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Comparative Marketing Strategies for Organic Olive Oil: The Case of Greece and Holland

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Abstract: Nowadays consumers are interested in ecologically clean products due to health and environmental reasons as well as the increasing concern for safe and quality food. According to market research studies the most preferable organic product in EU is olive oil.

In this paper an attempt is made to examine Greek and Dutch consumers' perceptions and attitudes regarding organic olive oil. The main objective is the identification and examination of a set of criteria affecting consumers' purchasing behavior such as health, quality, packaging, pricing and naturalness. A market survey was conducted in major cities of Greece and Holland. Quantitative data of purchasing and non-purchasing behavior, purpose of usage, knowledge and attitudes toward organic olive oil and willingness of consumers to pay a higher price than conventional olive oil were selected.

Finally, recommendations for improvement concerning the marketing of organic olive oil are offered.

Keywords: Organic olive oil, marketing, consumer behavior.

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1. Introduction

CAP reform has brought reorganization of the market of agricultural products and orientation of agricultural production in the sense that farming is required to consider both economic and environmental targets. This study took consumer's preferences for "quality products" in consideration: it includes local market behavior, branding and labeling of organic products. It was derived from an increased interest and awareness of consumers towards "conventional" products produced by the excessive use of agrochemicals for fertilization, soil improvement and plant protection (Kalogianni, *et al*, 1999). Consumers are more and more interested in ecologically clean products due to health and environmental reasons. Consumers' need for safe and quality food is increasing. According to market research studies, the most preferable organic product in European agriculture is olive oil (Sekkas, 1995). In this paper an attempt is made to examine Greek and Dutch consumers' level of information and attitudes towards organic olive oil.

Olive farming and the production of olive oil are considered to be an important sector in Greek agriculture, mainly due to the climatic conditions, which are suitable for this crop (E. Sandalidou, *et al* 2002). Greece is one of the leading olive oil producers in the world, and it accounts for almost 22% of the European and 17 % of the world production. Greek consumers seem to be more sensitive towards their nutrition and have thus shown interest in organic products. Organic olive oil meets customers' needs for safe and quality food, but it also requires higher prices.

Consumer attitude with regard to organic olive oil consumption in the Netherlands is characterized by the very limited knowledge of the public about the product. For a successful penetration of organic olive oil into new markets, however, continuous improvement is required. This could be achieved by firstly evaluating customer satisfaction (E. Sandalidou, et al, 2002). In this way customers' preferences and expectations regarding this product are provided, allowing for further market development.

A survey was conducted in Holland and in Greece, where consumers were asked to provide their opinion of some characteristics of organic olive oil (the project was named "Development of an Integrated Knowledge based Decision Support System for differentiated agricultural products", FAIRI-95-0844).

2. Historical Review of Organic Agriculture

Rudolf Steiner in Germany has practiced organic farming since 1913 as bio-dynamic farming. In England, Albert Howard (1943) developed another technique of organic farming. The third step was taken in Switzerland during the 40's contributing to the spirit of organic farming. The great bang was felt in the 80's when consumers understood the importance of organic farming for the achievement of health and ecological balance.

Organic agriculture in Greece began in the 1980s. Commercial organic agriculture started in 1982 with the demand for organic currants from a Dutch firm. From 1986, a German firm supported the production of organic olives and olive oil for export. The highest percentage of the total area under organic cultivation was in the Peloponnese (52.6%), followed by the Ionian Islands and Central Greece with 17.3% and 17.1%, respectively. The remaining 13% were divided among the other regions in very small amounts.

In the Netherlands, there are two types of organic agriculture: bio-dynamic and ecological farming. The history of organic agriculture dates back to 1926 with the first bio-dynamic farm in Loverendale. Protection of the environment, caution with natural resources and energy are the most important objectives of ecological agriculture. Most of the farmers convert now for ecological farming.

