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Organic products in Brazil: from an ideological orientation to a market choice

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Abstract

Purpose – The purpose of this paper is to analyse the evolution of the production and commercialisation of organic products in Brazil since 1980.

Design/methodology/approach – The literature review in this study assesses scientific papers, studies conducted by Brazilian and international institutions, and trade news related to the evolution of the production and commercialisation of organic products. The analysis is based on theories of consumer behaviour and competitive strategies.

Findings – The results provide evidence that the organic food market in Brazil was initially based on social ideology and a movement that was opposed to conventional farming; however, since 1980, the supply and demand patterns have changed. The commercialisation of organic products since the turn of the decade has expanded beyond ideological motivation and into the Brazilian agribusiness sector. The main reasons for this expansion are changes in preferences by the Brazilian consumer, a substantial number of whom have become more concerned with the nutritional value and quality of the food they eat. This study also demonstrates that in Brazil, as well as in other countries, organic products have become a market trend.

Research limitations/implications – The limited research material concerning the ideological aspects of production and trading of organic products is a factor to be considered with respect to this study.

Originality/value – The presentation of comparative elements for two phases of organic agricultural development in Brazil, especially by the establishment of comparative elements, provide value and originality to this study.

Keywords Retailing, Consumer, Organics

Paper type Research paper

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Introduction

The philosophy and conceptualisation of organic food production began with studies that were conducted by the British researcher Albert Howard (1905-1931) in agricultural research centres in India. Howard (1940) considered organic food production to be a complex but necessary inter-relational system that is similar to that of living organisms.

Currently, the presuppositions of organic production are based on an ecological management system that favours biodiversity, biological cycles, and the biological activity of soil. The conceptualisation of organic food is not limited to agricultural production but considers raising cattle free from medicines and hormones and food processing without the use of chemicals such as artificial colouring and flavouring agents (Brummond, 1999; Willer and Kilcher, 2010).

The organic agricultural sector stemmed from an ideology and sought to defy the conventional farming model of the 1960s and 1970s. In Brazil, the implementation of alternative agriculture aimed to oppose conventional farming (Silva, 1987). The commercialisation of organic products occurred via short supply chains that were usually directed at consumers who were familiar with the debates on food and health and were already motivated to purchase this type of product.

According to Raynolds (2004), in the 1990s, organic food held some appeal for the agrindustrial consumer because of the proliferation of pharmaceutical products, growth hormones, and genetically modified crops.

From the turn of the century, however, organic products have been distributed through longer supply chains that have expanded the commercialisation of these products through Brazilian retail networks in which supermarkets have prevailed (Schmidt, 2001). Currently, large supermarket chains, such as the Pão de Açúcar Group, offer a wide range of organic products. Similarly, the Carrefour supermarket chain (demonstrating top revenues in a 2010 ranking of Brazilian supermarket chains) recorded a 38 per cent increase in the sales of organic products in Brazil from 2010 to February 2011 (Supermercado Moderno (SM), 2011).

Brazilian supermarkets have used a differentiated strategy to attempt to overcome commercialisation barriers to organic foods such as higher prices, small-scale production, lack of consumer knowledge concerning the differences between conventional, organic, and hydroponic products, and consumer trust in certifications.

Thus, this study highlights two relevant theoretical elements. The first is related to the ideology that was the precursor to the introduction of organic farming, and the second is linked to current problems in the organic market because of longer supply chains and marketing.

From a global perspective, the total value of organic products in 2010, most of which were consumed in the USA, was approximately US$59 billion. Other heavy consumers were Germany, France, the UK, Canada, Italy, Switzerland, and Japan (Willer and Kilcher, 2012).

With increases in the range of organic products offered by supermarkets and the increased interest of Brazilians in consuming this type of food, the sales of organic products in Brazil reached approximately US$190 million in 2010, a level of sales that was 40 per cent higher than that recorded in 2009, according to figures released by the Organics Brazil Project (Esteves, 2010; Ministério da Agricultura, Pecuária e Abastecimento (MAPA), 2011).

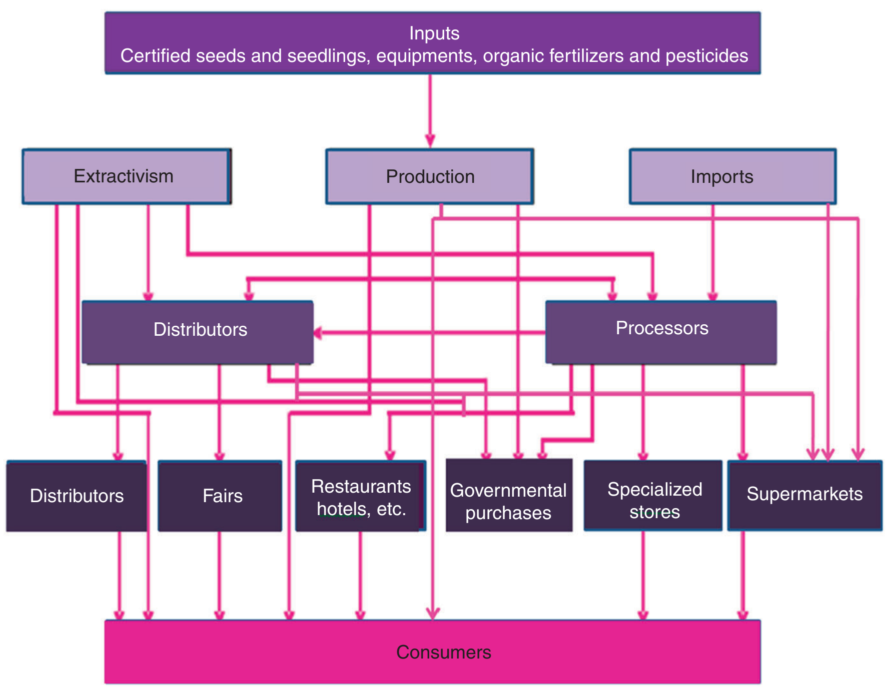
In addition to small-scale production, Brazilian exports of organic products have also increased. According to a survey by the Ministry of Development, Industry and

