods.

Consumers increasingly link the sourcing, processing, and ingredients of food not only to personal health but to the health of society:

• Concerns about personal health or alarm over the maladies endemic in America often trigger changes in purchasing and eating behavior.

• Consumers increasingly attribute industrial farming and food production to what they perceive as the unexplained increases in disease and other health conditions in America, such as:
  » Obesity
  » Diabetes
  » Sick and hyperactive children
  » Hypertension
  » Cancer
  » Allergies
  » Autism

41% of organic users purchase organic food and beverages because they believe it is “safer for me.”

“It’s about being in tune with my body, paying attention to the way food affects me. I want to know that what I’m putting in my body won’t have adverse effects on how I feel.”

–Inner Mid-Level consumer, Seattle

“All these toxins bioaccumulate inside the body and cause damage you can’t pinpoint.”

–Inner Mid-Level consumer, Nashville

“I don’t want to be a liability when I get older. I don’t want to have a heart attack, or diabetes, or Alzheimer’s. I want to be active and healthy.”

–Core consumer, Seattle

Q11. What are the main reasons you buy ORGANIC foods and beverages? (Please select all that apply). Source: Organic and Natural 2014, Organic Purchasers (n=1,250).
Consumers across all segments continue to associate organic with the absence of negatives, primarily those associated with the growing process.

When consumers speak about Organic, they articulate an alternate vision of the food system, in which:

- Food is safe, nutritious, and health promoting
- The food industry values the health of society as much as corporate profit
- Farming and production practices are ethical, transparent, and sustainable

“Food in America isn’t what it used to be. Mass farming has depleted the soil. That’s why our food doesn’t taste how it should.”

—Core consumer, Nashville

“Organic farmers take care of the soil and care about the food they make. I doubt large companies do the same.”

—Inner Mid-Level consumer, Seattle

Q3. From the following list, what properties do you think are implied or suggested by the term ORGANIC? Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
While a strong association with the absence of negatives remains, associations with positive attributes are on the rise

<table>
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<tr>
<th>Property</th>
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<th>2012</th>
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<td>Absence of pesticides</td>
<td>63%</td>
<td>64%</td>
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<tr>
<td>Absence of herbicides</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Absence of growth hormones</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>No artificial flavors/colors/preservatives</td>
<td>56%</td>
<td>56%</td>
</tr>
<tr>
<td>Absence of genetically modified foods</td>
<td>54%</td>
<td>54%</td>
</tr>
<tr>
<td>Absence of antibiotics</td>
<td>57%</td>
<td>55%</td>
</tr>
<tr>
<td>Absence of food irradiation</td>
<td>44%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Premium product
Better treatment of animals
Better taste
Sustainable production
Local

Q3 (2012) and Q3 (2014). From the following list, what properties do you think are implied or suggested by the term ORGANIC? Sources: Organic and Natural 2012, Organic Users (n=1,120); Organic and Natural 2014, Organic Users (n=1,278).
Positive attributes associated with organic are far more likely to resonate with core consumers

Q3. From the following list, what properties do you think are implied or suggested by the term ORGANIC? Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).

- Environment-friendly
- Safer for one's health
- Better for one's health
- Pure
- Fresh
- Real
- Clean
- Premium product
- Whole
- Sustainable production
- Better taste
- Higher nutritional content
- Better treatment of animals
- Family (small-scale) farms
- Local

- All Organic Users
- Core
- Inner Mid-level
- Outer Mid-level
- Periphery
Organic users are much more likely to view organic food as more nutritious than non-organic food

- **Organic food is more nutritious than conventional (non-organic) food**: 37% (Organic users) vs. 15% (Non-Organic users)
- **I don't know if there are any differences between organic and conventional (non-organic) food**: 29% (Organic users) vs. 48% (Non-Organic users)
- **There are no nutritional differences between organic and conventional (non-organic) food**: 26% (Organic users) vs. 32% (Non-Organic users)
- **Conventional (non-organic food) is more nutritious than organic food**: 7% (Organic users) vs. 8% (Non-Organic users)

**44%** of all parents of children age 8 and under believe organic food is more nutritious.

Q26. Based on what you know or may believe, which of these do you think best describes any nutritional differences that may exist between organic and conventional (non-organic) food? Source: Organic and Natural 2014. Base: Organic Users (n=1,278), Non-Users (n=450).

“Organic” is more likely to connote the absence of negatives, while “natural” tends to invoke more positive associations.

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<th>Natural</th>
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<td>Absence of herbicides</td>
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<td>Absence of growth hormones</td>
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<td>46%</td>
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<tr>
<td>Absence of antibiotics</td>
<td>57%</td>
<td>44%</td>
</tr>
<tr>
<td>No artificial flavors/colors/preservatives</td>
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<td>56%</td>
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<td>Absence of genetically modified foods</td>
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<td>44%</td>
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<td>31%</td>
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<td>35%</td>
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<td>Better for one's health</td>
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<td>35%</td>
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<td>38%</td>
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<td>38%</td>
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<tr>
<td>Better treatment of animals</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Family (small-scale) farms</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Local</td>
<td>19%</td>
<td>19%</td>
</tr>
</tbody>
</table>

The top 6 associations with Organic and Natural have remained the same since 2010.

Q3. From the following list, what properties do you think are implied or suggested by the term ORGANIC? Q2. From the following list, what properties do you think are implied or suggested by the term NATURAL? Source: Organic and Natural 2014. Base: Organic Users (n=1,278).
Consumers across all segments continue to associate the term “natural” with unadulterated foods

When consumers describe products they consider truly natural, they speak of simple, unmodified foods that are “pure,” “fresh,” and “real”

“It’s a layman’s term, but natural means it’s not altered; it’s in its raw form. Like Ezekiel bread—the basic ingredients it takes to make it were not altered.”
–Outer Mid-Level consumer, Nashville

“I imagine it’s something I could do myself. If I can pick up a bunch of products and put the same thing together, it’s natural.”
–Inner Mid-Level consumer, Denver

Q2. From the following list, what properties do you think are implied or suggested by the term NATURAL? Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
“Local” is evolving from a niche to a powerful category in its own right

More than a bridge between organic and natural, in 2014 “local” offers a compelling narrative that resonates with many salient food trends and consumer concerns.

Local...

- **Offers greater transparency and trust**
  - Consumers believe local producers and small farmers have more integrity and are deeply invested in the quality of their products.
  - Shorter commodity chains, smaller scales of production, and proximity to the sources of their food bolster consumer trust.
  - The ability to engage with and ask questions of local producers speaks to the desire for transparency and reciprocal relationships, which consumers feel is missing with bigger companies.

- **Is fresher and more seasonal**
  - Food that travels shorter distances is perceived as fresher.
  - Smaller production signals food that is in tune with the seasons and the unique qualities of the locale from which it comes.

- **Tastes good**
  - Consumers attribute better taste and, in some cases, nutrition, to local foods.

- **Supports the proximate food economy and community**
  - Purchasing locally produced food provides consumers with a sense of contributing to and supporting small farmers and their community.

- **Minimizes our carbon footprint**
  - Shorter supply chains represent environmental benefits by requiring less fuel for transport.

