



greenfood

MARKETING AND COMMERCIALISATION OF ORGANIC PRODUCTS

**GREENFOOD PROJECT
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Lifelong Learning Programme

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1. INTRODUCTION

Generally speaking, we can define commercialisation as the set of processes required to take the producer's goods to the consumer. Traditionally, agricultural commercialization, or the commercialization of agricultural products are understood as "*the process which takes agricultural products from the farm to the consumer*" (Caldentey, 1992). This whole process includes several stages in which different actors take part: producers, hauliers, vendors, distributors etc.

This definition may be applied in appropriate fashion to the commercialisation of organic products. At all times this whole process must respect their characteristics and specific aspects so that they do not lose their essence and reach the consumer in the conditions required by the latter.

However, the commercialization of organic products is still a major unresolved matter for many farmers and producers. This is a relatively small sector in which marketing and commercialisation have not developed sufficiently to allow compliance with the expectations of all those who take part in these processes, from producers to consumers.

The majority profile of organic production companies is that of a family style micro-company created with a minimum amount of economic resources and a total ignorance or poor knowledge of everything relating to commercialisation. The distribution channels which have been used until now to channel this production are consumer cooperatives, direct sales to the public at markets and fairs, eco shops and herbalists.

The large companies which usually work together with conventional agricultural products are committed to exports and count on the aid of the administrations to promote their products.

There are many factors which prevent the commercial development of small producers but the main one is the lack of support from administrations to promote internal consumption. According to specialised analysts in the sector, the world market in these products has grown uninterruptedly in recent years and upward growth is foreseen in the future thanks to consumers who are increasingly more aware of their health, that of the environment and more demanding with the production companies.

Reasons why the internal market does not develop:

- Lack of consumer information as regards the labelling of organic products.

- The slightly higher price of products compared with traditional ones.
- The lack of sales outlets "near" the consumer.

A positive aspect is that new commercialisation opportunities are presented by dint of the birth of new commercialisation channels. The new technologies provide producers with a range of unlimited possibilities. The direct sale of *on-line* organic products is consolidating as a feasible commercialisation option. As a producer you can get a higher price for your products, eliminating the intermediate distribution chain and creating your own client list.

Other distribution and sales channels are based on more direct dealings between consumers and producers: the staging of local markets, direct sales at production farms, the staging of fairs and purchasing groups are strategies of this type.

The planning, commercial management and marketing of the organic products market may not always be the same characteristics as those used on conventional food and beverages markets which are already very evolved and consolidated.

During the course of this manual we are going to try and present all the possibilities and alternatives which can be used with regard to the commercialisation and marketing of organic products so that the organic activity achieves maximum development.



2. MARKETING STRATEGIES FOR ORGANIC PRODUCTS

What is marketing?

A short definition of marketing says that it is the set of techniques and methods to promote the best sale possible of one or several products. Another regards it as a study of the techniques and methods which improve the sale or commercialisation of different products.

To simplify, it could be said that marketing is everything which can be done to sell products (even if these are of different natures) to the end consumers. As an organic farmer, you have obtained some products and now you want to sell them (getting them to consumers) and be able to get a profit from this exchange. Everything which can be done to achieve this objective falls within the concept of marketing.

A more structured definition of Koetler (regarded as the "father" of marketing) establishes that marketing is *"the social process and management process whereby the different groups and individuals obtain what they need and desire, creating, offering and exchanging products of value for others."*

The marketing objective consists of doing as well as possible the work intended for the client, bearing in mind its requirements and objectives. Consumers have requirements and organisations (companies, farms etc.) need to meet them with their products in order to be able to "continue the business". Determining the conditions where under the product reaches the end consumer (price, transport, packaging, place where said product can be found etc.) forms part of the total commercialisation process.

As a producer it is important for you to bear in mind all these variables when devising a marketing strategy suited to your possibilities and resources and one which is effective of course.

The client as a key element

The client is the mainstay around which the whole commercialisation process revolves. Without clients there are no sales, nor business.

