### A STUDY ON ORGANIC FOOD MARKET IN NCR REGION

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1. Introduction

India is fast emerging as one of the largest potential markets for organic food products, owing to the facts that organic foods are completely natural, contain no chemicals or preservatives, and are a healthy alternative to conventional foods. With growing awareness towards health foods, surging income levels, and shifts in consumer behavior, India’s nascent organic food market is fast transforming into the world’s fastest growing organic food market. Through the course of the report, we will study the existing market for organic products in India, analyze the potential and formulate strategies for entry of organic products into the domestic market with a specific focus on Delhi-NCR region.

1.1 What is Organic Farming

Sustainable development has caught the imagination and action all over the world. Sustainable agriculture is necessary to attain the goal of sustainable development. According to Food and Agriculture Organization (FAO), sustainable agriculture “is the successful management of resources of agriculture to satisfy the changing needs while maintaining or enhancing the quality of environment and conserving natural resources”. All definitions of sustainable agriculture lay great emphasis on maintaining an agricultural growth rate that meets the demands for food for all living beings without draining resources.

The conventional method of agriculture, it is increasingly being felt, is becoming unsustainable as evidenced by declining productivities, damage to environment, chemical contamination etc. This necessitates having an alternative agricultural method that can function in a friendly eco-system while sustaining and increasing
the crop productivity. Organic farming is one of the several approaches found to meet the objectives of sustainable agriculture.

Organic farming evolved on the basic theoretical expositions of Rodale in United States, Lady Balfour in England and Sir Albert Howard in India in the 1940’s, has progressed to cover more than 23 million hectares of land all over the world. In fact, organic agriculture is not a new concept in India. Sir Albert Howard worked in India for many years, studying soil plant interactions and developing composting methods. In doing so, he capitalized on India’s highly sophisticated agricultural systems, which had long applied many principles of organic farming that include:

1. **Principles of Health:** Sustain and enhance the life of soil, plant, animal, human and planet as one and indivisible
2. **Principles of Ecology:** Based on living ecological systems and cycles, work with them and help sustain them
3. **Principles of Fairness:** Build on relationships that ensures the fairness with regard to common environment and life opportunities
4. **Principles of Care:** Be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and environment

To this effect, we can define Organic Farming as “products that are grown under a system of agriculture without the use of chemical fertilizers or pesticides with an environmentally and a socially responsible approach. This method of farming that works at grass root level preserving the reproductive and regenerative capacity of the soil, good plant nutrition and sound soil management, produces nutritious food rich in vitality that has resistance to diseases.”
1.2 Benefits of Organic Products

As per the study conducted by Research on India “Organic Food Market – India” in April 2010, organic foods may have benefits over conventional foods. Some of these are listed below:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Organic foods</th>
<th>Conventional Foods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pesticides and Chemicals</td>
<td>• Grown without use of any synthetic pesticides and synthetic chemicals</td>
<td>• Grown with excessive use of synthetic pesticides and chemicals which may lead to diseases like cancer</td>
</tr>
<tr>
<td>Food Additives</td>
<td>• Only x additives are permitted which include Iron, Thiamine, Nicotinic acid and are beneficial for health</td>
<td>• Around n additives are used to improve the appearance and taste of the food. Use of artificial colorings and sweeteners leading to allergies and headaches</td>
</tr>
<tr>
<td>Hydrogenated Oils</td>
<td>• Does not contain any fatty acids and oils</td>
<td>• Contains fatty acids which increases risks of heart attacks</td>
</tr>
<tr>
<td>Vitamins</td>
<td>• Contains higher levels of vitamin</td>
<td>• Does not contain higher levels of vitamins</td>
</tr>
<tr>
<td>Minerals</td>
<td>• Contains essential minerals such as calcium, magnesium &amp; Iron</td>
<td>• Does not contain higher amounts of minerals</td>
</tr>
</tbody>
</table>

1.3 Government Policy for Organic Agriculture

The agriculture sector in India has made enormous strides since Independence. The Green Revolution has been the corner stone of India’s agricultural achievement, transforming India from a food deficient to a self-sufficient country. But this self-sufficiency was achieved through an indiscriminate and an excessive use of chemicals that jeopardized the productivity of agricultural fields. This has led to harmful chemicals entering our food chain, making our current agricultural practices highly unsustainable. To address this issue, there has been a lot of emphasis on organic farming and trade in the recent years in India at various levels.