---

*Local is more important to me than organic. It’s about building a relationship. Asking local farmers about their practices is better than what the government can tell me. I know them and have a relationship with them. It’s easier to discern these things on a local basis.*

—Core consumer, Nashville

*It resonates with me. It tells me it’s coming from a farm rather than a warehouse. You see a farmer in a market and the assumption is they’re not messing with their food. I would absolutely trust it more than some big company that has paid money to get certified.*

—Inner Mid-Level consumer, Denver

*There’s a synergy between where people live and the food that grows there. Local is more beneficial because it’s fresher and seasonal. You’re getting seasonal nutrients that help the body get through those months.*

—Inner Mid-Level consumer, Seattle

*You win twice. You not only get fresher food but you’re supporting the local economy, too.*

—Outer Mid-Level consumer, Denver
The Organic Marketplace: Products and Brands

The Turnip Truck Market, Nashville, TN
Health, environmental, and trust concerns are galvanizing consumer demand for transparency in today’s marketplace

Three key narratives today frame and guide consumer perceptions and aspirations for organic and natural:

• **Health narratives**: sources, ingredients, and processing of foods are the most likely culprits behind many of today’s ailments

• **Environmental narratives**: sustainability and environmental degradation can strike a powerful emotional chord with consumers

• **Trust narratives**: consumer skepticism and cynicism about big business and government institutions are becoming amplified by any number of current events

Together, the convergence of these narratives with growing food literacy in today’s culture is propelling consumer demands for transparency

• In a climate steeped in confusion and uncertainty, consumers are questioning products and companies more than ever before

• In their calls for transparency, consumers want to know:

  *What’s in it? How was it made? Who made it? What’s the story behind it?*

“It’s hard distinguishing among food companies. Companies who make an effort to inform people stand out. I think it makes them more credible. With some companies, like Tom’s, it makes me feel like they share my values.”

—Inner Mid-level consumer, Nashville

“I ask questions and look up companies. I read things online and look at company Facebook feeds. I look for consistency with brands. I want to know what happens between the farm and the store. I want to know the parameters involved. I want to see what companies are owned by other companies.”

—Core consumer, Nashville
Health narratives have the strongest impact as triggers for purchasing organic products

Health is a particularly powerful narrative, but stories of environmental degradation and anxieties about trust can also trigger changes in purchasing and the adoption of organics when they converge with and resonate in consumers’ lives

Reacting to Illness
“I wasn’t tuned into natural or organic until I got some parasites from traveling. I was on all this medication, and it wasn’t helping. Then I went to a naturopath and started focusing more on food and nutrition as ways of healing myself.”
–Core consumer, Nashville

Proactive Health
“I noticed organic food more when society became more interested in it. I started thinking about how what I’m putting into my body now will affect not just my body down the line but my children, too.”
–Inner Mid-Level consumer, Seattle

Changes in Household
“It’s been a challenge getting my husband’s kids to eat better, but now that we’ve just had our own daughter, I want to focus more on eating better.”
–Outer Mid-Level consumer, Seattle

Social Networks
“I never used to buy organic. I started looking into it when a friend of mine moved to California. She was a really healthy person, and she got pregnant and started researching organic.”
–Outer Mid-Level consumer, Nashville

The Media
“We watched a bunch of documentaries about food on Netflix, and that was pretty shocking. We learned a lot.”
–Core consumer, Seattle
In the context of health narratives, avoiding the negative attributes of conventional foods becomes the most salient reason for using organic.

““If it’s something I want to eat more of, something I’m going to put a lot of in my body, I want it to be organic because of bioaccumulation.””

—Core consumer, Seattle

“The expense is worth it because I think it will save money medically. We don’t know what’s going to happen putting unknown chemicals into my body. So I think it will pay off in the long run by saving money on medical expenses.”

—Inner Mid-Level consumer, Denver

Q10 (2012) and Q11 (2014). What are the main reasons you buy ORGANIC foods and beverages? (Please select all that apply). Sources: Organic and Natural 2012, Organic Purchasers (n= 1,036); Organic and Natural 2014, Organic Purchasers (n=1,250).
While barriers to participation in organic have declined, price remains a significant hurdle

Our research suggests an emerging **democratization of organic**—a sentiment that fresh, quality organic is becoming and should continue to become available to everyone

- Increasing availability and affordability of organics across channels has opened participation to previously excluded consumers (Periphery, Outer Mid-Level)
- However, price still places many key categories out of reach, including nutrient-dense foods, such as produce, milk, whole grains, and meats

In their aspirations to eat healthier, consumers adopt varying strategies to cope with the cost of organics

① Commit to a diet of fresh, minimally processed, and nutrient-dense foods as an alternative to organic
   - Exploit sales and specials on organics when the price is comparable to conventional products

② Choose organic in categories and products where it matters most
   - Prioritize the most frequently consumed foods to minimize exposure to toxins
   - Make small choices and trade-offs (e.g., organic milk, but not cheese; organic apples, but not organic berries)

③ Purchase organics as much as possible, even if it means sacrificing in other areas
   - Budget for organics by cutting back on indulgences, such as eating out

*It’s hit or miss with organic. If it’s on sale or there’s a demo, I’ll buy it, but I’m not going out of my way. I usually end up buying it by accident when it’s cheap.*

—Outer Mid-Level consumer, Seattle

*I’ve learned to limit what I buy, because I prefer to buy organic. I still buy non-organic foods, like berries, because they’re so expensive, but other things I just won’t buy at all.*

—Inner Mid-Level consumer, Nashville

*It’s not organic that falls off the list when I can’t afford it; it’s the other things, like eating out or snack foods.*

—Inner Mid-Level consumer, Denver
However, as organic becomes conventionalized, consumers question its integrity

Organic’s shining halo of health and authenticity has lost some of its luster as bigger brands get into the game and highly processed organic foods proliferate.

Consumer clarity on and sentiment about organic has become muddied by concerns about:

- **The ability of big companies to do organic right**
  - Consumers question whether companies making both organic and conventional products process both with the same machines.
  - Growing doubt as to whether large organic manufacturers genuinely share organic consumers’ values and commitments.

- **The integrity of certification criteria and regulation**
  - The proliferation of organic products raises questions about whether companies are taking shortcuts in their production and sourcing.
  - Consumers wonder whether the USDA criteria are being circumvented or weakened by the interests of big companies.
  - With so many new organic products, consumers question whether the USDA has the resources to verify and enforce its certification.
  - More savvy consumers question whether there is simply enough of a supply of organic raw material and truly organic soil for all the products being produced.

*The only real way to know if something is organic is to grow it yourself. It’s hard otherwise, but you look for the USDA label and read about the company online.*
—Core consumer, Nashville

*For some companies it’s just a way to make money. It may be better than non-organic, but it’s still questionable.*
—Inner Mid-Level consumer, Nashville

*I hate it when large companies produce one type of product that holds one standard and another version that’s organic. It’s like they want to make money from both crowds. I want to buy from a company that’s exclusively organic.*
—Outer Mid-Level consumer, Seattle
Trust in the USDA organic seal has not changed significantly

50% of consumers are aware there are governmental standards regulating the use of the 'ORGANIC' label on foods and beverages

I trust the USDA organic label...

<table>
<thead>
<tr>
<th>Trust Level</th>
<th>2014</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Very little</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Somewhat</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>For the most part</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>Completely</td>
<td>13%</td>
<td>14%</td>
</tr>
</tbody>
</table>

More deeply engaged consumers find alternative certifications such as Oregon Tilth more credible than USDA

Alternative certifications are perceived as having more integrity and commitment to organic, and being less amenable to influence by large companies

“I have low trust in USDA. I really trust the thoroughness of what Oregon Tilth was doing, though I’ve seen it less and less. I guess the market has moved to USDA.”