The first step is to get to know the profile of your client or potential clients. This will enable you to "understand" their needs, expectations and objectives as regards organic products, what it wishes to achieve by buying them and thereby being able to "adjust" your situation and that of your offer as far as possible to meet said requirements. The client is the central element in any commercialisation area; he/she is the one who "decides everything".

In many cases consumers are unaware, or fail to distinguish, the value added of organic food, its real worth and its contribution to the sustainability of the rural and environmental milieu. It is necessary to disseminate all this information so that the client "feels" that it is worth buying organic products.

As a producer it is important that you carry out any marketing activity within a commercialisation plan for your products. An effective resource and which is not very expensive is a website or blog. There you can include information about their farm, your products, data related with the environment and ecology, the benefits of organic products etc. On this same page you can include your virtual store if you wish to sell your products by Internet. To advertise your website or blog and so potential clients can get to know and visit it, you can insert adverts in the local press, include the address on your business cards, print pamphlets etc. This initial investment may prove very profitable as the possibilities which a website offers are unlimited in terms of potential clients.

When advertising is carried out of organic products it is important to emphasise your social value as defenders of the environment, sustainability, respect for animal welfare, "natural traceability" etc. Consumers must receive these messages in order to be able to understand and evaluate this differential and unique value. It is not a good marketing strategy to try and sell miraculous products to sick or "afflicted" people.

Hence, the "convinced and loyal" consumer who buys organic products is more likely to go to specialised stores, direct sale, purchaser associations or cooperatives etc. However, in order for the consumer of conventional products to gradually join the collective of organic buyers, he will have to be able to find these products at the conventional sales points and at a reasonable, justified price, as well as finding appropriate promotions and information.

Direct marketing

The most effective type of marketing when commercialising organic products is so-called direct marketing.

It can be defined as the series of techniques which provide immediate, direct contact with the potential buyer in order to promote a product, service, idea, etc., deploying to this end direct contact systems or means.

The specific characteristics of the standard organic products client make this technique the most appropriate one to reach him/her. Direct contact between the producer and the consumer is one of the keys which characterise the commerce

of organic products: your client wishes to know what he/she is consuming, where what he is buying comes from, how it was produced and who produced it.

This type of information is that which you can use to make any of the techniques you use more effective to try and ensure that your products reach the maximum number of clients. A web site, pamphlets, the inclusion of a link at the web site of a cooperative, direct mail advertising etc. are techniques based on direct marketing.

What is the most appropriate type of strategy?

Once "you have reached" your client or potential client, it is time to define how you wish to get your products to him/her, what will be the most appropriate channel to achieve the maximum success at the least cost.

In line with your possibilities, needs and resources you can choose the type of distribution channel which seems most appropriate to you. There are different alternatives in line with miscellaneous degrees of complexity and the number of intermediaries which form part of the distribution channel.

Channel type	Characteristics
Direct	<ul style="list-style-type: none"> - No intermediaries - The producer performs the majority of the duties → commercialisation, transport, storage and acceptance of risks - The most important activity is direct sales → phone sales, mail or catalogue shopping, on-line sales
Retailer	<ul style="list-style-type: none"> - Has a level of intermediaries: retailers → specialised shops, warehouses, supermarkets, hypermarkets - There is someone who deals with negotiating with retailers
Wholesaler	<p>Two levels of intermediaries:</p> <ul style="list-style-type: none"> ✓ Wholesalers → intermediaries who usually carry out wholesale activities ✓ Retailers → intermediaries who sell on a retail basis to the end consumer
Agent/Intermediary	<p>Three levels of intermediaries:</p> <ul style="list-style-type: none"> ✓ Intermediary agent → trading enterprises which are looking for clients for producers or help them to set up business deals ✓ Wholesalers ✓ Retailers <p>It is used on markets with very small manufacturers and many retail traders</p> <p>Almost all the marketing functions are carried out by intermediaries</p>

Source: drawn up by the IFES based on information from the article "Type of distribution channels" by Ivan Thompson

The more intermediaries a channel requires, the more the cost must be "raised" which these intermediaries bring about and this will impact the final product. It is important to bear this in mind as organic product consumers see the Price as a barrier to access them: in some cases, they regard them as too expensive and out of their reach, though they are wholly convinced of their quality.

