Key-findings about the market and consumption trends for organic food in WBC

All WBC Partners and Nataša Renko, Burkhard Schaer, Ruzica Butigan, Sanda Renko, Dominique Barjolle, Martine Zaouche-Laniau
CONTENT

• Objectives
• Results of literature review
• Results of Delphi survey
• Results of quantitative survey
• Policy recommendations
• Conclusion
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• Results of literature review
• Results of Delphi survey
• Results of quantitative survey
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• Conclusion
OBJECTIVES

to give an overview of the current situation as well as the trends and perspectives of organic production and organic market in Western Balkan Countries.
CONTENT

- Objectives
- Results of literature review
- Results of Delphi survey
- Results of quantitative survey
- Policy recommendations
- Conclusion
General Country Data - No. of Inhabitants

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>7334935</td>
</tr>
<tr>
<td>Croatia</td>
<td>4434000</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>3842265</td>
</tr>
<tr>
<td>Macedonia</td>
<td>2048619</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2042335</td>
</tr>
<tr>
<td>Montenegro</td>
<td>620145</td>
</tr>
</tbody>
</table>

No. of inhabitants

- Serbia: 7,334,935
- Croatia: 4,434,000
- Bosnia and Herzegovina: 3,842,265
- Macedonia: 2,048,619
- Slovenia: 2,042,335
- Montenegro: 620,145

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP-PPP 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>24.417</td>
</tr>
<tr>
<td>Croatia</td>
<td>14.243</td>
</tr>
<tr>
<td>Montenegro</td>
<td>3.489</td>
</tr>
<tr>
<td>Serbia</td>
<td>5.809</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>4.279</td>
</tr>
<tr>
<td>Macedonia</td>
<td>4.482</td>
</tr>
<tr>
<td>EU 27</td>
<td>23.600</td>
</tr>
<tr>
<td>Denmark</td>
<td>35.757</td>
</tr>
<tr>
<td>Spain</td>
<td>29.689</td>
</tr>
<tr>
<td>France</td>
<td>33.679</td>
</tr>
</tbody>
</table>

WBC average GDP-PPP: 13.800 US-$
General Country Data - Food Expenditures as % of all Consumption Expenditures

WBC average food exp. 38%

<table>
<thead>
<tr>
<th>Country</th>
<th>Food Expenditures as % of all consumption expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>58%</td>
</tr>
<tr>
<td>Serbia</td>
<td>42%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>39%</td>
</tr>
<tr>
<td>BIH</td>
<td>38%</td>
</tr>
<tr>
<td>Croatia</td>
<td>32%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>19%</td>
</tr>
</tbody>
</table>

For comparison:

<table>
<thead>
<tr>
<th>EU 27</th>
<th>Denmark</th>
<th>Spain</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.4</td>
<td>15.2</td>
<td>20.3</td>
<td>15.7</td>
</tr>
</tbody>
</table>
## Legal and institutional framework

<table>
<thead>
<tr>
<th>Country</th>
<th>National regulation since</th>
<th>National Label for organic products</th>
<th>Certification bodies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>2006</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Croatia</td>
<td>2001</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2001</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Montenegro</td>
<td>2004</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Macedonia</td>
<td>2004</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>(only Republika Srpska, since 2004)</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>
## The Organic Market: Data

<table>
<thead>
<tr>
<th></th>
<th>BIH</th>
<th>Croatia</th>
<th>Macedonia</th>
<th>Montenegro</th>
<th>Serbia</th>
<th>Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic market share</td>
<td></td>
<td>0.1%</td>
<td></td>
<td></td>
<td>0.01%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Annual amount spent</td>
<td></td>
<td>1 €</td>
<td></td>
<td>-</td>
<td>-</td>
<td>6 €</td>
</tr>
</tbody>
</table>

**For comparison**

<table>
<thead>
<tr>
<th></th>
<th>EU 27</th>
<th>Denmark</th>
<th>Spain</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>2</td>
<td>6.8</td>
<td>0.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Annual amount spent</td>
<td>-</td>
<td>140 €</td>
<td>8 €</td>
<td>45 €</td>
</tr>
</tbody>
</table>
# The Organic Market: distribution channels

<table>
<thead>
<tr>
<th></th>
<th>Bosnia and Herzegovina</th>
<th>Croatia</th>
<th>Macedonia</th>
<th>Montenegro</th>
<th>Serbia</th>
<th>Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct selling</td>
<td>Few farms – green markets</td>
<td>Since the 1990ies</td>
<td>On-farm and on green market</td>
<td>Most important marketing channel</td>
<td>On-farm and on green market</td>
<td>On-farm and on green market</td>
</tr>
<tr>
<td>Health food stores</td>
<td>No</td>
<td>Yes, since the 1990ies, pioneer role and still very active.</td>
<td>Health shops but no specialised organic shops</td>
<td>Health shops but no specialised organic shops</td>
<td>Yes, about a dozen shops in bigger cities.</td>
<td>1.shop in 1989 in Lubljana. 10 shops in Slovenia.</td>
</tr>
<tr>
<td>Organic in Supermarket</td>
<td>Yes, but scarcely, and with imported products</td>
<td>Yes, in almost every supermarket</td>
<td>Yes, but rarely and with small assortments</td>
<td>A few</td>
<td>Yes, but rarely and with small assortments</td>
<td>Start in mid 90’s. Similar development as in health shops.</td>
</tr>
</tbody>
</table>
CONTENT