Foreign Trade, in 2010, the 72 companies that participate in Organics Brazil and represent more than 60 per cent of the industry exported approximately US$108 million, i.e. 30 per cent more than in 2009 (MAPA, 2011). These statistics highlight the importance of the organic product chain in the research concerning organic product markets.

The organic production chain presented in Figure 1 demonstrates the course of the production process until the product reaches the end consumer; it depicts all of the intermediate phases of this process of transformation, from the inputs to the final product. In this production chain model, the producer, processors, distributors, retailers, and consumers operate in a customary, established process.

The producer is present at the start of the chain. In Brazil, the producers are hundreds of established production units specialising in organic production, most of which are family businesses. The middle of the chain is composed of processing companies and wholesalers that concentrate and release the production. At the end of the process are distribution chains, such as stores and supermarkets, which offer organic products to their customers. Additionally, certain producer associations and cooperatives participate in this chain, particularly with respect to input supply and distribution.

Schmidt (2001) and Schultz (2006) were the first to notice that the introduction of organics occurred because of ideological effects. However, the establishment of the *Ecovida de Agroecologia* network in Brazil has marked the start of a new era that, according to the authors, is marked by sales strategies and product acquisition.



Source: Adapted from Ormond *et al*. (2011) and Buainain and Batalha (2007)

Figure 1.
Current organic production chain

In this context, this study aims to analyse the evolution of both the production and commercialisation of organic products in Brazil, in light of the transformation of the typical consumer profile from one of an individual with a strong conceptual motivation stemming from an ideology and an opposition to the conventional model to one of an individual with a motivation that is based on market trends concerning nutrition, with marketing acting as the main trigger of this motivation.

Objectives

This study aims to analyse the different phases of the organic product market in Brazil to identify the role of marketing in the food supply chain. The study objective, therefore, is to study the current global and Latin American organics environment to observe the way in which organics implementation processes occur in other countries and to compare these countries to Brazil. The study therefore is an analysis of the Brazilian organics market to understand the dynamics of the Brazilian scenario. The study is an attempt to understand the current environment and its connection to a broader consumption chain that is interconnected by supermarkets through commercialisation strategies.

Procedures

This study has used the method of a literature review in the context of a qualitative methodology. The study presents an evaluation of secondary sources, particularly in relation to the evolution of the organic market in Brazil, to identify the evolution of different approaches to organics. A brief overview of the global market is presented to identify market differences in different regions. Thus, the evolution of the commercialisation of organics and Brazilian consumer profiles can be compared to other countries at different time periods. The comparative method is essentially a technique applied with the objective of expanding the knowledge on a topic, especially with respect to similarities and differences (Ragin, 1987). Finally, the paper presents findings on the recent conceptual change from a position and perspective of ideology to the expansion of the Brazilian organic agribusiness market.

Consumer behaviour and Porter's strategies have been used as basic marketing theories to construct the database that has supported this study (Figure 2). With respect to behavioural theory, we have used research by Richard *et al.* (1975) and strategies contributed by Porter (1990). Studies by Aertsens *et al.* (2009) on sales strategies for organic products have been highlighted. Theories that aim to explain the changes in the concept of organics are used to analyse the two phases in the development of organics; the first phase is ideologically related, and the second phase is entrepreneurially related strategies.

The behavioural theory, according to Richard *et al.* (1975), emphasises the role of the environment in sales. The theory analyses the stimuli generated in the production of either positive or negative reactions to available products, highlighting the role of both learning and the environment through the stimuli that maximise the purchase intention. Because this theory addresses observable physiological and behavioural reactions, it is an important basis for research methods and techniques related to consumer behaviour at the point of purchase and for assisting in the design of marketing sales strategies. Although this theory is relevant, it does not provide information with respect to the psychology of the individual. This study has therefore used other theories to better understand consumer behaviour and to study the processes that occur in consumers' minds.