3. Marketing of Organic Olive Oil

During the last two years, there has been an increase in organized marketing of organic olive oil in Greece and Holland thereby leading to an influx of marketing organizations and their expansion. Organic food shops have opened during the last years in both large and small cities of Greece. A big chain of supermarkets started to sell organic olive oil in a special "organic" section in co-operation with different groups and individual producers. Organic olive oil can be found in conventional supermarkets and health food shops according to the extent of the shop owner's interest and the ability of several organic farmers to launch higher quality products. Many farmers sell organic olive oil at the local weekly markets in their districts or directly from the farm. In the Netherlands, organic olive oil is mainly sold in the organic food shops that control approximately half of the market. Also, the largest supermarket chain in the Netherlands – Albert Heijn (AH), introduced its own organic house brand at the beginning of 1998, where the sales of organic olive oil have risen sharply.

Marketing mix of organic olive oil can be developed as:

Product. The product is premium quality organic olive oil. It refers to special market segments and it should be treated like this.

Price. Since this product has a higher quality and more benefits than the conventional one, it has to be charged at a higher price.

Place. The placement of organic olive oil is mostly in supermarkets on special shelves or in health food shops.

Promotion. The promotion mix should convince the consumers why they have to pay a much higher price for the product compared to other kinds of oils, and should stress the benefits of organic olive oil.

4. Customer Satisfaction Methodology

Nowadays, more and more organizations have begun to comprehend the importance of customer satisfaction that contributes towards the excellence of any business. According to Hill (1996), this is "a measure of how an organization's total product performs in relation to a set of customer expectations". Measuring customer satisfaction provides an effective, direct, meaningful and objective assessment of customers' preferences and expectations (E. Sandalidou, et al, 2002). There are many changes in the current market that can affect these preferences, so, customer satisfaction methodology is necessary for any business, especially in an area not well known to consumers such as the organic olive oil market. Customer satisfaction has to lead to customer loyalty of organic olive oil. The research study was conducted focusing on consumers' behavior regarding organic olive oil.

5. Market Survey and Results

The marketing system of organic products in Greece and Holland is not substantially organized and it is still in the early stages. The questionnaire provides a map for consumers' knowledge, preferences and attitudes that are related to organic olive oil.

From table 1, we can see that only 23 % of Greek consumers were able to give an exact definition of organic olive oil. For the question, "How many times have you bought organic olive oil?", only 21 % of the respondents claimed to have bought it once or more than once while almost 79% of the respondents said they had never bought it. For Holland, we can see that out of 556 respondents, for the question "Do you ever purchase organic product?", 74% gave a positive answer, but only 33% of the consumers had bought organic olive oil once or more than once, while 66% of them had never bought it.

Table 2 represents the reasons for not buying organic olive oil. The main reason for not buying among Greek consumers is that consumers don't know where to find it (57.5%). This was followed by "not interested in it" (27.6%), high price (9.7%), and "don't trust this product" (5.2%). For Dutch consumers, the main reason is high price (70.5%), followed by "difficult to find it" (22.7%), "I don't know" (15.1%), "not trustworthy" (8.5%), "not interested in it (6.7%) and other reasons (2%).

According to the consumers' opinion about properties of organic olive oil (table 3), we can say that the majority of Greek consumers gave a positive answer about statements of organic olive oil and agreed that organic olive oil is a natural product – healthier than olive oil (68.8%), additive free (87.1%), chemical residue free (98.2%), pure product (95.3%) and environmentally friendly (98.8%), while 55% of the consumers in Holland agreed that it is chemical free and 49% of them think that it is environmentally friendly.

In the present market research, consumers were also asked about their willingness to pay for organic olive oil. From the 170 consumers who were asked about organic olive oil in Greece, only 7.6% would not buy it, while 92.4% would definitely buy organic olive oil. A 19% of the consumers in Greece would like to pay the same price for organic olive oil as for conventional, while in Holland, 28.2% will pay the same price (Graph 1). Also, 71.6% of the Greek respondents are willing to pay until 50% more than for conventional olive oil, and only 9.5% will pay up to double price. In Holland, 32.6% of the consumers are willing to pay a higher price, while 14% of them would like to pay less. Also, it was noticed that the consumers with higher income are willing to pay a higher price for organic olive oil.

