



Food For Thought

Organic food items in Saint Cloud grocery stores

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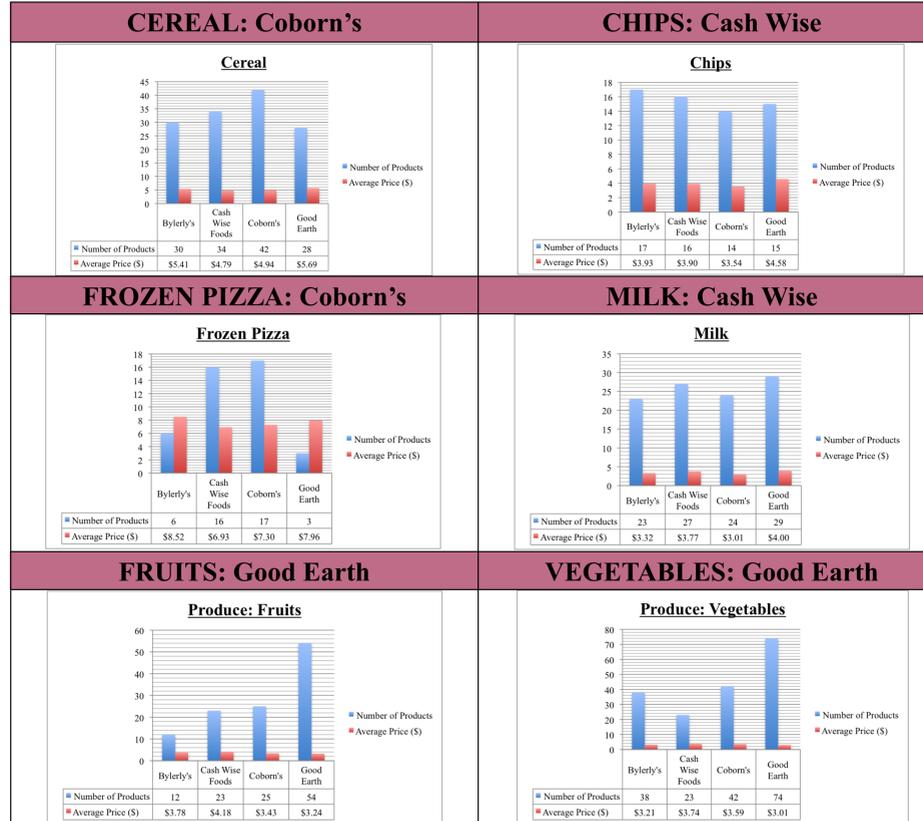
(Dr. Jean Lavigne, Environmental Studies, and Professor Diane Veale Jones, Environmental Studies)



ABSTRACT

The United States has seen nearly a 20% annual increase in consumption of USDA Certified Organic food items since the early 1990s. This increase in consumer demand has encouraged grocery stores to incorporate organic food items into mainstream markets. Given the general rise in consumer interest for organic food items, this study attempts to understand how St. Cloud grocery stores have strategically positioned themselves in the organic market to suit specific, localized demands. I interviewed managers and department employees about store strategies, and collected data for six organic food categories (cereals, chips, frozen pizza, milk, fruits, and vegetables). My results show that Byerly's, Cash Wise, Coborn's, and Good Earth (the local coop) have developed different marketing strategies for incorporating organic food items into the St. Cloud marketplace.

RESULTS



CONCLUSIONS

Byerly's, Cash Wise, Coborn's and Good Earth have all recognized that offering organic food items brings in both money and customers. The stores have not seen a decline in organic sales, even with the recession, suggesting that customers are willing to pay the premium prices of organic food items. Although they serve the same market (St. Cloud), the stores have developed different marketing strategies. Diagrams I-VI illustrate that Byerly's, Cash Wise, Coborn's and Good Earth offer a different number of organic food products at varied average prices. The data suggest that St. Cloud shoppers can depend on Cash Wise, Coborn's and Good Earth as their best options for finding store shelves stocked with organic food items, with the Cash Wise as the best place to go for chips and milk, Coborn's for cereal and frozen pizza, and Good Earth for fresh produce. The stores also vary in their strategies for making in store organic food items accessible to customers. Byerly's incorporates organic food items in the aisles alongside their nonorganic counterparts, while Cash Wise and Coborn's have created separate Natural and Organic Foods Departments staffed with a specialized team. Good Earth has created a more ideologically driven shopping experience, offering customers only natural and organic foods and taking into account social and environmental values in conjunction with costs and returns. The study suggests that all four stores have profited by responding to the increase in consumer demand for organic food items, but they have created different marketing strategies for offering these items to St. Cloud consumers.

THE RISE OF ORGANIC

WHY ORGANIC?

- Heath Issues
- Food Safety Concerns
- Environmental Incentives

PURCHASING BARRIERS

- Price Premiums
- Minimal Availability
- Habitual Shopping Behaviors
- Lack of Knowledge and Attention

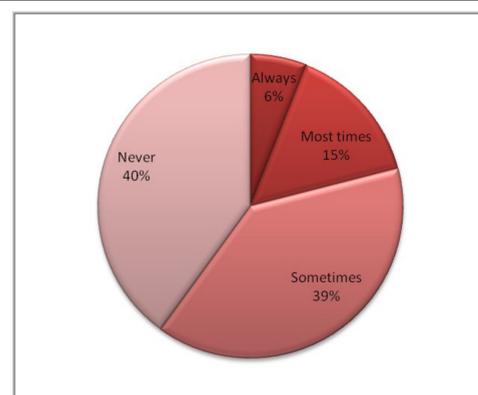
ORGANIC FOOD LABEL

USDA Organic is a standardized and certified labeling system that assures consumers that select food items meet consistent and homogenous organic farming and animal husbandry methods.



Image (Above): http://www.de-sci.org/blogs/wp-content/blogs/215/uploads/organic_usdadiag.gif

CONSUMER DEMAND



Data suggests that approximately 60% of Saint Cloud consumers are interested in purchasing organic foods items on an occasional basis.

Citation (Above): Yue, Chengyan, and Cindy Tong. "Organic Or Local? Investigating Consumer Preference for Fresh Produce using a Choice Experiment with Real Economic Incentives." *HortScience* 44:2

BYERLY'S

- Above 3% of sales
- Increase Store Revenue: Yes and No
- Listen to customer feedback
- Organic food items are distributed alongside of nonorganic counterparts
- Focuses on consumer education

CASH WISE FOODS (Waite Park)

- An estimated 1-3% of sales
- Increase Store Revenue: Yes
- Natural Foods Department: Employees work directly with consumers to meet their needs
- Foods incorporated in main aisles and in separate natural foods section
- Advertises low store prices

COBORN'S (Saint Cloud-Centennial)

- An estimated 1-3% of sales
- Increase Store Revenue: Yes
- Natural Foods Department: Employees work directly with consumers to meet their needs
- Foods incorporated in main aisles and in separate natural foods section
- Advertises high quality products

GOOD EARTH

- 50% of all sales are organic
- 100% produce sales are organic
- Small scale co-op, run by members of the cooperative; employees work directly with consumers
- Competition: cannot provide 'bulk' items (i.e. cereal, chips, frozen pizza) at cheap prices like competing stores because the Co-op is small scale and does not purchase items in bulk



ACKNOWLEDGMENTS

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