--Inner Mid-Level consumer, Nashville

Q12 (2012) and Q5 (2014). Are you aware that there are governmental standards regulating the use of the 'ORGANIC' label on foods and beverages? Q13 (2012) and Q6 (2014). How much trust do you put in the USDA Organic label? In other words, how well do you think it symbolizes (or stands for) a truly organic product? Sources: Organic and Natural 2012, (n= 1,569); Organic and Natural 2014, (n=1,728).
Parents of young children (ages 0 to 8) consult all information sources at a higher rate, but as children age, use of information sources returns to rates consistent with general population with the exception of health professionals—doctors, pharmacists—and manufacturer’s websites.
More engaged consumers seek information from a wider variety of sources

Less engaged consumers look to the more informed Core for guidance about organic products

- Periphery, Outer Mid-Level, and even Inner Mid-Level consumers rely on the commitment and deep engagement of consumers who are perceived as evangelists for organic and natural foods to vet and filter information

“It’s hard to get information about all these things. I rely on people I look up to and who are more knowledgeable.”
—Outer Mid-Level consumer, Nashville

“There are zealots out there who’ll do the work for you.”
—Inner Mid-Level consumer, Seattle

Q46. In the PAST 3 MONTHS, which of the following information sources have you used to learn more about organic and natural products? (Please select all that apply). Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Organic users are more likely to seek out labels that speak to lesser processing and natural aspects of food.

Parents seek out all labels at a significantly higher rate than non-parents.

Q1: When selecting food or beverage products to purchase, how important are the following labels or phrases to you? Top 3 box. Source: Organic and Natural 2014. Base: Total (n=1,728), Organic Users (n=1,278), Non-Users (n=450).
Reducing prices increases the likelihood for consumers to purchase more organic packaged foods, but the gain is not as large as might be expected.

% of consumers who would by more organic packaged foods if price was ...

- 13% would buy more at 10% less expensive
- 23% would buy more at 20% less expensive
- 38% would buy more at 30% less expensive

Consumers who would buy LESS organic products if...

- 10% less expensive: 9%
- 20% less expensive: 10%
- 30% less expensive: 11%

49% would not trust it was truly organic

40% would be worried it was not as high quality

Q20 How would your purchasing of ORGANIC PACKAGED FOODS change if the price was... Top 2 Box – buy more. Base: Total Organic Users (n=1,728), Non-Organic Users (n=450), Organic Users (n=1,278).

Q20 How would your purchasing of ORGANIC PACKAGED FOODS change if the price was... Bottom 2 box – buy less. Base: Total Organic Users (n=1,728)

Q21. You indicated you would purchase LESS ORGANIC PACKAGED FOODS if the prices were cheaper. Why? (Please select all that apply) (n=278)
Consumers believe “junk food” labeled as “organic” or “natural” is still “junk food”

Consumers are quick to distinguish between natural as an ideal and “natural” as a marketing term

- For many consumers, the word “natural” immediately raises a red flag
  » In our interviews, consumers’ most frequent top-of-mind associations of the term “natural” were even more closely associated with marketing gimmicks than in previous years
- Today’s consumers are taking responsibility for verifying product claims by scrutinizing ingredient panels and nutrition facts

Similarly, consumers are skeptical of highly processed food trading on the organic label

- They are aware that highly processed foods labeled “organic” that contain high amounts of sugar, HFCS, and other artificial are still not good for them
- There is growing resentment about the sense that companies are exploiting the organic label to justify charging a premium for “junk food”
- Highly processed products undermine confidence in the organic label
  » Consumers question whether it is possible to trace and verify the organic origins of highly processed ingredients and products with long ingredient lists

“Natural is a deceptive word. It doesn’t mean a lot anymore. You have to look further into it because it can mean a lot of things. It’s not really important to me.”

—Core consumer, Nashville

“Natural is our version of the fat-free craze of the 80s.”

—Outer Mid-Level consumer, Denver

“It’s a craze to sell products. Almost everything says ‘natural’ these days. You have trouble finding something that doesn’t.”

—Outer Mid-Level consumer, Seattle
Aside from cost, comparability and trust are barriers for non-users, whereas users report lack of availability and brands they like.

**63%** of consumers feel organics are too expensive.

**57%** of Parents report organics are too expensive.

**15%** of Parents say they “can’t find brand(s) we like”.

Q14. Why don’t you purchase MORE ORGANIC foods/beverages than you currently do? (Please select all that apply). Source: Organic and Natural 2014. Base: Total (n=1,250), Organic Users (n=1,185), Non-Users (n=65).
While still starting with fresh produce, consumers’ adoption pathway of organic has become more fluid with increased accessibility.

Our past research revealed that consumers adopt organics along a progression from fresh to packaged foods. This year’s study indicates that, although consumers continue to prioritize whole foods for their limited organic dollars and progress from produce to dairy to meat, the rise in packaged organics at more reasonable price points increases the likelihood that these same consumers will buy more packaged foods earlier in their adoption of organics.

Still, organic packaged foods are not valued as highly as their whole food counterparts and are more likely to be bought sporadically and based on price.
Organic consumers are more likely to choose higher-priced organic products over conventional or natural for a range of dairy products, meats, and greens.

### Milk and Dairy:
Interest spiked with campaigns against rBGH and concerns over early puberty.

### Quality Proteins:
High demand for natural meats free from antibiotics, hormones and steroids from properly raised animals, but price barriers are large.

However, it is important to note that consumer responses are likely to reflect aspirations more than actual purchasing behavior.

Q19: If you were on a regular shopping trip for the categories of food and beverage products you typically buy, and were faced with a choice of three options for each product you wish to purchase, which would you select? AMONG PRODUCTS SELECTED IN Q8 Base = Organic Purchasers.
Organic and natural produce, meat, and dairy continue to absorb most household organic dollars

More than 40% of Households’ Category Dollars Spent on Organic/Natural

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Organic,” “natural,” or “pesticide-free” FRUITS AND VEGETABLES including fresh or processed fruits and 100% fruit juices</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>“Organic,” “natural,” or “hormone-free” MEATS, POULTRY, FISH, AND EGGS, including beef, pork, other meats, poultry, fish, or seafood, and eggs</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>“Organic,” “natural,” or “hormone-free” DAIRY PRODUCTS including fresh milk and cream</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>“Organic” or “all natural” CEREALS AND GRAIN PRODUCTS</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>ALL OTHER FOOD labeled “organic,” “natural,” or “hormone-free”</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>NON-ALCOHOLIC BEVERAGES OTHER THAN DAIRY OR 100% FRUIT/VEGETABLES JUICES labeled “organic” or “natural”</td>
<td>17%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Q17: For each category, please indicate what portion of the LAST 30-DAYS spending in each category was spent on organic, natural, or hormone-free foods and beverages. Top 2 Box. Sources: Organic and Natural 2012, Organic Users (n= 1,120); Organic and Natural 2014, Organic Users (n=1,278).
Increased availability and falling price points are accelerating the adoption of organic packaged foods and the believability of private label organics

The rise of reasonably priced organic packaged foods (e.g., cereals, breads, canned vegetables) leads more consumers to adopt these products early on

- These products are sporadically adopted at any point along the pathway in variable quantities
- Packaged organic foods are more susceptible to price comparisons and sale shopping

As organic products have expanded beyond natural food and specialty channels, familiarity with and believability of private label offerings have grown

Believability for brand to produce authentic organic product

<table>
<thead>
<tr>
<th>Brand</th>
<th>2014</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newman's Own Organic Pasta Sauce</td>
<td>61%</td>
<td>28%</td>
</tr>
<tr>
<td>Muir Glen Organic Pasta Sauce</td>
<td>54%</td>
<td>33%</td>
</tr>
<tr>
<td>Trader Joe's Organic Pasta Sauce</td>
<td>54%</td>
<td>32%</td>
</tr>
<tr>
<td>Ragu Organic Pasta Sauce</td>
<td>46%</td>
<td>31%</td>
</tr>
</tbody>
</table>
Consumers want greater transparency about the animal products they purchase