The simulation of price elasticity of demand is shown in figure 1. The purchase intention in Greece tends to fluctuate when the price increases by more than 10% of the price of conventional olive oil. The maximum percentage of buyers (24.7%) will pay 10% more than for conventional olive oil. But still, this is a large market share for organic olive oil in Greece, which is still in its early stages. There are also 8.2% of the consumers who would pay even double the price, in order to get this product. In the case of Holland, the percentage of buyers increases when the price increases. The majority (32.6%), would pay a higher price for organic olive oil than for conventional olive oil. Thus, they are a specific group of buyers who show great concern for their health.

The results show that the main place of purchase of organic olive oil in Greece is at the supermarket (57.2%) and from the producer (25.6%), while in Holland, the main place is at the open market (10.6%) or through home delivery (6.3%). A very small percentage of Greek consumers (0.8%) buy organic olive oil from the wholesaler and other places (0.9%), while a small percentage of Dutch consumers purchase from the supermarkets (3.4%), delicatessens (2.5%) and from the health-food places (1.4%).

The main purpose of usage of organic olive oil in Greece is for salads (65.4%), hot dishes (64.8%) and cooking (63.5%), while in Holland the purpose of usage is the same as usual olive oil (88.3%), and only 11.7% of the consumers use it on special occasions and for special dishes.

A cross – tabulation was used in order to examine consumers' willingness to buy organic olive oil according to the frequency of purchase. Table 4 depicts that 75.3% of the respondents in Greece who had never bought organic olive oil are willing to buy it, while in Holland 33.4% are willing to do so. Only 1.8% of the consumers in Greece and 3.6% in Holland who had bought it once are no longer disposed to buy it. Moreover, all of the consumers in Greece who had used it more than once remained loyal to their belief in it, while in Holland, 1.3% are reluctant to purchase it again. The symmetric measures of the cross – tabulation (Phi, Cramer's V and Contingency Coefficient) show significant relationships between the variables: for Greece Approx. Sig. is 0.002 and for Holland Approx. Sig. is 0.000.

Another cross – tabulation was used in order to determine relationships between age of the consumers and frequencies of purchasing organic olive oil. Results show that the highest percent of consumers in Greece (38.2%) who had never bought organic olive oil were between the ages 25 – 34 years old, while for Dutch consumers (35.9%), this age group ranged between 17 – 28 years old (Graphs 2 and 3). The majority of the respondents in Greece between the age of 45 – 54 had bought it at least once, while in Holland the majority was between 17 – 28 years old. In order to show that the relations between the age and frequency of buying are significant, symmetric measures such as Kendall's tau-b and Kendall's tau-c were used. For Greece and Holland Approx. Sig. is 0.000.

6. Conclusions and Recommendations

Summarizing the above results we can conclude that the organic olive oil market offers a lot of advantages at both the socio – economic and environmental level in Greece and Holland. But in terms of penetrating into a new market, some improvements according to consumers criteria have to be considered.

Promotion and disposition seems to be the greatest weakness of organic olive oil. There is a large number of people who still do not know what an organic product is. But, if in Greece there is 76.9% of consumers who are not related with this product, in Holland there are only 26.2%. Among the people in Greece, who are related with the product, only 21.2% have bought it once or more than once, while, in Holland organic olive oil has a higher demand – 33.8%. An improvement has to be made regarding the information and advertising of the product. Furthermore, a label will provide more information about the properties of organic olive oil, thereby it should be more adequate in order to meet consumer demand. Consumers should be informed about the relationship between organic products and the health – environment aspect, as well as where they can find these products, and how much they have to pay for them.