Recognizing the adverse impact of excessive use of chemicals on soil health and human health, there has been a realization for integrated management system. Since organic farming addresses soil health, human health and environmental health
and is eco-friendly, this sector is receiving a focused attention from Government of India (GoI).

To this effect, the GoI set up the National Center of Organic Farming in Ghaziabad, Uttar Pradesh in 2003. The purpose of the center is to formulate rules, regulations and certification of organic farm products in conformity to the international standards. The 10th five-year plan (2002-2007) emphasized on the promotion and encouragement of organic farming with the use of organic waste, Integrated Pest Management (IPM) and Integrated Nutrient Management (INM). Even the 9th five-year plan (1997-2002) had emphasized on the promotion of organic produce in plantation crops, spices and condiments with the use of organic and bio inputs for protection of the environment and promotion of sustainable agriculture. Additionally, there are many state and private agencies involved in the promotion of organic farming in India. These include various ministries and departments of the government at the center and state levels, universities and research centers, NGO’s such as AME and OFAI, producer organizations such as VDAI, TOFA, VOFA, and eco-farms. In 2001, a National Program for Organic Production (NPOP) that aims at establishing national standards for organic products was launched. In 2000, GoI released the National Standards of Organic Products (NSOP) that stipulated mandatory inspection and certification by nationally accredited certification body for labeling and selling products as ‘organic’. The logo ‘India Organic’ was released on 26th January 2002 to support the NPOP.

The NPOP standards for production and accreditation system has been recognized by the European Commission and Government of Switzerland as being equivalent to the standards in their countries. Even the USDA has recognized NPOP conformity assessment procedures as equivalent to those prevalent in the US. With these
recognitions, Indian organic products duly certified by the accredited certification bodies in India are accepted by importing countries.

State governments have launched a number of projects throughout India. These governments have been involved in setting up organic farm models, providing guidance about certification, promoting composting, and other practices relevant to organizing conferences, extending subsidies and providing training.

1.4 Inspection and Certification of organic products

The National Program for Organic Production (NPOP) was developed and implemented by National Steering Committee of Organic Products (NSCOP), through the Government of India’s Ministry of Commerce. NSCOP is responsible to formulate a National Accreditation Policy and Program and to draw up National Standards for Organic Products. The standards for the NPOP and the NAP were prepared on the basis of the guidelines evolved by the International Federation of Organic Agriculture (IFOAM), the EU regulations and the Codex Alimentarius Commission.

The National Accreditation Body has designated six accreditation agencies including:
1. Agricultural Processed Foods Export Development Authority (APEDA)
2. Coffee Board
3. Spices Board
4. Tea Board
5. Coconut Development Board
6. Directorate of Cashew and Cocoa Development
APEDA has recognized the following inspection certification bodies, some of which being branches of foreign certification bodies, others being local certification bodies, all of these are able to certify based on the NPOP:

1. Natural Organic Certification Association
2. Bureau Veritas Certification India Pvt. Ltd
3. Ecocert SA
4. Control Union Certifications
5. International Resources for Fairer Trade
6. IMO Control Private Limited
7. Skal International (India)
8. Aditi Organic Certification Agency (AOCA)
9. Indian Organic Certification Agency (INDOCERT)
10. Lacon Quality Certifications Pvt. Ltd
11. Rajasthan Organic Certification Agency (ROCA)
12. OneCert Asia Agri Certification Private Limited
13. SGS India Pvt. Ltd
14. Uttaranchal State Organic Certification Agency (USOCA)
15. FoodCert India Pvt. Ltd
16. Vedic Organic Certification Agency

1.5 Purpose of the document (Objectives of the study)

The objectives of the study are three-fold:

1. To assess the demand and requirements for organic products in Delhi-NCR region
2. To analyze the potential for organic products in Delhi-NCR region
3. To formulate strategies for the domestic market with a special focus on Delhi-NCR region
1.6 Methodology

To determine the characteristics of Indian domestic organic market specifically in Delhi-NCR region, primary research was carried out. This primary research involved gathering data through surveys from the distributors and the consumers to understand the following:

1. The existing demand for organic products in Delhi-NCR region
2. The target consumer segment for organic products and the reason for their preference(s)

A total of 60 consumers and 60 retail stores were surveyed to collect data on multiple dimensions of organic food, its market and consumer preference towards these products. To supplement this data, the project team also carried out a review of the appropriate literature on the topic.
2. Indian Domestic Market

From the state of an unknown opportunity in agriculture in the beginning to being talked about as a viable alternative to address some of the ills that plague the Indian agriculture sector, organic agriculture has made a credible performance in the last 10 years. It has been a combined effort of farmers, NGO networks, government policies, and market forces that Indian organic agriculture has reached a stage where it can swiftly move to occupy prominent space in Indian agriculture.