• Objectives
• Results of literature review
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• Policy recommendations
• Conclusion
Results of three-round Delphi survey

EXPERTS’ OPINION ABOUT GOVERNMENT & POLICY IMPACT

1. National development strategy for organic farming is very important.
2. Regional and local government support is very important for the development of the organic agriculture.
3. B&H and Croatia feel great lack of political support and adequate state incentives for organic sector. They do not expect any better in the future.
4. The government should put special emphasis on the control system and certification of organic food in the present as well as in the future situation.
EXPERTS’ OPINION ABOUT ORGANIC PRODUCTION

1. Motivation of the producers is important for development of organic sector.

2. Teaching and training for organic farming is necessary.

3. Financial consolidation of organic farms is necessary.

4. Horizontal cooperation between organic farmers and pooling of organic production is not much required in all countries except Macedonia.
EXPERTS’ OPINION ABOUT ORGANIC MARKET

1. Clear labelling of organic products is necessary to enhance market development.

2. Distributors have higher bargaining power than producers.

3. The organic market is increasing in all WBC.

4. Practically none of experts consider meat as a current market for organic products. Similar situation is with milk, fruit, vegetables and baby food (there are significant differences among countries).

5. The market in touristic areas is not developed enough.
EXPERTS’ OPINION ABOUT TRENDS

1. **Marketing** for organic products has to be improved.

2. Organic market development depends on **general level of wealth**.

3. Organic sector brings new possibilities for **income and labour**.

4. **Vertical cooperation and definition of strategy** are important for development of organic sector.

5. **Eco tourism** is important for development.

6. Organic farming is not a factor of too much success for **agricultural sector in all WB countries**.
EXPERTS’ OPINION ABOUT ORGANIC SUPPLY CHAINS

1. **Quality management and traceability** are important for a better organisation of supply chain of organic products.

2. Practically none of experts in investigated countries agree that distribution channels for organic products are numerous and diversified. Expectations for the future go in strongly opposite direction.
EXPERTS’ OPINION ABOUT CONSUMER BEHAVIOUR

1. Health concerns are very strong motives for buying organic food.

2. Key promotional activities are education and information to consumers.

3. The main characteristic of organic consumer is high level of formal education. It is expected to be less important in the future.
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## Consumer survey: frequency of purchase

### Chart

The chart illustrates the frequency of purchase for different regions, categorized by how often consumers purchase a product: once a day, once a week, once a month, or rarely or never.

<table>
<thead>
<tr>
<th>Region</th>
<th>Once a day</th>
<th>Once a week</th>
<th>Once a month</th>
<th>Rarely or never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>24.1</td>
<td>25.4</td>
<td>12.3</td>
<td>37.3</td>
</tr>
<tr>
<td>Macedonia</td>
<td>26.5</td>
<td>19.7</td>
<td>8.7</td>
<td>44.8</td>
</tr>
<tr>
<td>Montenegro</td>
<td>36.9</td>
<td>28</td>
<td>14</td>
<td>19.5</td>
</tr>
<tr>
<td>BIH</td>
<td>44</td>
<td>34.3</td>
<td>10.2</td>
<td>10.9</td>
</tr>
<tr>
<td>Croatia</td>
<td>31.1</td>
<td>26.4</td>
<td>12.2</td>
<td>27.7</td>
</tr>
<tr>
<td>Slovenia</td>
<td>32.9</td>
<td>33.4</td>
<td>15.5</td>
<td>16.7</td>
</tr>
</tbody>
</table>

**FOCUS**

**FOOD CONSUMER SCIENCE IN THE BALKANS**
CONTENT

• Objectives
• Results of literature review
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• Policy recommendations
• Conclusion
Policy recommendations:

Agriculture – Farm level

Processing level (raw material trading / first processing, further processing levels)

Retail (wholesale and detail level)

Consumer level
Policy recommendations

On farm level: “Consolidate the growth”

Subsidies

Teaching / training / extension service for farmers

Know-how networks

Availability of input and technology

Transparency and accessibility of labelling schemes

Market access
Policy recommendations

On processing level:

“Encourage horizontal cooperation and vertical integration…
… and the constitution of production basins”

Market research

Investment programs (on farm and off-farm processing sites)

Knowledge transfer
Policy recommendations

On retail level: “Encourage the gatekeeper to link up to the domestic supply chain”

Information
Professionalization
Integrated vertical training and communication programs
Policy recommendations

On consumer level: “Consolidate trust and willingness to pay”

Communication campaigns (close to the product)
Public events
Provide a labeling “baseline”
CONTENT

• Objectives
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General conclusion

The organic sector in WBC …

… has excellent agro-environmental preconditions
… has a sound and autonomous socio-economic basis
… has a huge variety of high quality products
  … needs further growth to reach critical volumes
  … needs further structuring of supply chains
… needs a stabilizing political framework.