People in Greece and Holland, who understand the meaning of organic olive oil, perfectly analyzed its properties and attitudes. Positive purchase decisions are closely related to consumers' sensitivity on diet issues. The majority of Greek respondents believe that organic olive oil is "a natural product", "healthier than conventional olive oil", "additive and chemical residue free", "pure" and "environmentally friendly", while the majority of Dutch consumers believe that it is "chemical free" and "environmentally friendly". Gender does not seem to affect customers' preferences in Greece. Both men and women are satisfied almost to the same degree with all the criteria of the product. But systematic provision of information, mainly through advertising is necessary. The product needs to be better promoted, enhancing consumers' awareness of its features and nutritional content, informing people about the quality standards of organic olive oil.

The main reason for not buying organic olive oil in Greece is lack of knowledge where to find it (57. 5%), while for Holland the main reason is high price (70.5%), and again, not knowing where to find it (22.7%). Customers want to find the product easily, thus, the selection of optimal channels of distribution have to offer better access to the product. It should be noticed that many problems are created in the distribution of organic products due to the non-existence of distribution channels and the negative opinions of retailers as regards the promotion of organic products along with others.

The prices for organic olive oil in Greece and Holland are higher than those of conventional olive oils. Greek consumers know that better quality requires a higher price and the majority of the population is willing to pay up to 50% more than for conventional olive oil. There are even 9.5% who can pay until double the price, due to the health factor consideration. In Holland, 32.6% of the consumers are willing to pay a higher price, while 14% of them would like to pay less. Also, it was noticed that the consumers with higher income are willing to pay a higher price for organic olive oil. For that group of consumers who cannot afford the high price of organic olive oil, the pricing strategy can be followed by special offers, discounts or bonuses. It should be noted that the price is expected to be reduced if the level of production rises, through some government policies and price support (Sandalidou, et al 2002).

In general, we can conclude that organic olive oil needs a well – organized market and strategy which promotes the environmentally friendly aspects. The low level of organic farming know –

how and the absence of a supportive extension mechanism to cover the needs of the producers restricts expansion and the benefits from economies of scale (G. Baourakis, et al 1999).

Agricultural co-operatives might play an important role in any change of farming practices and can play a substantial role in discovering successful markets and effective strategic marketing for penetration of organic olive oil.

If suitable actions will be taken in consideration at a national level, then an organic olive oil will be a strategic product that will bring many advantages for both countries – Greece and Holland.

7. Graphs, tables, figures

Table 1. Knowledge of organic olive oil in Greece, and Holland.

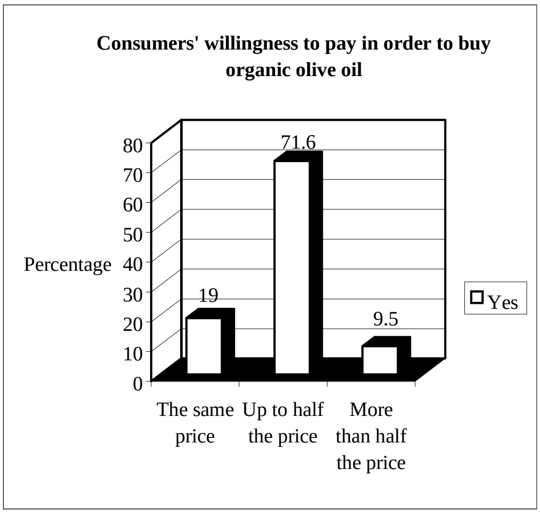
GREECE			HOLLAND		
Do you know what organic olive oil is			**Have you ever purchased an organic product**		
	Frequency	Valid Percent		Frequency	Valid Percent
Yes	170	23.1	Yes	400	73.8
No	565	76.9	No	142	26.2
Total	735	100	Total	542	100
Missing	34	4.4	Missing	14	2.5
Total	769		Total	556	
How many times have you bought organic olive oil?			**Have you ever bought organic olive oil?**		
Once	11	6.5	Once	81	14.9
More than once	25	14.7	More than once	103	18.9
Never	134	78.8	Never	360	66.2
Total	170	100	Total	544	100
Missing	599	77.9	Missing	12	2.2
Total	769		Total	556	

Table 2. The reasons for not buying organic olive oil in Greece and Holland.