In spite of everything, there are marketing strategies which can be used to open up new possibilities on the market and which may be more appropriate for the distribution of your products. This includes the short supply chain, the local market and green public procurement. Below we have detailed their characteristics.



2.1. Short commercialisation channels

As an organic producer your main concern is to produce and sell your products in such a way that your work will allow you to live suitably. However, on many occasions the logic of the forms of commercialisation of the global market system openly contradicts authentic organic production.

It is important for you to bear in mind that the commercialisation chain is made up of a series of stages: production, distribution, storage, preparation, sale and consumption. Consumers form the last link in this chain. Special care is taken in this regard to ensure the supply of high-quality food and beverages, freshness and taste which meet the needs of those who acquire them. This type of chain is regarded as a long supply chain.

A short commercialisation channel is created when producers and final consumers realise that they share the same objectives which can be achieved by creating new opportunities which strengthen the local networks. This strategy provides you with the opportunity to recover a more active role in the food distribution system because there is a focus on local and regional production and this minimizes the number of steps to be followed on the commercialization channel.

For small companies this type of distribution channel has many advantages: by removing any of the intermediaries between producers and consumers who are involved in large-scale distribution and sales, both consumers and producers can rediscover their environment and essential parts of their identity, as well as forge new relations between the agricultural world and the urban world.



The short commercialisation channels have advantages:

- Reduce commercialisation costs.
- Generate public knowledge about the quality of organic products.
- Facilitate access to quality brands and promotions.
- Facilitate producer-consumer contact.
- Contribute to rural development and the protection of ecosystems.

A short commercialisation channel also makes it easier to obtain a fair price because by way of this relationship consumers can get a better idea about what agricultural production and food costs. Furthermore, the high costs frequently charged by distributors can be fairly divided between producers and consumers, which would enable the former to receive a fair income for their work, consumers to pay less and to know exactly what they are paying for.

2.2. Local market

In recent years there has been a growing awareness amongst consumers about the consequences of their purchasing decisions on the environment in general and on their health in particular. Furthermore, the consumer has a greater choice at the place of purchase.

One of the best options so that consumers can gain access to organic products is the local markets. It is they which are held at an established spot or in modern shopping centres within the metropolitan area.

They allow consumers to get to know organic and seasonal products, establish more direct relations between farmers and consumers and rediscover the genuine taste of products prepared or produced in line with organic criteria ("authentic tastes"). This type of markets is usually held on a periodic basis (annual, monthly or weekly).

Some major mainstream retail outlets have included some organic products in their product range, both national and international. Some of them even have their own brand and have included products made according to organic criteria in the usual range of products they offer clients. This lends their image extra quality



This type of market has undoubted advantages both for the producer and for the consumer.

Advantages of the local market	
Consumer	Farmer
Product proximity	Greater control of the product
Knowledge about the product	Possibilities of accessing local clients
Possibility of continuous supply	Assurance of production sale
Creation of local employment	
Production of wealth and local and regional development	
Respect for the environment	

Disadvantages of local market	
Consumer	Farmer
Lack of information about when they are held	Held periodically → adjustment of production to this rate
Held periodically	Limitation of sales area

2.3. Green public procurement

Green Public Procurement (GPP) is defined as a process in which the public authorities endeavour to get goods, services and works with little environmental impact during the course of its whole life cycle when compared with others which comply with the same function.



It is a voluntary instrument which means that Member States and the public authorities may determine where they wish to implement it and in what quantity.

In Europe the public authorities are the largest consumers. At present, they spend around 17% of gross domestic product (GDP) of the EU. Using their buying power to choose goods and services with a low environmental impact, they can make a major contribution to sustainable production and consumption.

Green procurement impacts the market too. When promoting and using GPP, the public authorities are providing real incentives in the various economic sectors to develop technologies and products which are organic (in the broadest sense of the word).

Green public procurement is a vital tool for promoting the initiative "A leading market in Europe" of the European Commission which pursues the objective of

promoting markets for new products and services in sectors which are important for the economy of the European Union. These sectors include the trading of organically based products.