Organic, natural and local meats are a category of growing importance. As consumers learn to draw connections between their health and the conditions in which animals are raised, they are increasingly demanding higher-quality meat products

- Growing awareness of factory farm conditions and public health scares (e.g., “pink slime”) has heightened anxieties around meat consumption
- Consumers are connecting animal lifestyles and diet to not only the taste of meat but also its effects on health and the human body
  - Animals allowed to act out their nature by wandering freely and feeding naturally (i.e., “grass fed”) confer qualities of natural and healthy to those products
  - While consumers value the humane treatment and slaughter of animals, these concerns ladder up to personal health more than to animal welfare or sustainability

These concerns signal an expansion beyond the absence of negatives to the importance of farming practices and animals’ diets and lifestyles

- No growth hormones
- No antibiotics
- No steroids
- No nitrate
- No fillers
- No additives

- Grass-fed
- Raised on pasture
- No processed animal parts in feed
- Free-range
- Not fed corn
- Humane conditions
- Animal welfare

“

How the animal is butchered matters. I believe there’s more adrenaline in the meat if it’s butchered harshly. It’s more about my family’s health than the animals’ health.

–Inner Mid-Level consumer, Seattle

The type of fat in grass-fed meat is different. It breaks down differently in the body. Grass-fed beef has omega 3, not omega 6. It’s better for your heart.

–Core consumer, Nashville
Consumers respond to companies they believe genuinely share their values and are committed to organic, natural, and real food

Companies today face greater challenges in establishing trust with consumers

• Our research continues to reveal confusion, skepticism, and cynicism about the food industry and the government institutions tasked with regulating it
  » Fueled by narratives circulating through mainstream media sources, blogs, medical professionals, and culinary professionals, consumers perceive a food system in which large corporations pursue profit at the cost of Americans’ health
  » Explicit comparisons with European food culture and food industries—which are perceived as cleaner, healthier, and more committed to fresh and minimally processed food—underscore the sense of a dysfunctional system

However, consumers are eager to find companies with which they can develop a relationship

• Consumers value companies that support local communities and participate in charity
• Consumers trust companies that are transparent about their products
• Consumers respond to companies that they feel they can establish a relationship with
• As more companies enter the market with committed organic offerings, it becomes easier for consumers to find alternatives to those of more familiar national brands

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“I remember there was this company that made corn chips that recalled all their chips because they discovered they were contaminated with GMOs. They didn’t have to do that, but it really showed that they care about protecting their consumers and the integrity of their product.”
—Core consumer, Seattle

“I go to their website and look at what their company philosophy and mission statement are.”
—Inner Mid-Level consumer, Denver

“If they want to be trusted, they shouldn’t hide what they’re doing. It’s like with olive oil. I read that most of it is a big lie! We’re sick of being lied to!”
—Inner Mid-Level consumer, Nashville

“Big brands need to build trust. Like Annie’s. I feel like they understand me. Like they know that I’m a busy parent and sometimes take shortcuts, and here’s a healthier way to do it.”
—Outer Mid-Level consumer, Nashville
Over a quarter of consumers are purchasing more organic, local, natural, and non-GMO products than a year ago with Organic users, Millennials and Parents more likely to have increased purchase.

<table>
<thead>
<tr>
<th>Type of Product</th>
<th>% of Consumers Buying More</th>
<th>Organic Users</th>
<th>Age Cohorts</th>
<th>Parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Products</td>
<td>28%</td>
<td>1%</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>Local Products</td>
<td>29%</td>
<td>13%</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td>Natural Products</td>
<td>25%</td>
<td>5%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Non-GMO products</td>
<td>23%</td>
<td>4%</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Gluten-Free products</td>
<td>16%</td>
<td>5%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Organic Private Label Brands (e.g., Safeway's O Organic, Simple Truth, Whole Foods 365)</td>
<td>20%</td>
<td>3%</td>
<td>27%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Q23. Compared to a year ago, would you say you are purchasing more of, less of, or about the same of the following types of products listed below? Top 2 Box. Source: Organic and Natural 2014. Base: Total (n=1,728) Millennials (n=647), Gen X (n=472), Boomers (n=609); Organic Users (n=1,278), Non-Users (n=450), Parents, ages 0-8yo (n=544), Parents, ages 9-17 yo (n=394).
One in five consumers are avoiding gluten in their daily diet and over half consumer gluten-free products at least occasionally.

20% of all consumers are avoiding/reducing Gluten in their daily diet.

Q28. Please indicate whether you DELIBERATELY avoid/reduce or add/increase [Gluten] in your daily diet.
Q31. How often do you consume foods that are labeled 'gluten-free'?

Source: Organic and Natural 2014. Base: Total (n=1,728); Organic Users (n=1,278), Non-Users (n=450).
The biggest reason for purchasing gluten-free foods is no reason at all

29% of consumers say “gluten-free” is an important label when selecting food and beverages for purchase.

16% are buying more gluten-free products than one year ago.

---

**What are your reasons for purchasing 'gluten-free' foods?**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Total</th>
<th>Non-Organic User</th>
<th>Organic User</th>
</tr>
</thead>
<tbody>
<tr>
<td>No reason</td>
<td>35%</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>Healthier option</td>
<td>17%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Digestive Health</td>
<td>11%</td>
<td>21%</td>
<td>28%</td>
</tr>
<tr>
<td>Weight loss</td>
<td>6%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Enjoy the Taste</td>
<td>6%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Someone in my family as a gluten sensitivity</td>
<td>5%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Inflammation</td>
<td>3%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Diet cleanse</td>
<td>3%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Trendy</td>
<td>5%</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Some other reason</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>I have a gluten sensitivity</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Gluten-free foods are organic</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Asthma</td>
<td>3%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Attention Deficit Disorder/ADHD</td>
<td>3%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Someone in my family has Celiac disease</td>
<td>3%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Skin condition</td>
<td>2%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>I have Celiac disease</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58%</td>
<td>53%</td>
<td>58%</td>
</tr>
</tbody>
</table>

**Q1:** When selecting food or beverage products to purchase, how important are the following labels or phrases to you? Top 3 box. **Q23.** Compared to a year ago, would you say you are purchasing more of, less of, or about the same of the following types of products listed below? Top 2 Box. **Source:** Organic and Natural 2014. Base: Total (n=1,728), Organic Users (n=1,278), Non-Users (n=450). **Q31.** How often do you consume foods that are labeled ‘gluten-free?’ **Source:** Organic and Natural 2014. Base: Total (n=1,050), Organic Users (n=910), Non-Users (n=140).
“Local” offers a compelling narrative of trust, transparency, and reliability to all consumer segments

Consumers can feel overwhelmed by constant and sometimes conflicting streams of information about products

• While it is not surprising that Core and Inner Mid-Level consumers are purchasing more local products, the growth of local among Periphery and Outer Mid-Level suggests that the category helps them resolve confusion over organic products

“I would trust the local absolutely more than a big company. Locally sourced products can’t be faked. There’s an attachment to what they’re selling. Their reputation is invested in it.”