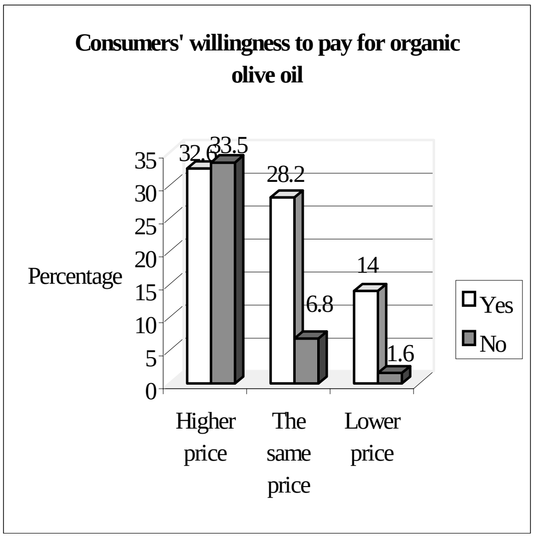
GREECE			HOLLAND			
The reasons why you have not bought organic olive oil			**The reasons why you have not bought organic olive oil**			
	Frequency	Valid Percent		Frequency (Yes)	Valid percent (Yes)	Total
High price	13	9.7	High price	392	70.5	556
I don't know where to find it	77	57.5	Difficult to find it	126	22.7	556
I don't trust it	7	5.2	Not trustworthy	47	8.5	556
I am not interested in it	37	27.6	Doesn't interest me	37	6.7	556
Total	134	100	I don't know	84	15.1	556
Missing	635	82.6	Other	11	2.0	556
Total	769					

Table 3. Consumers' opinion concerning the properties of organic olive oil.

GREECE		HOLLAND	
Properties	Agree	Properties	Agree
Environmentally friendly		Environmentally friendly	
Valid percent	98.8%	Valid percent	48.7%
Chemical residue free		Chemical free	
Valid percent	98.2%	Valid percent	54.7%
Additive free			
Valid percent	87.1%		
Healthier than olive oil			
Valid percent	68.8%		
Pure product			
Valid percent	95.3%		
Natural product			
Valid percent	95.9%		