Example of green public procurement

A practical example of how GPP and the increase in the consumption of organic products can be related can be seen from an experiment carried out at six schools in Badalona (Barcelona, Spain). These centres were selected to participate in a project aimed at the analysis and development of indications based on good practices in the context of green procurement for some product groups, including the food which is given to children at school canteens.

Based on the criteria established by the EU itself as regards GPP, a guide has been drawn up to establish the measures required and to measure and analyse the results obtained. You can consult these criteria at the following address:

http://ec.europa.eu/environment/gpp/pdf/toolkit/food_GPP_product_sheet.pdf

By means of a questionnaire and personal interviews, an analysis was carried out of the consumption and procurement habits regarding the food provided at each of the canteens of the centres selected. The purchase of food deriving from organic agriculture and the adaptation of the menus to organic criteria (which meant including less meat and more seasonal foodstuffs) were established as criteria. The non-use of plastic plates and cutlery was established as a usage criterion; and the implementation of an organic vegetable garden for educational and culinary purposes.

The purchase of organic products to prepare the menus served at the schools in Badalona which are taking part in the experiment has an economic and social impact on the district: the farmers benefit from being able to sell their products; employment is generated; and the minimum environmental impact is ensured as a short commercialisation channel can be used.

3. ALTERNATIVE ORGANIC FOOD SALES CHANNELS

As we have already indicated, the commercialisation of organic products represents a weak link in the chain which stretches from the producer to the client. Part of the problem is to do with the start of the commercialisation chain: the producers dedicated to this activity farm a small number of hectares, they are not associated and their main motivation is focused on the quest for a better quality of life, letting commercial aspects take a back seat.

What matters most, particularly at the start of the activity, is mastering the production techniques. Your interest as a producer is focused on producing according to the established standards so that production can be regarded as totally organic. However, once this has been resolved and we know how to run the production process as a whole, it is important to resolve commercialisation problems because once the products have been obtained, what can you do with them?

The main problems relating to commercialisation are: search for a market, price setting and transport.



As a farmer, the process you would follow in order to be able to commercialise your products involves a series of stages. Initially, you look for direct contact with the consumer which allows you to directly set prices without the mediation

of an intermediary and advice about product characteristics. This would be direct sales which you can carry out in various ways: at the farm itself, at street markets etc.

However, if these variants are successful, you will find that you start to need a large quantity of resources to manage the sale and it becomes an impossible task to manage this task individually. Furthermore, if your company is successful and you wish to expand your business, direct sale, exclusively between you and your client, has a ceiling.

To deal with this situation in which you need to expand your market (or potential market) there are a series of alternative distribution channels which are slightly different from the usual distribution and commercialisation modules for food products: direct sales, purchasing groups and e-commerce. Below we have explained the characteristics of the most prominent ones.



3.1. Alternative distribution models

Alternative distribution channels play a very important role in the dissemination of the social, organic and economic benefits of organic production, facilitating the direct relationship between the producers themselves and between the latter and the consumers.

As an organic farmer, when including your products in a conventional sales channel you may encounter a teething problem: the structures are not very well adapted to the sale of organic products. Distribution is still one of the critical points of the sector as, due to the great territorial dispersal and the fact that little product quantity is moved, the cost per unit produced increases greatly.

Price is one of the problems that many consumers encounter when purchasing organic products. If these products are introduced into traditional distribution models, the consumer finds that the product is very expensive in the majority of cases and is unaware why this happens. It is a question of getting the client to pay a fair price for what he buys and that you, as a producer, get a fair price for your work. And this aspect will be very favoured by the establishment of alternative distribution channels which "facilitate" the movement of the product through the whole chain and make the price cheaper until achieving said desired adjustment.



Factors which affect channel selection

When introducing your product onto a specialised distribution channel, you must bear in mind various factors:

- The facilities provided to you by logistics in your area: if you have access to distribution centres or if you are far away from a point of this type. Due consideration must be given to the expenses which are caused by the transport of the products to this type of centres.
- The knowledge you have of the elements which form part of the distribution chain. In line with your degree of involvement in these tasks

(if you carry them out directly or there is someone who deals with it), it will be more or less easy for you to deal with the design of all the aspects related with commercialisation.