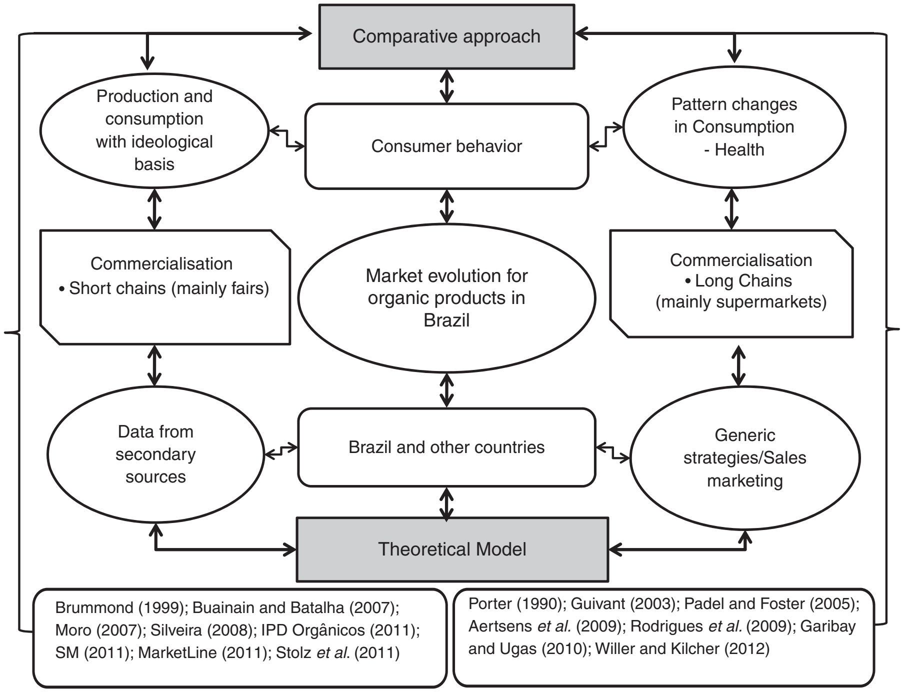


Figure 2.
Methodological structure applied to the study

Source: Elaborated by the authors

The strategy theory, according to Porter (1990), suggests three generic strategies: cost leadership, differentiation, and focus. Porter has described these strategies as basic tools for diagnosing competitive advantages and identifying ways to intensify the value chain. Through the value chain, it is possible to observe an organisation's basic activities (investigation and development, production, commercialisation, and service). This type of observation facilitates the identification of sources of competitive advantage and factors that are linked to the current phase of the value chain.

With respect to sales strategies for organic products, a study by Aertsens *et al.* (2009) has demonstrated that different retailing groups with similar characteristics may have different strategies for commercialising organic food. For some retailers, organic products have a strategic importance as part of a differentiation strategy, which is due to their perceived values in terms of quality and social and environmental responsibility. The authors state that generating a high sales volume is not always a goal; rather, the goal is often to improve the retailer's image and thus attract customers who will buy additional products. Therefore, for strategic purposes, certain supermarkets are willing to accept low margins for certain products. Organics are among those products that form part of an emerging market. The development of new technological and customer-attracting competencies may be required for this emerging market, which will require substantial investment and time but may result in pioneering advantages in terms of tying suppliers and customers to the retailer. However, supermarkets where organic products are not part of this strategy may offer only a basic assortment of organic products, thus limiting the investment risk of an emerging market that might have a limited future.

The international databases have highlighted that the origins of organics in Brazil had a peculiar element and that Brazil had substantial influence in terms of global commercialisation and the production of organics. In this context, supermarkets had an essential role in the adoption of strategies.

Results

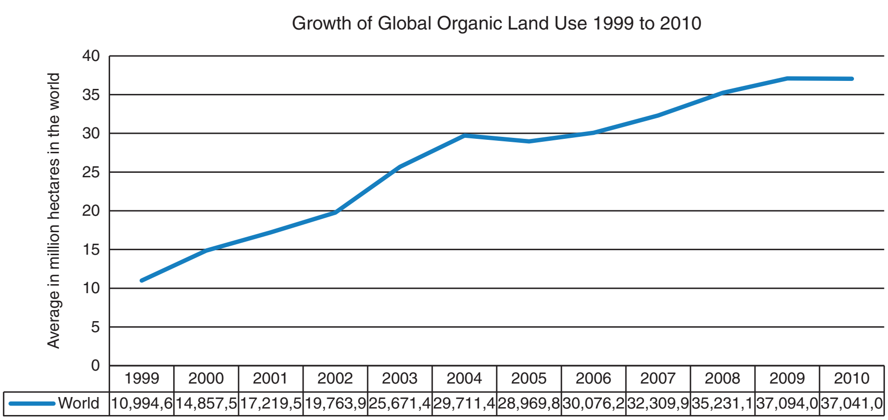
World market of organic products

To understand the context of Brazilian organic products, it is necessary to analyse the historical and current global environment of the organic market because global regions demonstrate important peculiarities with respect to the introduction and development of organic products.