--Outer Mid-Level consumer, Denver

Q23. Compared to a year ago, would you say you are purchasing more of, less of, or about the same of the following types of products listed below? Top 2 Box. Source: Organic and Natural 2014. Base: All Organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Core organic consumer kitchens reflect commitment to high quality, organic and natural foods and beverages

Belief that food as medicine

Conflation of organic with non-GMO

Holistic view of the connections between food, personal health, social responsibility, and environmental welfare

Readiness to experiment with alternative ways of eating, such as paleo

Prioritization of grass-fed, humanely treated animal products from trusted, local sources

Focus on healthy, less processed fats and oils

DIY approaches to food, including sprouting seeds and planting organic gardens
Inner Mid-Level organic consumer kitchens reflect growing commitment to organic for most nutrient-dense foods

Avoidance of highly processed foods and ingredients

Prioritization of fresh, whole, natural, and nutrient-dense foods

When purchasing packaged or convenience foods, seeks clean and minimal ingredient panels

Willingness to compromise with conventional produce when organic options are too expensive

Preference for organic packaged foods, when purchased

Rising awareness of and concern about GMO, but no commitment to seeking out non-GMO products
Outer Mid-Level organic consumer kitchens reflect growing aspiration for and casual engagement with cooking with fresh, less processed ingredients

General acceptance of organic’s health benefits, but questions about their relative value over conventional foods

Occasional purchase of organic fresh fruits and vegetables when on sale

Sporadic adoption of organic packaged food driven by price shopping and sales

Acceptance of “natural” packaged and convenience foods with short and pronounceable ingredient lists

Minimal awareness and generalized concern about GMOs, but no avoidance
Periphery organic consumer kitchens reflect price and convenience as a priority

Regular use of packaged foods

Fledgling aspirations toward eating fresher and less processed foods

Preference for conventional and familiar brands

Approach to health that focuses on low/no-fat and absence of negatives

Nascent interest in organic laced with skepticism of its benefits and value

Experimentation with organic through lower-priced packaged foods and occasional sales on fresh fruits and vegetables

Reliance on VMHS for adding and filling in nutritional needs

Minimal awareness and no avoidance of GMOs
The Organic Marketplace: Channels & Retailers
Consumers look to retailers to help them navigate a confusing marketplace

Consumers no longer see natural food and specialty stores as the only reliable sources for organic products

- Organic foods are increasingly encountered in mainstream retailers, from mid- to down-market

Mid- and down-market retailers are well-positioned to garner trust and loyalty by demonstrating their alignment with consumers’ values

- Consumers genuinely appreciate retailers who help by educating on organic and natural products and agricultural products
- Consumers value retailers who they believe are allies in, if not advocates for, their search for transparency, authenticity, and healthy products

Consumers look to trusted retailers to vet products for them

- Consumers are more likely to believe the claims of products sold at stores they trust
- Less engaged consumers seek out retailers and their staff as experts who can help them distinguish among, navigate, and discover products
  » Some consumers credit retailer newsletters for setting them along the path to adopting organic products

“"I know someone who worked at Whole Foods and had to be well-versed in personal care products, so I went there to ask about specialty and unfamiliar products.”
—Outer Mid-Level consumer, Nashville

“I used to shop at PCC a lot and read their monthly articles. That’s where I first read about paleo. It sounded interesting, so I started to learn more about it.”
—Core consumer, Seattle

“I buy a lot of organic products at Costco. They’ve been doing a good job of stocking products that I like.”
—Inner Mid-Level consumer, Seattle

“Kroger’s selection has gotten better recently, and they have good sales on organic produce. I like their Simple Truth products.”
—Inner Mid-Level consumer, Nashville
While grocery stores remain the main source of organic products, farmers’ markets and discount and club channels are gaining ground

While in 2006, consumers had to seek out natural and specialty channels for many organic products and brands, now they can be sourced across a broader range of channels, including Discount and Club stores.

In line with growing interest in local products, farmers markets have also gained territory in consumers’ baskets.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Organic &amp; Natural 2014, Primary Shopper (n=1,250); Organic &amp; Natural 2012 (n=?); Beyond Natural &amp; Organic 2010, Primary shopper (n=1,249); Organic 2008, Primary Shopper (n=1,819); Wellness 2006 (n=751).</th>
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### Table:

<table>
<thead>
<tr>
<th>Channel Type</th>
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<th>2012</th>
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<td>72%</td>
<td>73%</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>Discount retailer</td>
<td>15%</td>
<td>24%</td>
<td>24%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Farmers market</td>
<td>15%</td>
<td>18%</td>
<td>25%</td>
<td>23%</td>
<td>24%</td>
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<td>49%</td>
<td>22%</td>
<td>25%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Club store</td>
<td>7%</td>
<td>11%</td>
<td>12%</td>
<td>14%</td>
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<tr>
<td>Specialty/ethnic food store</td>
<td>N/A</td>
<td>13%</td>
<td>12%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Vitamin store</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Co-op</td>
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<td>3%</td>
<td>6%</td>
<td>5%</td>
<td>6%</td>
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<tr>
<td>Internet</td>
<td>N/A</td>
<td>3%</td>
<td>4%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Convenience store</td>
<td>N/A</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>CSA</td>
<td>N/A</td>
<td>2%</td>
<td>4%</td>
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<td>5%</td>
</tr>
<tr>
<td>Direct mail/catalog</td>
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<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
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<tr>
<td>Home delivery</td>
<td>N/A</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>
Local retailers are becoming trusted allies in consumers’ search for transparency and authenticity

While still too expensive to serve as regular sources for groceries for most consumers, there is growing positive sentiment toward local retailers

- When it comes to everyday eating, only those consumers who are deeply committed to eating organic and natural buy most of their products locally
- However, even Periphery and Outer Mid-Level consumers are filling parts of their baskets at local retailers
- Local retailers excel in taking a stand on issues important to consumers and demonstrating alignment with consumer values and priorities
  - Stores like Puget Consumers Co-op (PCC) in Seattle have pledged not to carry GMOs or unethical brands
  - Nashville’s The Turnip Truck Market is transparent about the sourcing of its prepared foods and assures shoppers that it is an ally in their health and wellness goals

“Organic makes sense when you’re shopping at a grocery store, when you don’t see a face behind the product. It’s a wonderful concept, but a lot of our farmers can’t afford the certification. But when your shop knows exactly where its meats come from—knows the families, the children’s names, what they like to drink after dinner—it’s more important than organic certification. And our customers in turn know us and trust us. They can ask us questions.”

—Employee, Porter Road Butcher, Nashville
The Organic Marketplace: Eating out

The Farm House restaurant, Nashville, TN

- Location: Franklin, TN
- The Farm House sources all goat cheese from Noble Springs.
- They pride themselves in knowing that every drop of milk that goes into their product is derived from natural forges that the goats enjoy on the farm.
- Established: 2009
While most consumers have not yet expanded their commitment to organic to dining out, there is significant interest in the availability of organic options.

Many consumers loosen their organic standards when dining out:

- Our interviews with consumers revealed that eating out is a time to relax, enjoy, and indulge.
- Even those consumers who are deeply committed to eating organic and natural foods are willing to relax on their normal commitments.

However, there are a growing number of options for those committed to eating out naturally and organically:

- Fine dining restaurants are at the vanguard of culinary trends and often represent a vision of things to come in more mainstream channels.
- A growing number of full-service, fast casual, and fast food restaurants and coffee shops are offering customers, organic, natural, and local options.

As this trend continues and organic foods become increasingly accessible and affordable in food service, consumers are likely to choose to spend their dining-out dollars in support of businesses that are committed to providing organic options at competitive prices.

The evolution of organic into more mainstream food service channels suggests the growing casualization of organic that echoes consumers’ support of the growing democratization of organic.
When it comes to fast food and more casual channels, the importance of organic is increasing

Consumer interest in organic options at more mainstream restaurants has increased thanks to changes in the market:

- Consumers are beginning to look for organic options at the food service channels they frequent more often, such as quick casual and fast food.
- Companies like Chipotle are taking the lead in proving to consumers that fast can also be healthy and organic.