- Your own organic ideology: if you are more or less committed to ecology and the traditional distribution model. Many farmers dedicated to organic activity do so out of personal belief as they do not agree with the conventional agricultural operating and commercialisation model: they are concerned about environmental impact and defend fair trade policies, not being in favour of globalisation etc. In these cases an alternative commercialization channel is sought.
- Your client profile: if you are a committed consumer, you will certainly be less sensitive to price differences and you will be more willing to bear the inconvenience entailed by getting involved in direct commercialisation channels (for example, travelling to your farm); on the contrary, if your client is an occasional consumer of organic products he will be more reluctant to modify his procurement habits and hence if your product is at the supermarket, he may be more willing to buy it.

Alternative channel types

A type of action which is intended to ensure the supply of food in regular fashion by making the proximity distribution cheaper and simpler is the introduction of organic foods into social canteens: hospitals, schools etc.

This type of action is aimed at the promotion of internal consumption. The majority of this type of actions forms part of the measures adopted within the public plans drawn up by the administrations at different levels (local, regional, national) and intended to incentivise the production of organic activity as an alternative. These actions not only achieve an increase in consumption but also a greater education of the population about the organic foods, raising environmental awareness and an improvement in the economic and social development of the geographic areas where they are developed.

Other types of alternative channels are:

- The sale of organic foods at major mainstream retail outlets.
- The opening of specialised shops for the exclusive sale of organic products (or a type of organic product)
- Consumer associations and cooperatives.



3.2. Market at the farm

Direct sale is the most important commercialisation channel for organic products for consumers and farmers.

Benefits:

- Social: reduction in health risks; generation of employment.
- Environmental: reduction in contamination and waste generation.
- Development of the rural area: maintenance of the most native, local aspects by conserving and developing the basic production structure of smaller towns/villages and those situated in underprivileged areas.

Advantages of direct sales	
Consumer	Farmer
Reduction in prices	Increase in profit
Respect for product freshness and seasonality	Direct relationship with consumers
Knowledge of the product and place of origin	Distribution of local products and varieties
Meets ethical and environmental approaches	Direct market access
Increases employment possibilities	
Generates more income	
Increase in the value added of the products	

Disadvantages of direct sales	
Consumer	Farmer
Go to the place where the sale is made	Higher costs: new investments, need for training, contracting of new staff
Difficulty of access to the products if they are in short supply in your area	Less time to carry out the specific tasks of production and management of the farm

In the case of organic products direct sale takes various forms:

- Direct sale at the farm ➔ it may prove expensive to prepare a space at the farm to sell the products.
- Producer cooperatives and associations ➔ allow greater control of prices and ensure the producer the sale of its products.
- Specialised organic shops ➔ they only sell organic products.
- Natural food shops ➔ sale at herbalists along with other types of natural products.
- Supply to restaurants ➔ the establishments buy the raw materials they need directly from the producer.
- "Box or bag scheme" ➔ the client passes by the farm or receives at his home a bag or box with the products.



3.3. Producer markets

The producer markets, also called “green markets”, are a variety of direct sale which avoids having to make major investments in capital for commercialisation. They are held in the open air in public spaces and the producers sell directly to the public.

They are particularly used to sell fresh products though it is increasingly more common to find processed products. They allow the sale of fresh products, practically of the same day, preserving their nutritional content and this assumes a major attraction for the consumer. There is also a considerable saving as regards transport as it is no longer necessary for the product to “travel” to reach the consumer.



Advantages of the producer market	
Consumer	Farmer
Easy access to the products	Saving in resources in the commercialisation
Product knowledge: where it comes from, how it was produced etc.	Maximum adjustment to the Price
Possibility of finding native varieties	Ease of finding out the needs and wishes of the clients
Adjusted price	Maintenance of the activity
Preservation of the natural resources	
Maintenance and carrying out of activity in the area	
Increase in the social cohesion in the rural environment	

Disadvantages of the producer market	
Consumer	Farmer
Less variety of products available	Need to achieve sufficient production

3.4. Purchasing groups

There is another variant of direct sales which is the distribution to consumer groups which entails a greater level of organisation. These consumers usually group together in small cooperatives which make the order and organise the transport. This model has certain limitations when demand and supply expand.