Organic farming has become more relevant with respect to the availability of nutritious food. In recent years, the total cultivated area has increased. Globally, the total organically cultivated area in 2010 exceeded 37 million hectares (see Figure 3, with historical series), and the regions with the largest share of the whole cultivated area were the following: Oceania (33 per cent), Europe (27 per cent), Latin America (23 per cent), Asia (7 per cent), North America (7 per cent), and Africa (3 per cent). The ten countries with the largest concentrations per total cultivated area in hectares were the following: Australia (12.00 million), Argentina (4.18 million), the USA (1.95 million), Brazil (1.77 million), Spain (1.46 million), China (1.46 million), Italy (1.41 million), Germany (0.99 million), Uruguay (0.93 million), and France (0.85 million) (Willer and Kilcher, 2012).

A study conducted by the RNCOS Institute (2011) in the USA demonstrated that the organic food industry is likely to increase by more than 12 per cent by 2014. During the recent economic crisis, this industry increased by 5.1 per cent in 2009. This level of growth was higher than the development of the global food industry and was a result of increasing concern among American consumers with respect to nutrition, environmental protection, food safety, and animal welfare.

The global organic food and beverage sales reached US$59 billion in 2010. The market has developed over the last three decades, and the sales have increased despite their slow growth since the world financial crisis of 2008. However, there is a high level of sales concentration that indicates a level of disparity between global production and



Source: Willer and Kilcher (2012)

Figure 3.
World evolution of organic agriculture in cultivated areas (million hectares) from 1999 to 2010

consumption. Whereas the production of organic food has been concentrated in certain regions of Africa and Latin America, the consumption of this type of product has been concentrated in North America and Europe, which represents 96 per cent of global sales revenues. The largest consumer markets are those of the USA, Germany, France, Switzerland, Denmark, and Luxemburg. These countries have the highest per capita consumption of organic products (Willer and Kilcher, 2012).

Two factors may have encouraged the concentration of consumer demand in developed countries. The first factor is related to the higher prices of organic products, which indicates a higher demand in countries where consumers have higher purchasing power. The second factor is related to the increased access of consumers in developed countries to information concerning issues that are related to the production and marketing of organic products (Buainain and Batalha, 2007). A study by Krystallis and Chryssohoidis (2005) demonstrated that these are the main factors affecting the purchase of organic products by global consumers. This study demonstrates that the reasons typically given for not purchasing organic products are associated with the absence of a perceived special value from the consumer's perspective, doubts about the product certification, a lack of product promotion, and misunderstandings concerning organic production.

Fotopoulos and Krystallis (2002) analysed the Greek organic market, examined the causes of rejection, and identified potential buyers. The study noted that consumer perceptions are contradictory; however, certain reasons for the limited selection of organic products in the Greek market were identified, such as high prices, limited advertising, and low availability. High price was identified as the main unfavourable factor affecting the purchase of organic products. The study demonstrated that with respect to production, a farmer's financial, social, and psychological needs had to be at a satisfactory level before he would consider converting to organic farming, which indicates a necessity for public and private initiatives to promote organic farming. The study also highlighted the importance of accessible promotional information to remove institutional obstacles that hinder the promotion of these products. However, the results of this study, in comparison to those of previous studies, revealed certain advancements in the Greek organic market that indicate that consumers are becoming better informed with respect to organic products.

However, substantial marketing efforts are still required to mitigate the consumer distrust of imported organic products. Certain countries have already established a market presence with respect to "green" or "fresh" production exports (e.g. Costa Rica and Chile), which is leading to trade benefits for certified organic products (Souza and Alcântara, 2000).

According to a MarketLine (2011) research study, the global market for organic food is expected to reach US$88 billion by 2015. Fruits and vegetables represent the bulk of this segment and account for more than 30 per cent of the global market. This study has also shown that traditional supermarkets have recently entered the market.

The best opportunities for export, considering consumer preference for local or regional produce, are found in products that cannot be produced under cold climate conditions. The most important factors in the growth of global demand are related to food safety, environmental concerns, and product flavours, particularly with respect to fruits (Buainain and Batalha, 2007).

Additionally, to reach developed country markets, organic exports face the same barriers as exports of traditional products, such as farming subsidies, limited access to regulation information, logistical deficiencies, and limited access to funding (Buainain and Batalha, 2007).

The supermarkets are not traditional suppliers of organic produce. Large supermarket chains operate on a cost-economy basis with far-reaching supply lines. These chains buy products from the global market at a lower cost; however, there are indicators that this trend has been changing. Supermarkets have realised that the local economic community may be vested in this growing market and have begun to identify local sources of organic food.

Table I presents the data from a study conducted by the International Federation of Organic Agriculture Movements (IFOAM) (Willer and Kilcher, 2010) and demonstrates the supermarket participation as a channel for the distribution of organic products in selected countries.

Table I demonstrates that supermarkets have a significant percentage in the organic market in Denmark, Great Britain, and Switzerland, but not in Holland.

A report published by the National Consumer Council (NCC) Org. Lucy Yates (2007) confirmed that supermarkets are responding to customer requirements and are offering locally produced organic products to reflect sustainable and ethical purchasing and operational policies. The report highlighted a change in retailer behaviour towards "green purchases". Three of the largest retail chains in the UK (Waitrose, Sainsbury's, and Marks & Spencer) were used as examples. These chains attract consumers with a marketing campaign that features local fishermen and producers who inform the consumer of the availability of UK-produced organics in the respective store.