To this effect, with less than 42,000 Ha under certified organic farming during 2003-04, organic agriculture has grown almost 10 fold during the last seven years. By 2011, India had brought more than 4.43 Mil Ha area under organic certification process. Currently, India ranks 33rd in terms of total land under organic cultivation and 88th position for agriculture land under organic farming to total farming area. India produced around 3.88 Mil MT of certified organic products which includes all varieties of food products namely Basmati rice, pulses, honey, tea, spices, coffee, oil seeds, fruits, processed foods, cereals and herbal medicines and their value added products.

2.1 Organic Production and Markets in India

Major organic produces in India include plantation crops, spices, cereals, pulses, oil-seeds, fruits, and vegetables. Further classification under these product categories include:

<table>
<thead>
<tr>
<th>Category</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plantation Crops</strong></td>
<td>Tea, Coffee, Cardamom</td>
</tr>
<tr>
<td><strong>Spices</strong></td>
<td>Ginger, Turmeric, Chillies, Cumin</td>
</tr>
</tbody>
</table>
### Table 1: Major Organic food products produced in India (Category-wise)

*Source: Market Opportunities and Challenges for Indian Organic Products – Salvador V Garibay and Katke Jyoti, Feb 2003*

Based on the data provided by National Center for Organic Products (NCOP), following is the production of important commodities under the organic segment:

<table>
<thead>
<tr>
<th>Crop</th>
<th>Quantity Produced in MT (2009-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>837293</td>
</tr>
<tr>
<td>Rice</td>
<td>17762</td>
</tr>
<tr>
<td>Wheat</td>
<td>113570</td>
</tr>
<tr>
<td>Other cereals and millets</td>
<td>271042</td>
</tr>
<tr>
<td>Pulses</td>
<td>53227</td>
</tr>
<tr>
<td>Oil Seeds and Soybean</td>
<td>315067</td>
</tr>
<tr>
<td>Tea/Coffee</td>
<td>40614</td>
</tr>
<tr>
<td>Spices</td>
<td>168507</td>
</tr>
<tr>
<td>Fruits and Vegetables</td>
<td>889844</td>
</tr>
<tr>
<td>Herbal and Medicinal</td>
<td>189193</td>
</tr>
<tr>
<td>Other</td>
<td>24661</td>
</tr>
</tbody>
</table>
Table 2: Quantity of major organic food products produced in 2009-10

*Source: Organic Food Production – Problems, Prospects and Opportunities – Dr AK Yadav, Director, NCOP*

The organic products available in domestic market include rice, wheat, tea, coffee, pulses and vegetables. The major channels in domestic market include wholesalers and traders, retail chains and supermarkets and open trade segments. Currently, the domestic market accounts for approximately 7.5% of the total organic production.

2.2 Market Segmentation

The market structure for organic products in India can be divided into two parts:

1. **Organized Sector**: This sector comprises of branded players and operates through traditional business channels. This sector is more prominent in urban India

2. **Unorganized Sector**: This sector comprises of certified or non-certified non-branded players and operates more on faith. This sector is much more prominent in rural India

Based on the needs and demands of the market, we can classify the domestic market into three segments:
Figure 1: Diagrammatic representation of market segments for organic foods in India

1. **Open Market**: This segment includes the traditional shops, wholesalers and small mom and pop stores

2. **Mainstream**: This segment includes big retail chains and outlets (both national and regional level) and stand-alone stores

3. **Food Service/Institutional Buyers**: This segment includes hotels, restaurants, caterers and other institutions

**2.3 Channels of Distribution**

A channel of distribution (also called a marketing channel) is a group of individuals or organizations that direct the flow of products from producers to customers. The channel of distribution includes the original producer, the final buyer and any
middlemen – either a wholesaler or a retailer. The term middlemen refers to those individuals or institutions who facilitates, negotiate or selling in the capacity of an agent or a broker. These marketing intermediaries generally make up the marketing channel. The main players in the chain include:

1. **Broker**: An intermediary whose job is to bring together buyers and sellers. The broker does not carry inventory, but is involved in the finances or risk assessment.

2. **Facilitator**: An intermediary who assists in the distribution process but neither takes title to goods nor negotiates purchase or sale.

