

## Organic doesn't have to be more expensive

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The high-priced image of organic food is only partly true, as prices for the same items vary considerably in the shops. The fact that many conventional foods are successfully sold at even higher prices shows that there would be a greater willingness to pay for organic food in broad sections of the population. However, this requires communication efforts in which the particular advantages of organic farming and food are emphasised.

### Expensive price image only partly true

Surveys of consumers in Germany<sup>[1-6]</sup> and neighbouring countries<sup>[2,7-9]</sup> indicate that the perceived high price of organic food is the main barrier to greater demand. This applies not only to consumers in general, but also to regular buyers of organic food<sup>[10,11]</sup>. Surprisingly, most consumers have insufficient price knowledge of both the absolute prices of organic food and the price premiums of organic over conventional food<sup>[8,12]</sup>.

Price statistics comparing average prices for organic and conventional food<sup>[13]</sup> show that organic food sometimes has average prices that are only up to 20 % higher. In particular, the increased involvement of discounters in the organic food market has lowered average organic prices in Germany. Anyone wishing to buy organic food can now choose between numerous products and shops. For example, organic consumers have partially compensated for their reduced purchasing power in 2022 due to high inflation by buying more organic food from discounters and buying cheaper retail brands rather than more expensive manufacturer brands<sup>[14]</sup>.

### Don't compare apples with pears when comparing prices

When assessing the price level, it must also be taken into account that average prices are only of limited significance. What needs to be taken into particular consideration is the strong price differentiation between different brands and businesses<sup>[15,16]</sup>. It can be observed here that the price difference between the cheapest and most expensive item of a food product is often well over one hundred per cent, both in the food trade in general as well as in the organic food market. Many conventional branded products are also offered at significantly higher prices than comparable organic foods. Would it therefore not be more correct to compare the prices of organic foods, which are considered to be of higher quality, with the prices of higher-priced conventional branded products?

Such a comparison was last carried out in Germany in 2006<sup>[17]</sup>. The analysis of the prices showed that the range between the lowest and highest price for conventional food products was up to a factor of 10 (for 250 g of strawberry jam) and for organic food products up to a factor of 4 (for 500 g of tomato ketchup). In addition, the prices of organic and conventional products overlapped in many areas. If the prices of organic products are compared only with the 25 % most expensive conventional products, the conventional high-priced branded products were even more expensive than organic products for spaghetti, fruit muesli, jam, apple juice and milk.

### The benefits of organic farming must be communicated better

The sometimes higher prices for certain conventional branded products show that their manufacturers are more successful than manufacturers of organic products in creating a special appreciation and willingness to pay among consumers for their branded products. Taking into account the social costs of conventional food production due to environmental pollution and loss of biodiversity, organic food deserves a higher appreciation and willingness to pay on the part of consumers. In order to increase the willingness to pay for organic products, their particular benefits must therefore be communicated more strongly and better. Many studies show that the willingness to pay can be significantly increased through emphasised communication efforts regarding the (additional) benefits of organic farming<sup>[18-24]</sup>.

## Trust in authenticity must grow

Large sections of the population (still) have insufficient trust in organic labels. In 2021, 35 % of Germans had only a rather low or very low level of trust in organic food claims and 10 % had no trust at all<sup>[4]</sup>. Therefore, the doubts that still exist in large parts of the population as to whether the organic products on offer in the food trade were actually produced organically must be dispelled with the help of broad-based information campaigns. Who would want to pay higher prices for quality promises that they do not trust?

## Conventional branded products are often more expensive than organic products



For quality-conscious consumers, organic does not have to be more expensive. A shopping basket with conventional branded products can even be more expensive than a basket of comparable products from the organic range, as the comparison of the company Netto shows (July 2023)

## Literature and notes

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