Additionally, a study by Raynolds (2004) demonstrates the power that commodity networks have in the coordination of the global organic sector. The structure of commodity networks provides analytical purchase over multiple institutions and reflects the horizontal and vertical relationships between commercial power houses.

Padel and Foster (2005) conducted field research in the UK using two study groups: regular and occasional consumers of organic products. The results confirmed that the reasons behind consumer motivation to purchase organic products vary (better nutrition, reduced health risks, social aspects, and support of local farming, fair market, and environmental awareness). The main reasons for the non-consumption of these products were price, no labelling of organic products, lack of information, and availability. Concerning availability, the most common commercialisation channels were supermarkets, specialised stores, and organic fairs.

Countries	Traditional supermarkets	Specialised stores	Direct sales and others	Total
USA	31	62	7	100
Germany	26	46	28	100
Great Britain	74	15	11	100
Italy	23	60	17	100
France	38	46	16	100
Switzerland	57	21	22	100
Holland	2	96	2	100
Denmark	90	2	8	100

Source: Adapted from Willer and Yussefi (2007)

Table I. Developed countries: distribution systems of organic products in 2006 – selected countries (percentage)

Krystallis and Chryssohoidis (2005) observed that the factors affecting the purchase of organic products vary according to the category of foods but that the most influential factors are those related to the quality and safety of food, trust in certification, and (for some products) brand. The organoleptic properties, prices, and socio-demographic profiles of consumers do not constitute determinants in the acquisition of organics.

Organic products in Latin America

In Latin America, the production of organics is founded in two philosophies: the first is connected to a way of life, producing and maintaining traditions, and obtaining a better yield; the second is linked to companies that view organic agriculture as a business opportunity for the *in natura* export market (Garibay and Ugas, 2010).

Altieri (2000) highlights the importance of organics in Latin America and the importance of organics for small farmers in increasing the productivity and sustainability of small properties. Moreover, the organic industry has provided valuable information about how to develop agricultural technologies that are more appropriate to the needs and circumstances of specific farm workers. Organic systems generally offer the following for farmers: levels of production per unit of area that are more stable than before, economically favourable rates, sufficient income for sustainability for small farmers and their families, soil protection, property conservation, and biodiversity.

Latin America has approximately 40,000 organic producers and 3.2 million hectares that are organically managed. Most producers are small farmers associated with, or gathered in, an association and/or cooperative. These organisations can be linked to social movements. With respect to the Latin American countries, Argentina has the largest certified area, and the majority of the country's organic production is exported (85 per cent); only 15 per cent is sold in the local market. Mexico has the largest number of organic producers (approximately 28,000). However, despite the recent expansion, 85 per cent of the Mexican organic production is exported, mainly to the USA, and the remaining is distributed to the domestic market. Chile has a small number of organic producers (200) in an area of approximately 2,700 hectares. Similar to other Latin American countries, Chile's organic production is mainly for the export market.

Among the Latin American countries, Brazil has the second largest organically managed area. Most of the Brazilian production is located in the states of Paraná, São Paulo, Rio Grande do Sul, Minas Gerais, and Espírito Santo (Willer and Kilcher, 2010; Planeta orgânico, 2006; Guivant, 2003).

According to data obtained by Garibay and Ugas (2010), the area of Latin America devoted to organic production grew from over 3.9 million hectares in 2000 to 6.4 million hectares in 2007; 2.78 hectares were farmed in Argentina, 1.77 million in Brazil, 0.93 million in Uruguay, and the remainder in Mexico, the Dominican Republic, Peru, Nicaragua, Ecuador, Bolivia, and Colombia.

With respect to domestic markets, the characteristics differ among countries. In some countries, sales are concentrated in the large retailers (supermarkets and hypermarkets); in other countries, they are concentrated in small retailers (stores and small- and medium-sized markets). However, direct sales are constant (free fairs and home delivery) (Willer and Kilcher, 2010; Planeta orgânico, 2006; Guivant, 2003).

Since the turn of the decade, supermarkets have added organic foods to their merchandise, mainly vegetables, legumes, and fruits. There are several such initiatives in Brazil, Uruguay, Argentina, Costa Rica, Peru, and Honduras. In Mexico, 85 per cent of organic foods are sold in supermarkets, and 15 per cent in local markets. In Brazil, approximately 70 per cent of the products are sold in supermarkets and 30 per cent in medium-sized markets. In Argentina, supermarkets sell 80 per cent of the products, and the remaining 20 per cent are sold in other markets (Willer and Kilcher, 2010; Planeta orgânico, 2006; Guivant, 2003).

These data corroborate the Brazilian organic market, where organic agriculture is pertinent to the small property owner and such properties serve local and regional commerce, therefore contributing to the national and international market.