3. **Merchant**: An intermediary who buys, takes title to and resells merchandise.

4. **Producer**: An individual or company that produces the goods for the market.

5. **Retailer**: A business enterprise that sells the goods directly to the consumer.

6. **Sales Agent**: An intermediary who searches for a consumer and negotiates on producer’s behalf.

7. **Sales Force**: A group of people hired by the company to sell its products and service.

8. **Wholesaler (distributor)**: A business enterprise that sells products to those who buy for resale or other business use.

For organic products, a typical value chain looks something to this effect:

![Value Chain Diagram](image)

**Figure 2: Diagrammatic representation of value chain for organic products in India**

*The numbers vary based on the products*
2.4 Market Potential of Top Metros

Currently, the major distribution channels connect the organic food producers to the metros such as New Delhi, Chennai, Mumbai, Bangalore, Hyderabad, and Kolkata. In order to understand the market potential for organic food products in Delhi-NCR region, traders, shopkeepers, retail outlets were asked to indicate the demand for organic food products. We found that only one in ten shops under the open trade segment actually stocked organic products, this was mainly on account of low demand. The organic food products were mainly localized to major retail outlets such as Big Bazar, Spencer, More and Easy Day. Additionally, some of the major consumer goods players such as ITC Foods, Reliance, FabIndia, Godrej Agrovet and Organic India operated out of stand-alone stores.

Figure 3: The pie chart represents the market potential by products in top metros

Source: Organic Food Production – Problems, Prospects and Opportunities – Dr AK Yadav, Director, NCOP
Figure 3 indicates that vegetables, fruits, tea and coffee (not including milk and daily products) are the products that are preferred in the organic segment. In Delhi-NCR region, we also observed that as demand varied by area, there was a marked difference in the availability of organic products. Based on our survey results, table X represents the availability of the main products:

**Table X: Availability of Major Organic Products**

<table>
<thead>
<tr>
<th>Market Penetration</th>
<th>Movement</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “24 letter mantra” is the most visible brand</td>
<td>• Organic teas are the top selling product</td>
<td>• Morarka and 24 letter mantra are the top selling brands</td>
</tr>
<tr>
<td>• Wide range of OFP’s including breakfast items, rice, pulses, flour, spices, and other health products</td>
<td>• Organic India is the most popular brand</td>
<td></td>
</tr>
<tr>
<td>• Products are EU 2092/91, USA NOP and Indian NPOP certified</td>
<td>• Movement of imported products is very low, mainly on account of high cost</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 4: The table represents the availability of major organic products based on market penetration, movement and sales**

Additionally, based on the data aggregated from NSSO 64th round survey, 2011 census data and IFMR Analysis using the survey data, the current consumption of major food products in Delhi region is as follows
Figure 5: Diagrammatic representation of total annual market opportunity in organic food product segment
3. Consumer Profile

The next step in the process is to identify the consumer segment. In order to get an idea of the Indian consumer, a small survey was conducted in NCR region.

3.1 Overall consumer profile

Based on studies conducted internationally, the following patterns have been observed with regards to the consumers for organic food products:

1. Women are more likely than men to purchase organic foods
2. Young consumers are more likely to purchase organic foods because of environmental concerns. However, it has also been observed that the young consumers’ willingness to pay may not necessarily translate into actual demand for the product
3. Older consumers (more than 55 years) buy organic products for their perceived health benefits and on the basis of the fact that they are generally at higher health risk as compared to younger individuals
4. Individuals with high incomes are willing to pay more and purchase more organic products
5. Trust in certification and labeling claims influences consumers to opt for organic products

It would be interesting to observe if the above mentioned points held true for the Indian consumer segment too.

3.2 Consumer profile based on our survey results

Following were the results of our observation (based on the survey):
1. **Age Profile:** Majority of the buyers is in the age group of 30-50 years. Women are more likely to buy organic food than men.

2. **Income Profile:** Middle and Upper Income class are the main consumers of the organic products. Out of a sampled 60 buyers, none of the consumers are earning less than INR 50,000 (USD 900) per month. Additionally, most of the regular consumers had spent a significant time abroad (US, UK and other European countries).

3. **Education Profile:** All the sampled buyers had graduate or higher degrees. Almost 80-90% of the buyers had a professional qualification.

4. **Occupation Profile:** Majority of the respondents are employed with private sector firms and are salaried employees with their respective firms.