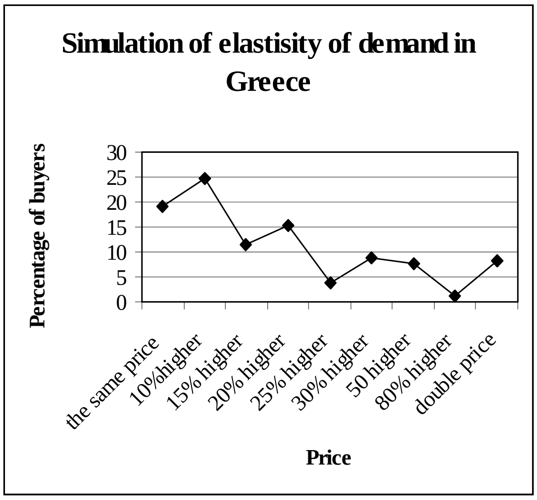


Greece



Holland

Graph 1. Consumers' willingness to pay more for organic olive oil



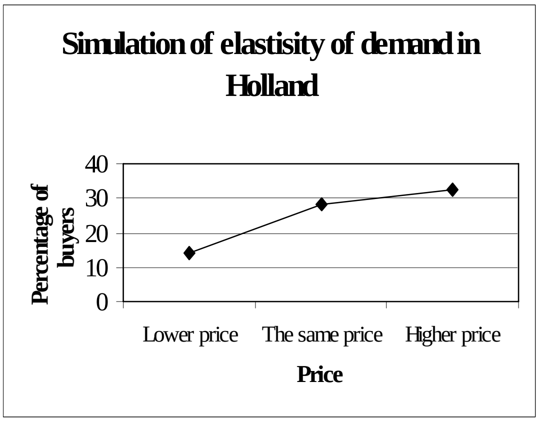


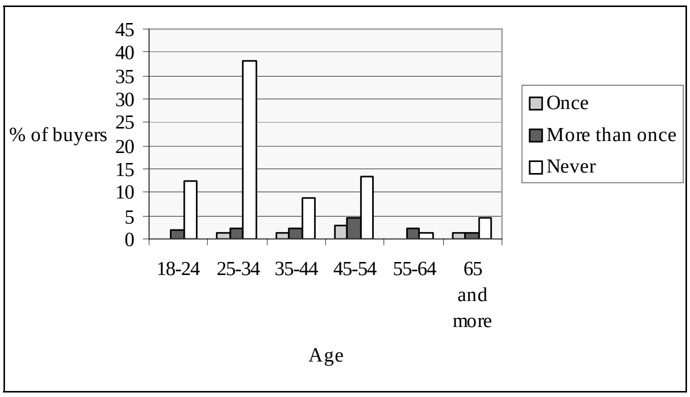
Figure 1. Simulation of elasticity of demand

Table 4. Cross - tabulation between the variables "How many times have you bought organic olive oil?" and "Are you willing to buy it?"

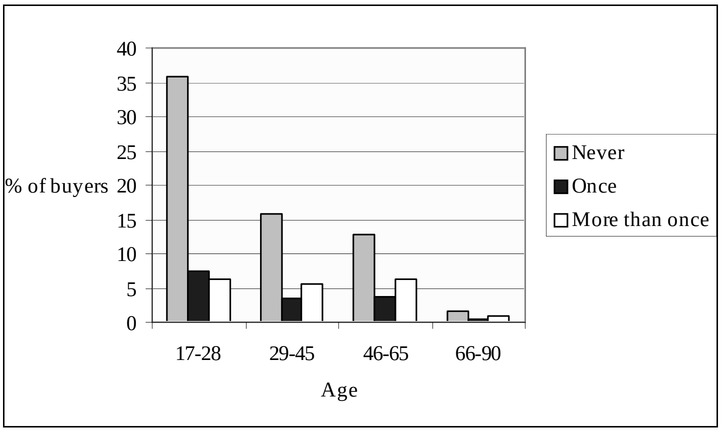
			Would you ever consider buying organic olive oil					
			I will buy it		**I will not buy it**		**Total**	
			Greece	**Holland**	**Greece**	**Holland**	**Greece**	**Holland**
How many times have you bought organic olive oil?	**Never**	Count	128	178	6	180	134	358
		% of Total	75.3%	33.4%	3.5%	33.8%	78.8%	67.2%
	Once	Count	8	62	3	19	11	81
		% of Total	4.7%	11.6%	1.8%	3.6%	6.5%	15.2%
	More than once	Count	25	87	-	7	25	94
		% of Total	14.7%	16.3%		1.3%	14.7%	17.6%
Total		Count	161	327	9	206	170	533
		% of Total	94.7%	61.4%	5.3%	38.6%	100%	100%

Symmetric Measures

		Value		Approx.Sig	
		Greece	**Holland**	**Greece**	**Holland**
Nominal by nominal	Phi	.268	.354	.002	.000
	Cramer's V	.268	.354	.002	.000
	Contingency coefficient	.259	.334	.002	.000
N of Valid Cases		170	533		



Graph 2. Relationship between age of the consumers and frequency of buying in Greece.



Graph 3. Relationship between age of the consumers and frequency of buying in Holland.

Symmetric Measures

		Value		Asymp.Std. Error		Approx.T		Approx. Sig.	
		Greece	Holland	Greece	Holland	Greece	Holland	Greece	Holland
Ordinal by	Kendall's tau-b	-.270	.146	.064	.039	-3.899	3.727	.000	.000
Ordinal	Kendall's tau-c	-.207	.124	.053	.033	-3.899	3.727	.000	.000
N of Valid Cases		170	543						

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