Organics in the Brazilian market

The emergence of Brazilian organic farming was a result of a social movement. Its theoretical construction stemmed from the environmentalist movement of the 1960s and 1970s, when isolated initiatives clashed with agricultural productivity and a model adopted from the Green Revolution was basically viewed as both a resistant and permanent strategy of family farmers in the country. The various proposals for transformations formed a social movement around the discussion concerning alternative types of farming. Organic farming was advocated and implemented almost exclusively by non-governmental assistance and support organisations. Today, it is called the organic movement (Schultz, 2006; Schmidt, 2001).

The reference to organic farming as a movement has its origins in the actions of militant technicians to change the conventional farming model that was based on the use of chemicals. However, today, through indirect and impersonal commercialisation, the market and profit logic is threatening the movement internally, causing it to resemble the model that it once defied and distancing it from its initial ideology (Assis and Arezzo, 1997; Schultz, 2006).

Initially, the movement had no connection to the public sector, and organic farming was considered a naturalist ideal for those who wished to cultivate vegetable gardens without the use of chemical fertilisers and pesticides. Additionally, organic farming was considered a regression or a fall back to the past. Thus, commercialisation was facilitated through short production chains, i.e. with small-scale direct sales and with limited marketing strategies (Schmidt, 2001; Schultz, 2006). Organic farming is therefore characterised as an ideological concept that is based on conceptual elements, originating in Brazilian organic agriculture and linked to short chains of consumption and direct sales to consumers (Renting *et al.*, 2003).

The two models that have emerged since the 1980s are ecological market farming and ecological family farming. The relationship to markets is central to understanding the differences between these two approaches to alternative farming. The separation in the organic farming environment became more obvious with the establishment of the Ecovida network of agro ecology. The formation of this network was guided by a discussion concerning the need for regulations regarding the certification of organic products in Brazil that were aimed at both increasing the production scale and strengthening strategic sales positions (Canuto, 1998; Schultz, 2006). This allowed for the inclusion of organic farming into longer production chains, thus guaranteeing and introducing quantity, regularity, standardisation, management, and logistics (Schmidt, 2001). This discussion led to regulations for the certification of Brazilian organic products in 2003, which have been in effect since 2011. The aim is to guarantee that products labelled as organic meet the specifications established by the regulations.

This market movement has intensified the production of organic food in Brazil since the last decade. With respect to commercialisation, supermarkets have reached a dominant position in comparison to other channels. To meet consumer demand, supermarkets have increased the appeal of organic products by improving product presentation, which includes product selection and sorting as well as label and package design. In addition to fruits and vegetables, supermarkets now offer a number of processed organic products (Rodrigues *et al.*, 2009). The second phase of the organic movement in Brazil was characterised by factors that jeopardised the production and commercialisation of specialised organics. Organic marketing and an increase in commercial networks focused on the differentiation of products. Increased commercialisation and longer chains of commercialisation necessitated sales through intermediaries (e.g. supermarkets).

Supermarkets are the main points of sale for organic products in Brazil with 45 per cent of sales, followed by fairs (26 per cent) and specialty stores (16 per cent). Most sales constitute sales of fresh fruits and vegetables (Willer and Yussefi, 2007).

In 2007, a study conducted by Latin Panel found that 38.5 per cent of Brazilian supermarkets offered organic products. The study also found that in that same year, organics were bought at least once by 75.9 per cent of upper and higher-middle class families, by 49.1 per cent of middle class families, and by 39.5 per cent of families belonging to the lower-middle classes (Czapskido, 2008).

Brazilian consumers of organic products look for stores that offer quality products, convenience, and low prices, which are characteristics that are mostly found in supermarkets; however, trade fairs more closely meet consumer demand (Organic Services, 2010). This finding is consistent with a study of Greek consumers conducted by Krystallis and Chryssohoidis (2005). The study demonstrated that less than one-third of consumers rely on stores that sell certified products and that distribution occurs mainly through supermarkets. Contrastingly, concern with the brand or logo quality and food certification is particularly high.

According to a study by Hoppe *et al.* (2013) with respect to Brazil and, specifically, the city of Porto Alegre in the state of Rio Grande do Sul (Brazil), the buying behaviour of consumers of organic products in supermarkets and trade fairs demonstrates a positive attitude towards organic products. Respondents believe that organic foods are healthier, more flavourful, natural, and environmentally friendly, despite being less visually attractive and more expensive than conventional foods. Respondents of ecological fairs represent a specific segment with a higher level of concern with social issues. The individual attitudes towards buying organic foods are primarily based on beliefs with respect to the benefits (nutrition, environmental benefits, and the natural element) that organic products provide. It is notable that consumers who buy at fairs tend to be older and have more interest in collective issues than consumers who buy in supermarkets. The study also demonstrated that organic producers are the owners of small and medium family farms, retailers, or members of the food processing industry. For example, knowledge of the attributes most valued by consumers can help retailers coordinate the supply chain, encourage producers to adhere to organic certification, improve their production practices, and increase their income. The consumers living in Brazilian urban centres show an openness and willingness to buy these products.

The study also highlights the longer chain opportunities that are appearing with respect to the sale of these products. The initial distribution of organic food was driven by small specialist food and health food stores. However, the large food retail chains (multinationals such as Walmart and Carrefour that sell mostly conventional products) have entered the market and are gaining market share. However, the attitudes and buying behaviours of consumers who shop at fairs or farmers' markets have equivalent/similar behaviour (Hoppe *et al.*, 2013).