To resolve this level of complexity in the sale of organic products, producer cooperatives are created which, in turn, contact with cooperatives or any other type of organizations which deal with the commercialisation of the producers.

Advantages of the purchasing groups	
Consumer	Farmer
Access to the products which are required	Guarantee of commercialisation of his products
Guarantee of achieving the products just the way he wants them	Savings in commercialisation resources
Maximum adjustment to the product price	Guarantee of a fair Price
Maintenance of the activity	
Increase in social cohesion	

Disadvantages of the purchasing groups	
Consumer	Farmer
Complexity to form a group	Need to adjust production to the wishes of clients

Supportive purchasing groups (GCS)

Types of purchasing group which may prove very effective for commercialisation are the so-called supportive purchasing groups (*grupos de compra solidaria*, GCS in Spanish). This model is an ethical option which is based on the importance of human relations and on cooperation with friends and residents in the area or from a specific geographic area.

GCS consists of a group of people or families that make purchases together, selecting suppliers in line with very precise ethical and environmental criteria. The products must come from organic agriculture crops managed by strictly local producer cooperatives or small agricultural companies.

Criteria used:

- Respect for the human being: no to the purchase of products from multinationals whose preparation is based on the exploitation of their workers and social injustice.
- Health care: products not contaminated by pesticides.
- Respect for the environment.

Advantages of fair purchasing groups	
Consumer	Farmer
Access to fresh products	Direct relationship with clients
Direct relationship with the producer	Knowledge of customer requirements
Total knowledge about product history	Savings on packaging and packs
Reduction in amount of waste	Guarantee of getting a fair price
Preservation of natural resources: contamination and energy consumption is reduced	
Production of food which is healthy, trustworthy, organically sustainable and socially fair	
Increase in social cohesion	

Disadvantages of fair purchasing groups	
Consumer	Farmer
Less variety of products available	Need to achieve sufficient production

Producer associations

Producer associations are a special type within the purchasing groups. They consist of the coming together of various organic producers who exchange their products at fair, appropriate prices in line with their production cost.

These groups are formed in rural areas or districts where there is a wide variety of agricultural products. Producers have different products and everyone gains from this exchange. They also organise other types of activities like guided tours to farms, the staging of seminar days to disseminate organic activity, participation in fairs and street markets etc.

The main advantages of this commercialisation type are:

- Obtaining other products at an appropriate price.
- Developing and maintaining activity in the district.
- Stocking up on what's missing.



3.4. e-commerce

Internet represents a unique opportunity for the commercialisation and sale of products. E-commerce means all those transactions carried out on the Internet. It is also called *on-line commerce*, and electronic purchasing.



There are various types within e-commerce. In the case of organic products the most practical are:

- From a company to the final client. This is the best known. It involves a company selling its products to the final consumers. You, as the farmer, sell your products via a website. At this site you can include information about your company, the production process, how to purchase, terms of delivery etc. For example, your farm produces tomatoes and your clients can request their weekly baskets of tomatoes via the website. These baskets are delivered directly to the client or it is the client who goes to the farm to collect them.

- From one company to another company. Companies put their products directly at the disposal of other companies or a company expresses its raw material purchasing needs. For example, if you form part of an agricultural cooperative which groups together greens and vegetable producers, you can place at the disposal of restaurants in the area the possibility of making their orders over the Internet.

In order for you to have a virtual shop, you must have a website. This site may be your own company's or include information about your products at that of a cooperative to which you belong or at that of a group of producers which you have brought together to sell your products together etc.

To set up a virtual shop at a webpage you need:

- To have a hosting service, for supporting data bases.
- To contract an SSL certificate or Secure Server. This allows the purchaser data to be sent from the buyer's computer to your virtual shop and to the corresponding bank entity with total security.
- To set up a virtual shop system or "shopping trolley".

