

# Organic Price Wars

As organics become more mainstream, the industry finds itself facing mainstream problems.

By **Jim Moore**  
International Editor

**F**OR the most part, 1999 was a terrible year for the organic fruit and vegetable industry. Conventional growers can only say, "Welcome to the club." Too much product on the market forced prices down and those attending the 20th Ecological Farming Conference wanted to know why and what can be done to avoid the problem in the future.

The put-it-in-perspective award has to go to Bob Lichtenberg, a former organic grower who now buys produce for Earl's Organic Produce in San Francisco. "Didn't we used to sit around the fire with a glass of wine and dream about the day when those bad chemical farmers would want to be organic and Safeway would offer organic salad mix on their racks? Well kids," concluded Lichtenberg, "that day is here."

## ORGANIC INDUSTRY FACES CHALLENGES

Bill Holbrook of Pavich Family Farms, Terra Bella, CA, outlined a number of challenges facing today's organic growers.

- **Retail consolidation:** fewer

people to deal with, but those remaining have more buying power.

- **Product competition:** organic growers are producing more, forcing price competition.
- **Bigger competitors:** large, conventional growers getting into the organic business and forcing prices down (see related story, page 30).
- **Price ratio:** When the price difference between organic and

"Didn't we used to sit around ... and dream about the day when those bad chemical farmers would want to be organic?"

— Bob Lichtenberg,  
organic produce buyer

conventional becomes too wide, retailers won't pay a sustainable price for organic produce.

- **Repurchasing:** While the organic market is growing, consumers who once purchased organic produce are not always re-purchasing with the same enthusiasm.

## SOLUTIONS OFFERED

While the organic picture may

not seem rosy, Denesse Willy of T&D Willy Farms in Madera, CA, easily captured the spirit and enthusiasm award when she announced, "I like production ag and I'm proud of it. I like making money and we deserve it. This fat lady ain't singin'."

What to do? Some major steps have to be taken when production outstrips demand and the trend appears to be rising, not declining. Suggestions include better crop planning, closer coordination between growers and buyers, and, of course, massive amounts of consumer education.

While Lichtenberg gets the "perspective" award, and Willy the spirit award, the award for problem solving has to go to Dina Izzo, produce manager for New Leaf Community Markets.

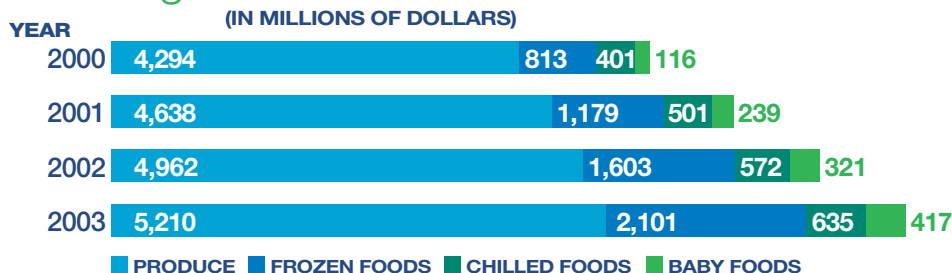
Izzo's advice: "You gotta knife, use it!" Educating customers, no matter who they are, is the most important thing. "Words are good," Izzo said, "but the fruit tastes better."

Lichtenberg elaborated, noting that in the "old days," buyers came down to the produce terminal, used their knife and made their decisions with their mouth. "That's a lost art," he said.

As produce markets become hard to claim and even harder to hold, it appears that some of the oldest techniques — actually tasting the produce, actually meeting the person with whom you are doing business, providing extensive consumer information — might help provide the margin between sustainability and going out of business.

AVG

## U.S. Organic Market Value Forecasts



Source: Datamonitor's 1999 U.S. Organics Report