

VI. Issues in the Food Chain

■ (1) Outlined Results

There are varying gaps of awareness towards organic foods within the food chain. This gap hampers the expansion of the organic market in Japan. Mid to long term efforts to close this gap are required that will holistically benefit the society as a whole.

We have found through the response to the question, ‘why do you handle or select organic?’, that the environmental awareness (social recognition) is high among the producers and extremely low among the (general) retailers. The consumers seek safe and reliable foods primarily to protect his/her family, and his/her environmental incentive is only secondary.

Limitations in the absolute quantity, variety and information of organic products at the retail level, where consumer contact is most active, hinders the circulation of organic products overall.

The retailers’ common response is ‘even with a good product lineup, consumers are limited when it comes to organic products, thus absolute quantity sold is limited, increasing the overall net loss. We are not fully educated about organics, thus providing information to the consumers is difficult. All in all, we are not motivated to sell organics.’

The consumers, on the other hand, obtain information about organics predominantly at store fronts, not through the mass media such as TV. Since the organic user is still very limited, the mass media does not see the value of organic topics for consistent broadcasting.

It is clear from the survey results that the producers will continue supplying products as well as information directly to the consumers. The spread of the Co-op’s “producer-consumer cooperation” system as well as specialized distributor groups is a testament to such trend. The challenge then will be to maintain consistent supply and variety of products.

The retailers, especially GMS and SM (excluding some high-class supermarkets) are very unenthusiastic about organics. The primary reason is the price factor, but even with higher prices (about 20 %?), 70% plus consumers were found to be satisfied. Therefore, the high price theory may only be the retailer’s excuse or illusion. We hope to see more proactive sales promotions at the retail level, such as “try to sell at least once” campaign.

Looking at the gap between producers and retailers, the producers are eager to obtain various information and knowledge about organics as well as related agricultural methods to minimize their overall risk of getting organically certified. The retailers, on the other hand, try avoiding handling organic food if possible due to the complicated labeling system. Furthermore, the packaging certification required hampers on-site re-packaging, which increases net loss for organic products, exacerbating the vicious circle.

The organic producers not only have pricing power but also a strong intention to deal directly with the consumers. Therefore, it is mostly likely that direct producer -to-consumer sales will continue to increase.

In the distribution sector, while the retailers are somewhat indifferent to maintaining consistent quality and quantity of organic products, the processors and intermediary distributors are more attentive. It is important that the producers be more aware of this situation.