The majority of companies which allow web hosting provide all these services. For your clients to be able to pay with a credit card, as a vendor you just open an account at any of the banks or financial entities with which the "payment gateway" of the virtual shop operates. When entering a "secure" shop this is indicated by a small closed padlock which appears on the lower part of the page.

Advantages of e-commerce	
Consumer	Farmer
Convenience when making a purchase and receiving the products	Almost unlimited potential market of clients
Possibility of comparing products and prices	Greater possibility of sales: "virtual shop open" 24 hours a day
Access to the seasonal and native products	Direct relationship with the client
Direct contact with the farmer	Possibility of loyal, continuous clientele
Savings on the resources intended for packaging	
Fair price of products when eliminating intermediaries	
Contribution to energy saving and environmental protection	

Disadvantages of e-commerce	
Consumer	Farmer
Little variety in the product offer (only seasonal products)	Need to invest resources for deliveries
Mistrust when paying with credit card	Need for appropriate knowledge to run the virtual shop

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Commission Regulation (EC) N° 889/2008 of 5 September 2008, laying down detailed rules for the implementation of Council Regulation (EC) N° 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.

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Commission Regulation (EC) 1235/2008 of 8 December 2008, laying down detailed rules for implementation of Council Regulation (EC) N° 834/2007 as regards the arrangements for imports of organic products from third countries.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:334:0025:0052:EN:PDF>

INTERNATIONAL LINKS

*Organic farming in Europe

http://ec.europa.eu/agriculture/organic/splash_en

*European legislation

http://ec.europa.eu/agriculture/organic/eu-policy/legislation_en

*International Federation of Organic Agriculture Movements (IFOAM)

<http://www.ifoam.org/index.html>

*The Europeans consumers' organization (BEUC)

<http://www.beuc.org/Content/Default.asp?PageID=591>

*European farmers and European agri-cooperatives (COPA/COGECA)

<http://www.copa-cogeca.be/Main.aspx?page=HomePage&lang=en>

*Research Institute of Organic Agriculture (FiBL)

http://www.organic-europe.net/country_reports/default.asp

*Organic Farming Research Foundation (OFRF)

<http://ofrf.org/index.html>

*The Organic Research Centre (ORC)

<http://www.efrc.com/>

*International Centre for Research in Organic Food Systems (ICROFS)

<http://www.icrofs.org/>

*European Commission: Environment

http://ec.europa.eu/environment/gpp/index_en.htm

*International Society of Organic Agriculture Research (ISO FAR)

<http://www.isofar.org/>

GLOSSARY

Activities for collective catering. Preparation of organic products for restaurants, hospitals, refectories and other kind of similar food enterprises at the point of sale or the delivery to the final consumer.

Advertising. Any representation to a public, by any means other than a label, that is intended or is likely to influence and shape attitude, beliefs and behaviours in order to promote directly or indirectly the sale of organic products.

Commercialization channel. It is a group of enterprises which take the product from the manufacturer to the consumer. This group may be more or less long depending on the product and even the manufacturer may use different types of intermediaries. Normally the channel includes the wholesaler and the retailer, but it can be direct or include also the importer, the agent, the wholesaler, the local office or branch, and the wholesale self-service.

Common Agricultural Policy (CAP). According to the EU constituent Treaty, its objective is to ensure supplies at a reasonable price to European consumers and to guarantee a fair compensation to farmers, especially thanks to the common organization of farming markets and to the respect of certain principles: prices uniqueness, financial support and communitarian preference.

Consumer. It is the person or organization that demands goods and services provided by the producer or supplier.

Cooperative. It is a type of economic organization whose ownership belongs to the one who uses its services. The profit obtained is normally shared out among its members according to several criteria at the end of each period.

Customer. It is the person or enterprise or service which access to a product or service through a financial deal (money) or any other means of payment. The person who buys is the buyer, and the person who consumes is the consumer. Normally client, buyer and consumer are the same person.