In the UK, Padel and Foster (2005) demonstrated that certain consumers have a negative perception of the commercialisation of organic products in supermarkets. This negative perception could be caused by the higher prices charged by supermarkets and the fact that they do not pay a fair price to farmers, in addition to the incongruent nature of commercialising organic foods in such establishments. Some consumers were indifferent, whereas others definitely would not buy organic products, thus negating the traditional purpose of supermarkets, i.e. to offer a variety of products in a convenient way.

In general, the study by Padel and Foster (2005) evidenced the complexity that guides the decision-making process among consumers of organic products. Reliance emerges as an important factor in deciding where to buy organic foods; hence, the research results indicate that consumer reliance on supermarkets and large corporations is lower. Therefore, specialised shops and organic fairs are more suitable for the commercialisation of these products. According to Barbosa *et al.* (2011), in a field study conducted in Goiania city (GO), Brazil, certain similarities can be observed between the results of both studies while considering their particularities and specificities. Thus, the reliance on the supplier (credibility) is higher with respect to organic fairs and specialised stores than it is for supermarkets. This finding is likely to be justified by the level of proximity between producers and consumers.

Given the dynamics of modern life, organic product fairs have limitations that result from the growing demand for organic products. These limitations are mainly related to the volume produced and the need to offer regular (daily availability) and standardised products. Therefore, the wider product ranges offered by supermarkets have caused fairs to occupy a secondary role in organic food sales in Brazil (Buainain and Batalha, 2007; Silveira, 2008; Moro, 2007). Consequently, in recent years, the main points of sale of organic products in Brazil have been the large supermarket chains that have viewed the commercialisation of organic products as an opportunity to bring differentiation to their product mix and to enhance the company perception by consumers who, with more purchasing power, have increasing demands (Czapskido, 2008; Willer and Yussefi, 2007).

Such elements are relevant factors in the dynamics of the production and commercialisation of organic products because the ideological model did not consider the needs of this sector. The effective marketing strategies caused the longer supplier chain.

Figure 4 demonstrates the conceptual change that occurred among consumers of organic products in Brazil largely as a result of the implementation of marketing strategies, and it presents the ideological introduction of organic products through small producers and the opposition to the industrial system of growing strategies linked to nutrition concerns and the supermarkets.

Both ideology and social movements against conventional farming were the basis for the establishment of the organic products market in Brazil. Consumers were alternative groups, mainly concerned with direct purchase and free fairs. This changed in previous decade, when the production and commercialisation of organic products moved beyond ideology and expanded to Brazilian agribusiness. The change was caused by the preferences of a substantial number of Brazilian consumers who became more concerned with the quality and nutritional value of the products that they consumed. Figure 4 presents the two phases of production and commercialisation that were experienced by Brazil in the organic sector.

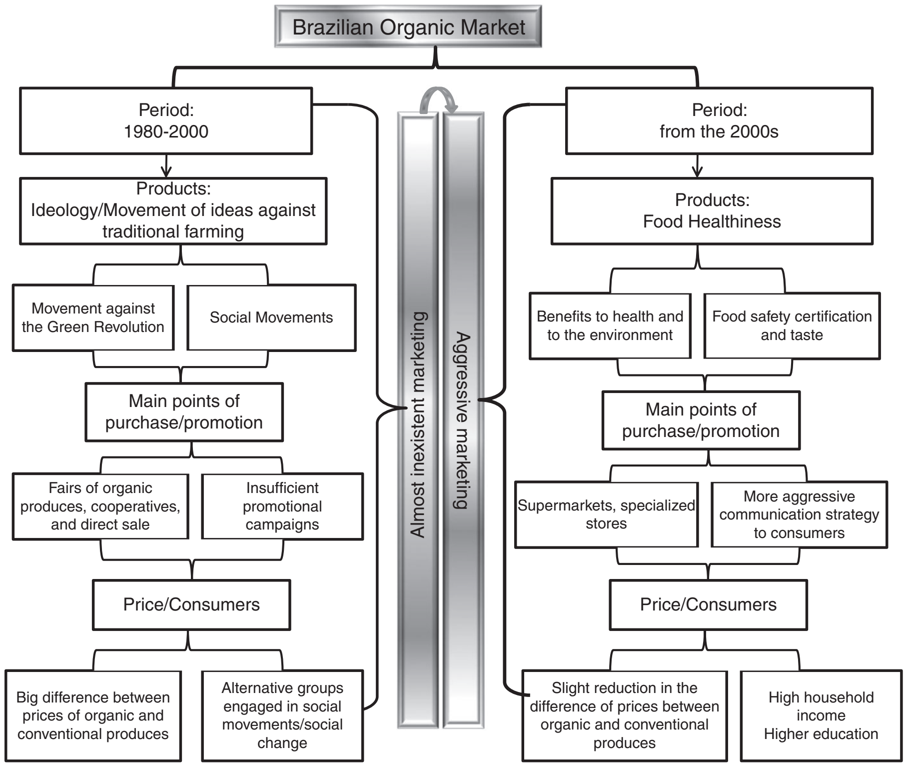


Figure 4.
Changes in the organic products market in Brazil

Source: Results found by the authors

A protest against conventional practices interconnected with an ideological philosophy that triggered organic food production in Brazil. However, after the turn of the century, large organisations recognised a business opportunity in this sector and became significant factors in organic product markets. Consumers have changed from those opposed to conventional practices to those who are concerned with matters of health.