3.3 **Consumer Attitudes and Preferences**

All the respondents were asked for their reasons for going organic. Following is a break-up of the main reasons they cited:

1. Majority of the survey respondents buy organic food for its health benefits.
2. Only 8% - 10% of the respondents bought organic food for ‘environmental concerns’.
3. Only 4% - 5% of the respondents bought it to ensure a sustainable eco-system.
4. Additionally, a few of the respondents were advised to buy organic food by their doctors.
Figure 6: The pie chart represents the reasons for consumer preference for organic foods in Delhi-NCR region.
4. Challenges to the industry

This section provides a summary on the challenges faced by farmers or organizations, working with organic produce, at various points in the value chain.

4.1 Policy and Mindsets

Currently, the central strategy employed to promote organic foods is skewed towards the global market, with very less importance given to the domestic market. According to the Indian Competence Centre for Organic Agriculture (ICCOA), by 2020, it is estimated that the global market for organic produce is to increase to $102 billion. Clearly, in order to capitalize on this market, around 85% of the country’s organic products produced are being exported as these products bring greater revenue (priced 20-30% higher) as opposed to inorganic products in the world market.

Additionally, there are several known issues that plague the certification process. Some of them include and are not restricted to: the current certification process focuses only on the production side and not on the end products, high certification costs, inadequate certifying agencies, and inadequate supporting infrastructure facilities for verification.

4.2 Operations

Currently, the following organizational structures support smallholder organic agriculture in India:

1. Farmers organized/contracted by company
2. Farmers operating under NGO initiatives
3. Farmers organized or facilitated by the government
4. Farmers forming their own organizations such as cooperatives, associations, self-help groups

However, these basic organizational setups often coexist with one another and invariably result in creation of more complex structures. Since these varied institutional arrangements are responsible for the success of organic farming, it is difficult to prescribe a single organizational framework that is applicable for its further development. Additionally on operations side, the lack of integrated supply chain and inadequate retail presence weaken the marketing of organic products.

4.3 Lack of Incentives

The transition to organic farming is not as smooth for the following reasons:

1. The initial transition period from convention farming to organic farming is categorized by high input costs (owing to high cost of organic manure, cost of certification etc.) and low returns (owing to low yields)

2. Additionally, the cost of going organic is too high as evidenced by inadequate supply of organic manure. The commercially available bio-manure products may not be organic; thereby making the end product not certifiable as an organic food product

3. Transition from conventional farming techniques to organic farming techniques results in loss of yields for farmers. There is a risk involved as organic production on farms may take years and this loss of income poses a high opportunity cost, especially for small and marginal farmers

4. There is a lack of schemes to compensate the farmers for the initial low yields during this transition period
4.4 Consumers

The organic produces and products industry faces challenge from the demand side too. These include (but are not restricted to):

1. There is a general lack of awareness among the consumers about the organic food products and the health benefits associated with it. This necessitates educating and creating awareness about organic food products on a large scale.

2. Often consumers feel that the health benefits associated with the organic products do not justify the high premium charged by the organic product suppliers/distributors.

3. The organic food market does not have the same level of push marketing through the media channels or retail channels that the conventional products do.

Owing to these reasons the current organic food market is limited only to those consumers who seek a healthier alternative.

4.5 Market Development

From a marketing perspective, the product and distribution organizations have limited expertise in marketing these products. For promotion, these products need a detailed selection and development of target markets and distribution channel. This entails additional costs and dedicated skills, knowledge about the products and its overall experience, reliable market information (on organic products, trade, trends, quality requirements and prices), most of which cannot be developed by the unorganized sector. Also, the influx of pseudo-organic and “organic-claims” is another obstacle faced by farmers in marketing their products.
5. Market Strategy

This section provides a summary on the various market strategies that can be adopted by organic product organizations to set-up or increase their foothold in the domestic Indian market.

For an organization looking to enter the Indian organic food markets, some of the challenges they need to address include:
1. Lack of awareness among the consumers about the health benefits of organic products
2. Justify the premium price in context of the health benefits
3. Motivating the consumers to move from conventional products to healthier options
4. Promoting the organic products through retailers and other stakeholders

In order to build a market strategy for organic products in, it is imperative that we understand the culture and some basic habits of the target consumers e.g. where do they do their shopping, how do they get their information on food, health issues etc. This knowledge is not only important in order to identify the main channels to provide information to the potential customers but also to decide on where to sell the organic products, what to sell etc.