Ecology. It is the study of the interrelationship between organisms and its physical and biological environment. The physical environment includes sunlight and its radiation, humidity, wind, oxygen, carbon dioxide, and soil nutrients, water and atmosphere. The biological environment is made by the living organisms, mainly plants and animals. Commonly, ecology is confused with environmental programmes and science.

Electronic commerce. It is the set of activities related to the purchase and sale of products and services, that is carried out by means of the exchange of information through Internet.

Environment. It is the collection of physical, chemical, biological and social components capable to cause direct and indirect effects, in the short or long terms, upon the living beings and human activities. (Conference of the UNO on environment. Stockholm 1972)

Fair trade. It a business system based on dialogue, transparency and respect, that searches for a greater equity in international trade, paying attention to social and environmental criteria.

Intermediary. It is the enterprise or person which cooperates with the company for the promotion, sale and distribution of the products among the final buyers.

Internet. Global computer network, decentralized, and made up of the direct connection between computers and PCs through a special communication protocol. (Source: Spanish Royal Academy)

Labelling. It is any words, particulars, trademarks, brand name, pictorial matters or symbol related to and placed on any packaging, document, notice, label, board, ring or collar accompanying or referring to a product.

Market. In general, it is the context where the purchase and selling of goods take place, or where the people who demand goods and services meet with those who offer them. The term is not only referred to the physical space where buyers and sellers meet.

Necessity. In financial terms it is referred to the consumers' wish to get goods or services.

Organic farming. It is a system of farming production that provides the consumer with fresh, tasty and authentic food, at the same time that respects the vital cycles of the natural systems.

Organic production. General system of farming management and food production that combines the best environmental practices, a high level of biodiversity, the protection of the natural resources, the implementation of demanding rules about animal welfare, and a production in line with the preferences of certain consumers for products obtained from natural substances and processes.

Packaging. It is a container or wrapper which contains products temporarily, mainly to group its units for the handling, transport and storage.

Profit margin. It is the difference between costs and selling price of goods.

Rural development. It is a balanced and self-sustainable process of revitalization in the rural areas, based on its economic, social and environmental potential, by means of a regional policy and an integrated implementation of measures with territorial meaning by participating organizations. In short, it is the set of actions or initiatives carried out to improve the quality of life in the non-urban communities.

Sustainable farming. It is an ecologically safe, financially viable and socially fair system of farming. It is a system capable of maintaining productivity indefinitely.

Sale. Deal by which a person or company (so-called seller), provides another (so-called buyer) with goods or services in exchange of money.

Web page. It is a document that is displayed at once (on a screen). It is located in the Net and shows information, regardless its format: texts, images, videos, audio files, etc.

SELF-ASSESSMENT

1. Regarding price of organic products:

- It sometimes represents a barrier for consumption.
- Consumers consider it as fair.
- It is lower than the conventional products.

2. The customer represents the core in the commercialization process.

- It depends on the commercialization channel used.
- True.
- False.

3. Regarding the consumer of organic products:

- He/she wants to know where the products come from.
- He/she is worried about environmental and health matters.
- Both options are correct.

4. The main problems in defining how products should be commercialized are:

- The searching of good trucks and expert drivers.
- Setting prices, searching an appropriate market and transport.
- The type of packaging and finding a proper detailer.

5. Solidarity purchasing groups (SPG):

- Are guided by a number of clear criteria; one of them is the respect to the environment.
- They don't buy organic products elaborated in their area.
- Both options are correct.

6. Farm gate market:

- Is a type of direct sale.
- Is the only way to sell organic products.
- Can only be done when the farm is small.

7. Which is the advantage of e-commerce?

- It allows selling only to the people whom the farmer wants.

- It involves high savings in resources for packaging.
- This type of commerce is not possible to use with organic products.

8. In a direct distribution channel:

- There are no intermediaries.
- The main activity is the direct sale.
- Both options are correct.

9. Choose the correct option.

- Green Public Procurement is compulsory for all of EU members.
- Green Public Procurement encourages consumption of organic products.
- European public authorities have got nothing to do with green public procurement.

10. One of the advantages of direct sale is to increase the possibilities of employment in its area

- True.
- False.
- It depends on the product being sold.