Importance of availability of organic foods and beverages at...

<table>
<thead>
<tr>
<th>Place</th>
<th>2014</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fine dining restaurant</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Local schools</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Full service restaurant</td>
<td>18%</td>
<td>16%</td>
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<tr>
<td>Quick casual restaurant</td>
<td>16%</td>
<td>13%</td>
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<tr>
<td>Fast food restaurant</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>While traveling</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Coffee shops*</td>
<td>15%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Q30 (2010) and Q44 (2014). Compared to organic foods prepared at home, how important are organic foods and beverages at the following types of places? Sources: Organic and Natural 2012, Organic Users (n= 1,120); Organic and Natural 2014, Organic Users (n=1,278).
Core consumers are much more impressed by fast food restaurants with organic items on the menu than other segments

Because consumers tend to think of eating out as an indulgence, they are less invested in maintaining their commitment to organic foods outside the home.

While more engaged consumers still give some credit to restaurants for serving organic foods, overall consumers have become much less impressed with fast food restaurants with organic options.

Q35 (2012) and Q44 (2014). When eating at a fast food restaurant, if you were to see a menu item labeled "organic," how would this change your impression of that restaurant, if at all? Sources: Organic and Natural 2012, Organic Users (n= 1,120); Organic and Natural 2014, Organic Users (n=1,278).
Consumers show a decrease in willingness to pay for organic products away from home

As organic products go mainstream and become increasingly available across a range of channels, consumers are less likely to see the value in paying a premium for them.

Q 36 (2012) and Q45 (2014). When purchasing food or beverages away from home (such as when you’re at a ballpark for a game, grabbing food for lunch, or at a restaurant), how much more are you willing to pay for an ORGANIC item compared to similar non-organic items? Sources: Organic and Natural 2012, Organic Users (n=1,120); Organic and Natural 2014, (n=1,728).
Parents value organic options when eating out and are willing to pay more for them.

**Importance of availability of Organic foods and beverages at...**

- Fine dining restaurant: 36% (45%), 38% (42%), 36% (42%), 33% (38%), 31% (37%), 28% (36%), 28% (38%), 27% (33%), 24% (35%), 19% (37%), 13% (40%), 7% (43%)  
- Local schools: 36% (47%), 38% (42%), 36% (42%), 33% (38%), 31% (37%), 28% (36%), 28% (38%), 27% (33%), 24% (35%), 19% (37%), 13% (40%), 7% (43%)  
- Full service restaurant (e.g., Applebee's, Chili's): 33% (42%), 38% (42%), 36% (42%), 33% (38%), 31% (37%), 28% (36%), 28% (38%), 27% (33%), 24% (35%), 19% (37%), 13% (40%), 7% (43%)  
- Quick casual restaurant (e.g., Panera Bread, Panda Express): 31% (42%), 36% (42%), 33% (38%), 31% (37%), 28% (36%), 25% (35%), 25% (37%), 22% (33%), 19% (37%), 13% (40%), 7% (43%)  
- Coffee shop/Café (e.g., Starbucks, Dunkin Donuts): 28% (39%), 36% (32%), 28% (36%), 26% (35%), 24% (34%), 22% (33%), 22% (34%), 20% (35%), 17% (36%), 11% (37%), 5% (40%)  
- While traveling (e.g., at the airport, on the airplane, at the hotel, ...): 28% (36%), 30% (36%), 28% (36%), 26% (35%), 24% (34%), 22% (33%), 22% (34%), 20% (35%), 17% (36%), 11% (37%), 5% (40%)  
- Fast food restaurant (e.g., McDonald's, Taco Bell): 27% (37%), 30% (36%), 28% (36%), 26% (35%), 24% (34%), 22% (33%), 22% (34%), 20% (35%), 17% (36%), 11% (37%), 5% (40%)  

**Impact on impression of fast food restaurant**

- I would have a MUCH BETTER impression of the restaurant: 24% (28%), 23% (31%), 45% (37%)  
- I would have a SOMEWHAT BETTER impression of the restaurant: 27% (31%), 31% (33%), 40% (37%)  
- My impression wouldn't change: 45% (40%)  
- I would have a SOMEWHAT/MUCH WORSE impression of the restaurant: 4% (3%), 3% (3%), 7% (9%)  

**Willingness to pay more**

- I would NOT be willing to pay more: 46% (33%), 43% (35%), 35% (40%), 13% (19%), 6% (13%)  
- I would be willing to pay A LITTLE MORE (less than 10% more): 33% (40%), 37% (37%), 37% (37%), 13% (13%), 9% (7%)  
- I would be willing to pay SOMEWHAT MORE (10%-29% more): 43% (43%), 37% (37%), 13% (13%), 6% (6%), 7% (7%)  
- I would be willing to pay A LOT MORE (30% or more): 46% (33%), 43% (35%), 35% (40%), 13% (19%), 6% (13%)  

Q43. Compared to organic foods prepared at home, how important are organic foods and beverages at the following types of places? Q44. When eating at a fast food restaurant, if you were to see a menu item labeled "organic," how would this change your impression of that restaurant, if at all? Q45. When purchasing food or beverages away from home (such as when you’re at a ballpark for a game, grabbing food for lunch, or at a restaurant), how much more are you willing to pay for an ORGANIC item compared to similar non-organic items? Sources: Organic and Natural 2012, Total(n=1,728); Organic and Natural 2014, Organic Users (n=1,278).
The farm-to-table movement is inspiring the cultural shift towards transparency and authenticity

As cultural icons, chefs are influential figures who help set the course for broader trends in food culture.

The flourishing of restaurants of various price points that specialize in locally sourced products is a sign of the emerging importance of local products:

- Locally sourced ingredients are seen as fresher and seasonal.
- Locally sourced ingredients resonate with consumers seeking the authenticity of small-scale production and the distinction of place.
- Local is a distinction that means more than organic to deeply engaged consumers, who know that many small farmers cannot afford certification but nonetheless produce high-quality foods with integrity.

Upscale restaurants, such as Husk, and more casual full-service eateries, such as The Farm House, both in Nashville, specialize in seasonal offerings from small, local farms and make a point of informing guests of the sources of their ingredients.

“I go out of my way to eat at restaurants that bring in local ingredients. I would pay more for a restaurant that uses local ingredients.”

—Core consumer, Denver

“I’m more inclined to pick a restaurant that serves local food.”

—Inner Mid-Level consumer, Denver
Special Topic—Genetically Modified Organisms (GMOs)
Consumer awareness and concern about GMOs are growing

GMOs are an elephant in the room, and consumers are increasingly talking about them. While most consumers have at least heard of GMOs, there is much confusion around:

- What GMOs are
- What foods GMOs are in
- How GMOs may impact health
- The environmental implications of GMOs
- The pros and cons of GMOs

While consumers’ understandings of GMOs vary, most consumers instinctively feel concern is warranted.