In the upcoming sections, we will study some of the market strategies for the three market segments (refer to Section 2.2, Market Segmentation) by studying the characteristics of each segment.
Open Market Segment

An open market segment refers to the unorganized segment that predominantly includes small players such as traditional stores, wholesalers and mom and pop stores.

Characteristics

Some of the characteristics of open market segment include:

1. Currently, there are no incentives in place for retailers to stock organic products. Coupled with the fact that there is not much demand for the organic products, the distributors in the open market segment stock limited supply of organic products

2. There is a lack of awareness amongst the consumer segment on the availability of organic products. Additionally, the consumer segment needs to be apprised of the potential benefits of the organic products over conventional products

3. The consumers have a tendency to buy products they are familiar with, therefore for any new product adoption, there has to be a lot of push from the retailers end

4. The consumers that generally purchase from the open market segment are from low and middle-income households and tend to be price-conscious

Distribution Strategy

Some of the distribution strategies that can be adopted include:

1. The product organization can partner with the local distributor for cereals and non-perishable items and provide incentives for sale of these products

2. Traditionally, small players sell vegetables and fruits in local markets. The product organization can collaborate with the local market stockist and vendor associations to promote the sale of organic products through their channels
Marketing and Sales Strategy

1. **Point of Sale (POS) material:** Often in smaller shops, there is not enough space for dedicated sections. Hence, the promotional material and the product both need to be displayed prominently in the shop. These materials serve as the key factor in increasing awareness.

2. **Packaging and Branding:** Almost all the packaged organic food products have visually appealing packaging. These packs also highlight the potential health benefits of the product.

3. **Wet Sampling:** For products such as vegetables and fruits, a kiosk like set-up that provides samples for immediate consumption can be set-up.

4. **Visual Signage:** Prominent displays highlighting the benefits of organic food product at high visibility in/around the location. Most shops use posters, banners and stickers and in-store dedicated shelf (specially in bigger shops).

Mainstream Segment

The mainstream market segment includes retail chain shops, branded stand-alone stores and big supermarket chains and is typical of urban areas.

Characteristics

1. In this segment, the organic products have competition from conventional food products as well as other organic products.

2. The customers have strong brand loyalty towards traditional products, hence they need to be convinced about the quality of organic products in order to adopt them.

3. The consumers have the paying capacity, however, they are not always aware of the organic products. Also, there are also situations wherein there are not enough options available in the organic segment.
4. The consumers are often apprehensive about the price and value proposition of the organic products. Hence, there is a strong need for proof and results from the product organization.

5. Typically, an in-store dedicated sales person is employed for new product launch.

**Distribution Strategy**

1. The product organizations need to tie-up/collaborate with major retail chains and supermarkets and use the mainstream channels for distribution of the products.

**Marketing and Sales Strategy**

1. **Price for Offer Trials:** To build customer loyalty, free samples or promotional campaigns to offer products at less than the MRP should be promoted.
2. **Wet Sampling:** For products such as vegetables and fruits, a kiosk or dedicated counter to provide samples for immediate consumption can be set-up.
3. **Brand Visibility for recall:** Reinforce, position and promote the brand through promotional offers, in-store promotion and increased visibility of the products.

**Food Services Segment**

The food services segment comprises of bulk buyers including hotel chains, restaurants and catering associations.

**Characteristics**

1. This segment comprises of institutions or associations that buy in bulk and typically enter into long-term relationships with the distribution agencies.
**Distribution Strategy**

2. The product organizations can tie-up/collaborate with major hotel chains, restaurants and catering associations

**Marketing and Sales Strategy**

1. There is a need to promote awareness among institutional businesses on the availability of organic products
2. The product organization should adopt a competitive pricing strategy
3. Institution sales can be used to drive the sales in open market and super markets e.g. In-situ and menu advertisements highlighting collaboration with an organic products organization can promote brand visibility and recall of organic food products
6. Conclusion

Based on a report by NCOP, the organic foods industry in India is poised to grow 25%–35% in the next five years. It is likely to capture 5% of the total cultivable area and the total food market in the next 10 years. With the organic food industry still in a nascent stage in India, huge business opportunities exist in the areas of:

1. Organic adoption and certification facilitation
2. Post harvest processing, storage and production
3. Input production
4. Value chain development and retailing
5. Organic seed production
6. Sales and market development

The organic food industry provides the agribusiness firms an opportunity to look at farming and trade in accordance with the larger development goal of sustainability. This is one more historic opportunity for the agribusiness industry to contribute to human progress substantially as they are best placed to tailor the chain organically.