The typical consumer of organic products in Brazil is a 30-50-year-old middle class woman, with a high education level and diversified consumption habits. The main factors that influence these consumers' decisions to buy organic products include better personal and family health, the non-utilisation of chemicals, biological value, taste, smell, and environmental concerns (Buainain and Batalha, 2007).

The prices of organic products vary considerably and depend on the season. They also vary from one market to another within the same country. Organics are more expensive than conventional products (prices are 20-30 per cent higher), depending on the product and its point of sale. The processes of commercialisation and distribution of organic products are complex (Buainain and Batalha, 2007).

The remarkable presence of supermarkets in this segment in Brazil is therefore part of the process of change in consumer motivation with respect to food consumption. Supermarket initiatives have become increasingly important with respect to the marketing and quality of organic food.

According to data from IPD Orgânicos (2011), the major retail chains in Brazil are Grupo Pão de Açúcar, Carrefour Comércio e Indústria Ltda, and Walmart Brazil Ltda, which have invested in their own brands and gained wide acceptance and trust from organic consumers. Moreover, they enjoy the benefits of scale economies that are required to deliver high-quality products at lower prices. The study highlights the investments that were made in the organic packaged foods retail market in 2009. Grupo Pão de Açúcar initially offered organic yoghurt, olive oils, cookies, and rice. The management decided to increase investment in sales of organic products by 40 per cent, including fresh food and bulk produce. Grupo Pão de Açúcar, the largest retailer in Brazil, increased its investment and diversified its portfolio of organic products to include organic beverages. Grupo Pão de Açúcar released the sales figures of their organic products, stating that achieved sales increased by 29.3 per cent from 2009 to 2010. Moreover, the segment of fruits and vegetables grew by 675 per cent between 2002 and 2010.

In addition to supermarkets, there is a municipal market in Brazil for organic products in the city of Curitiba that is pioneering this market segment for organic products. Many municipalities also feature organic fairs that provide direct sales to consumers. Such fairs are important in the strengthening of family agriculture.

Additionally, Food Service organics in Brazil has become an important channel for the sales of organic products, and these services are available at certain restaurants, hotels, and bars.

Thus, the strategies adopted to execute the conceptual change of organics in Brazil had a strong global influence, especially on the large global organisations. The production, as in other countries, is in the hands of small farmers, but the goals of production and marketing have changed radically to reflect public concern and demands for healthier food.

Conclusions

From the data analysed, it was possible to observe an increase in the sales of organic products in Brazilian supermarkets, a factor that is largely a result of marketing practices. Contrastingly, organic products were initially sold mainly in specialised fairs and markets. Organic farming, which was fundamentally a social and ideological movement, represented a change in conventional farming.

The competitiveness of the production chain of organic products is currently based on strategies of product differentiation. This strategy has as its principle in the generation of differentiated products with a high added value that can be sold in markets (niches) that have become increasingly segmented and specific. Because consumers in this market niche are differentiated, the strategies used by supermarkets that opt to use a differentiation strategy include the following: marketing that emphasises the product quality, differentiated point-of-sale displays, attractive product presentation (e.g. package design, cleanliness), and diversification. Among the strategies frequently adopted by certain supermarkets, the following can be highlighted: the launch of private labels, focus on logistic management, customer relationship management, an increase in the number of local suppliers, diversification, new store designs, and market segmentation.

Therefore, a differentiated orientation in the organics market can be noted, and it has shifted away from products that focused on customers with an ideological motivation towards a restricted consumer market with products that provide larger sales volume. The focus is now on customers with higher purchasing power and increasing supermarket through strong marketing appeals.

Although in Brazil, as in other Latin American countries, supermarkets are the major commercialisation channels because of recent increases in organic product lines, fairs are still important because they meet consumer demands, such as lower prices, higher quality, and freshness. Small farmers are also significant as organic producers. This indicates that both the commercialisation and marketing of organic products in supermarkets should be improved to meet consumer expectations.

Therefore, considering the peculiarities of the widened interest in the consumption of organic products in Brazil, a growing commercial opportunity for supermarkets can be identified. Partnerships with producers of organic food would bring economic advantages (lower production costs with guaranteed returns and markets) through building networks to consolidate the commercialisation of organic products. Marketing, supported by the principles of human, social, and environmental health, should improve the image of the organics system in the market to both sensitise and inform consumers.

The strategies that were adopted to execute the conceptual change of organics in Brazil had strong global influence, especially on large global organisations. The production, as in other countries, is in the hands of small farmers, but the goal of production and marketing has changed radically to reflect consumer concern and the demand for healthier food.

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