“I’ve heard a lot about them. I instinctively know they’re bad, but I don’t have all the details.”
—Outer Mid-Level consumer, Denver

“They’re spliced in a factory, laboratory-produced without regard for the consequences of people consuming them. And they’re bug resistant. If bugs are staying away from them, how is that good?”
—Inner Mid-Level consumer, Nashville

Google Trends: GMO Food & Drink (June 2012 – June 2014)

Most swiftly rising queries (June 2012 – June 2014)

- GMO beer (breakout)
- GMO Cheerios (breakout)
- GMO Chipotle (breakout)
- GMO wheat (+180%)
- GMO chicken (+150%)
- GMO free (+130%)
- non GMO foods (+70%)
- Organic GMO (+60%)

State propositions such as Washington’s I-522 and pledges from companies such as Chipotle and Whole Foods to label GMOs propel consumer awareness.
**Consumer understandings and definitions of GMOs vary**

<table>
<thead>
<tr>
<th>I understand what GMOs are</th>
<th>I know which crops are most likely to use GMO</th>
<th>I know which products have GMO ingredients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>52%</td>
<td>30%</td>
</tr>
<tr>
<td>Core</td>
<td>72%</td>
<td>53%</td>
</tr>
<tr>
<td>Inner Mid-Level</td>
<td>60%</td>
<td>38%</td>
</tr>
<tr>
<td>Outer Mid-Level</td>
<td>41%</td>
<td>17%</td>
</tr>
<tr>
<td>Periphery</td>
<td>34%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Consumer definitions of GMO**

- "I don’t really know what the ‘O’ stands for, but they make me think of things that are altered away from the normal. They sound bad, like aspartame."
  — Periphery Mid-Level consumer, Market

- "GMO is taking the original form and modifying it."
  — Outer Mid-Level consumer, Seattle

- "It’s changing the structure of plants so they can’t reproduce."
  — Inner Mid-Level consumer, Nashville

- "They’re foreign bodies in food, mainly found in lower-priced and convenience foods."
  — Inner Mid-Level consumer, Nashville

- "The research I’ve read says a lot of produce actually isn’t GM, except corn and soy are. Popcorn isn’t. I read that for some reason popcorn can’t be genetically modified."
  — Core consumer, Seattle
Four out of ten consumers today are avoiding/reducing GMOs in their daily diet

40% of all consumers are avoiding/reducing GMOs in their daily diet

Q28: Please indicate whether you DELIBERATELY avoid/reduce or add/increase [Genetically modified ingredients/GMOs] in your daily diet. Source: Organic and Natural 2014. Base: Total (n=1,728) Millennials (n=647), Gen X (n=472), Boomers (n=609); Organic Users (n=1,278), Non-Users (n=450); Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
GMOs have become potent symbols of the ills of the American food industry

Regardless of how informed and accurate consumers’ understandings of GMOs are, general sentiment suggests a growing mistrust of food companies

While for many, GMOs is a buzz word and a nebulous concept, when consumers talk about GMOs, they articulate deep frustration and distrust of the food industry and of government institutions

GMOs raise a host of concerns, including:

• Alarm about food that is unnatural and manipulated in a laboratory for questionable purposes
• Anxiety that the consequences for human health and the environment are, at best, unknown, if not demonstrably negative
• Suspicion that there is a lot of money to be made from GMOs
• Cynicism that companies are putting profit over consumers’ health
• Indignation over producers of GMOs treating small farmers poorly and using coercive and unfair business tactics

The continued silence of food companies on the issue, as well as some companies’ attempts to fight labeling, only fuels consumer distrust and fears that companies are hiding something

“It’s not hybridization. It’s injecting pesticides or squid ink or scorpion venom into food.”
—Core consumer, Seattle

“I’m a capitalist. I’m all for providing real value to people. But when we’re talking about putting profit above people’s health or lawsuits against farmers, it’s taking greed to another level.”
—Inner Mid-Level consumer, Nashville

“We’re basically their guinea pigs. When you mess with food and don’t know what it will do, you’re taking a big risk with our lives.”
—Inner Mid-Level consumer, Nashville
Core consumers report feeling more informed than others about GMOs and express the most concern

While Core consumers perhaps feel more informed, there is a general climate of confusion as consumers struggle to make sense of what GMOs are and how they fit into food culture.

In spite of strong sentiment of skepticism and concern, there are undercurrents of ambivalence in consumers’ minds:

- Among Core and Inner Mid-Level consumers are those who believe GMOs provide benefits to the food system and who are willing to accept genetically modified ingredients.

“I think there’s some justification. Modification for a good goal is okay, like feeding poor countries. It’s not okay for greed.”

—Core consumer, Nashville

Q33: Please indicate how strongly you agree or disagree with the following statements. Base: All organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Regardless of organic usage, all consumers express concern about the impact of GMOs on their health but non-organic users are more likely to say they just don’t know enough about them.

40% of all consumers are avoiding/reducing GMOs in their daily diet

47% of organic users

20% of non-organic users

Q28: Please indicate whether you DELIBERATELY avoid/reduce or add/increase any of the following ingredients or nutrients in your daily diet. Q29: Why are you deliberately avoiding or reducing the amount of genetically modified ingredients/GMOs in your daily diet? (Please select all that apply) Base: Organic Users (n=1,278), Non-Users (n=450)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Total</th>
<th>Organic User</th>
<th>Non-Organic User</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m concerned about their possible impact on my personal health and well-being</td>
<td>71%</td>
<td>63%</td>
<td>72%</td>
</tr>
<tr>
<td>I want to know exactly what goes into the food I eat</td>
<td>48%</td>
<td>34%</td>
<td>50%</td>
</tr>
<tr>
<td>I don’t want to support companies that use GMOs</td>
<td>40%</td>
<td>22%</td>
<td>43%</td>
</tr>
<tr>
<td>I’m concerned about their possible impact on the environment</td>
<td>33%</td>
<td>23%</td>
<td>34%</td>
</tr>
<tr>
<td>I don’t know enough about them</td>
<td>27%</td>
<td>25%</td>
<td>41%</td>
</tr>
</tbody>
</table>
Concerns about the possible impact of GMOs on health are the top reasons for avoiding them

GMOs not only echo but amplify consumer concerns that are fueled by a climate of uncertainty, bewilderment, and skepticism about the food industry and big business.

“They’re a wild card. They’re not natural. What’s going to happen when you keep ingesting these for a long period of time?”
—Inner Mid-Level consumer, Seattle

“I think about tobacco studies. We didn’t know how bad cigarettes were back then. And now there have been animal studies showing that GMOs are bad.”
—Core consumer, Nashville

“I have less of a problem with GMOs than some people, but I’m worried about their long term effects.”
—Periphery consumer, Seattle

Q29. Why are you deliberately avoiding or reducing the amount of genetically modified ingredients/GMOs in your daily diet? (Please select all that apply). Base: All organic Users (n=608), Core (n=196), Inner Mid-level (n=172), Outer Mid-level (n=192), Periphery (n=48).
While there is some ambivalence regarding GMOs, 58% of consumers support mandatory labeling and nearly half support banning.

“I struggle with it. I’m a free-market person. Consumers should be responsible for being informed, but I still favor some sort of labeling and specificity.”
—Inner Mid-Level consumer, Nashville

“I’ve heard bad things about them, but GMO labeling isn’t important to me at this point. I just assume that everything that isn’t marked has them in it.”
—Periphery consumer, Nashville

Q33: Please indicate how strongly you agree or disagree with the following statements. (Top 2 box). Source: Organic and Natural 2014. Base: Organic Users (n=1,278), Non-Users (n=450).
Over half of consumers are not aware of the Non-GMO seal

Q39: Please indicate your familiarity with the following seal. Source: Organic and Natural 2014. Base: Organic Users (n=1,278), Non-Users (n=450).

- I look for the seal when making food and beverage choices
- I am familiar with the seal but do not consider it when making food and beverage choices
- I have seen the seal but I do not know what it means
- I have never seen the seal before
Core consumers are more familiar with the Non-GMO seal but a quarter of them say they do not consider it when making choices

Q39: Please indicate your familiarity with the following seal. Source: Organic and Natural 2014. Base: All organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Core consumers are not that different from other segments when it comes to trust in the Non-GMO seal

I trust the Non-GMO Project Verified seal...

<table>
<thead>
<tr>
<th>Trust Level</th>
<th>Total</th>
<th>Core</th>
<th>Inner Mid-Level</th>
<th>Outer Mid-Level</th>
<th>Periphery</th>
</tr>
</thead>
<tbody>
<tr>
<td>...for the most part</td>
<td>34%</td>
<td>40%</td>
<td>36%</td>
<td>42%</td>
<td>47%</td>
</tr>
<tr>
<td>...somewhat</td>
<td>23%</td>
<td>47%</td>
<td>45%</td>
<td>53%</td>
<td>31%</td>
</tr>
<tr>
<td>...very little</td>
<td>15%</td>
<td>10%</td>
<td>16%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>...not at all</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Q40: How much trust do you put in the Non-GMO Project Verified seal? I trust the Non-GMO Project Verified seal... Source: Organic and Natural 2014. Base: All organic Users (n=516), Core (n=213), Inner Mid-level (n=145), Outer Mid-level (n=135), Periphery (n=23).
While Core consumers equate “organic” with GMO-free, other segments require specific “Non-GMO” or “GMO-free” labeling.

Q37: How would each of these claims below help you determine whether a product were GMO-free or not? Which of the following products are guaranteed to be GMO-Free?

Source: Organic and Natural 2014. Base: All organic Users (n=1,278), Core (n=323), Inner Mid-level (n=309), Outer Mid-level (n=468), Periphery (n=178).
Companies that stay silent on the issue face the greatest risk of losing consumer trust and relevance

While a comprehensive and consistent understanding of GMOs has yet to come for most consumers, questions about the lack of transparent communication are top-of-mind

- Consumers are troubled by the lack of transparency
  - A critical mass of concern for maintaining a right to know how food was grown and handled seems to be building

- Manufacturers are falling behind in the opportunity to shape the conversation around this issue, while retailers and the media are leading the way
  - Retailers, the media, and consumers are taking the lead in developing a compelling narrative around the issue
  - The increasing availability of GMO-free and labeled products further erodes consumer trust in companies who remain silent

- Not labeling GMOs will likely be a liability in the near future
  - The current consumer sentiment is that if GMOs are indeed safe, label products and let the consumer make informed decisions
  - Taking a proactive approach to labeling GMOs is likely to be perceived as a positive in terms of transparency and care for the consumer
Metropolitan Market, Seattle, WA

CHOICES

- Organic
- Local
- Natural
- Conventional

“I grow my own food at home but in a pinch Metropolitan Market has everything an urban cook needs—local produce from my favorite farms and gourmet ingredients to make my meals sing.”

~ Amy Pennington

Recommendations
General recommendations

Today’s organic marketplace plays itself out in a culture in which food is increasingly linked to personal health, the social good, and environmental well-being. Perceptions of companies and products as either heroes or villains in these narratives play important roles in consumers’ evaluations of product choices and paths to purchase, particularly as price continues to weigh heavily on the market’s growth.

• Frame your products appropriately. Organic and its benefits speak to a range of concerns that touch on consumers’ everyday lives, not just special occasion purchases.

• Ensure consumers understand the value equation for your category and products. What is the benefit of organic in the category? Is it important? Is it clear to consumers why?

• Understand the competitive landscape. As organic goes mainstream, it also becomes more conventionalized. Consumers not only increasingly have access to a broader range of options for organic products, including private label; they also increasingly accept private label as a reliable and quality alternative to meet their organic needs.

• Know your consumers. Is your consumer a committed Core who values high-quality products with authentic stories, or an Outer Mid-level consumer just beginning her journey and unsure about the value of and distinctions between organic products? Ensure your products are priced to enable consumers to make them part of their everyday shopping equation.
Communications recommendations

Speak to your consumers’ purchase criteria and values.

• Core consumers tend to perceive greater and more nuanced distinctions between products. In addition to personal benefits, issues of social and environmental impact and authenticity resonate with these consumers. On the other hand, Outer Mid-Level consumers, who are relatively less familiar with distinctions among products, are more likely to connect with messaging about safety and the experiential benefits of organic products. Know which types of messaging and communication speak best to your consumers’ level of knowledge and values.

With the expansion of larger companies into the organic marketplace and the proliferation of organic packaged and processed foods, manufacturers may need to address a “credibility gap.”

• Messaging should work to instill confidence that the brand and its products are committed to and are genuinely organic.
• Cultivate the story of your company, brand, or product. While consumers have keen ears for tales that smack of fake authenticity, they value and respond to companies and brands that have honest stories about who and what they are and where they come from.

Messaging around “natural” should focus on words that cue simple, real, and authentic.

• The term “natural” on a product is an immediate clue for consumers that it might be anything but. Consumers will rely on the ingredient panel and nutrition facts to determine whether the claim is believable.
• To communicate “natural,” focus on invoking its implicit meanings (e.g., simple, real, whole, minimally processed).

Let the ethos surrounding “local” be your communications guide.

• Aligning your company and product with the values evoked by “local” can help demonstrate to customers that you share their values and vision for a better, healthier world.
Product formulation recommendations

Communication tactics should supplement, not replace, product formulation. Being relevant in the organic and natural space hinges on creating products that harmonize with the trend toward less processed food.

- Consumers see organic and natural as gateways to health. With consumers’ increasing familiarity with organic products and the growing presence of organic in mainstream retail and food service channels, the absence of potentially harmful or artificial ingredients is becoming the “cost of entry” and may not provide much competitive advantage.

- All consumers increasingly refer to product labels and nutrition facts to verify product claims. Make sure that these can back up the claims on the front of your package.

- Evaluate product formulations and explore possibilities for cleaning up labels and removing unnecessary chemical additives and preservatives. Too many ingredients undermine the healthy associations of organic and natural dilute the credibility of organic certifications.

Innovate new products that align with the values and priorities of personal health, social good, and environmental responsibility.

- Consumers are most willing to put their organic dollars toward nutrient-dense foods. Develop new products with fresh, real, and clean ingredients.
Establishing trust Recommendations

Consumers care about the company behind the brand.

- They are hungry for brands they can establish relationships with and depend on. These are brands that are good “corporate citizens” that demonstrate they are aligned with, if not outright advocates for, consumers’ values and needs.
- Consider the spectrum of touch points for and the range of ways consumers engage with your company and product. Consumers respond to companies that are not aloof but participate in local activities and contribute to the well-being of the community, however broadly conceived.

Transparency is essential to staying relevant and gaining consumer trust.

- In their growing demands for transparency, consumers want to know about the products they are buying:

  
  What’s in it? How was it made? Who made it? What’s the story behind it?

- Brand and product narratives that are most effective include ingredient sourcing (real places, people, traditions), unique varietal (e.g., heirloom tomato juice), small-scale or artisanal production, expert opinion (endorsement from a recognized, skilled, or believable person), and educational (e.g. explain the health benefits associated with ingredients).

Consider your position on the elephant in the room—GMOs.

- Manufacturers that remain silent are losing the opportunity to take part in shaping the conversation and are most at risk of being woven into unflattering narratives.
- Consumers are likely to perceive attempts by manufacturers to proactively label products in a positive light.
ABOUT THE HARTMAN GROUP

The Hartman Group, located in Bellevue, Washington, blends leading-edge customized research and consulting to understand the subtle complexities of consumer and shopper behavior. Since 1989, Hartman Group has provided unique perspectives on the underlying motivations and behaviors that move the needle for our clients. To learn more about how Hartman Group stays sharply focused on how consumers live, shop and use brands and products visit:

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