

Consumer Insights on Organic and Natural



A Research Study
Prepared by Natural Marketing Institute
February, 2015



Background Objectives and Methodology

- **The Organic & Natural Health Association is interested in understanding U.S. consumer usage and perceptions about both organic and natural foods.**
 - Current level of understanding of natural and organic, including government regulations for each
 - Acceptable level (if any) of synthetic additives, such as vitamins, colors, flavors, and preservatives in organic or natural products
 - Price perceptions
 - Preferred labelling for “natural” meats – attributes such as humane treatment and usage of growth hormones or antibiotics
- **NMI conducted an online research study among a representative sample of 1,005 U.S. consumers to answer these questions.**
 - The margin or error at 95% confidence is +/-3.1%
- **The study was conducted in January 2015.**

Key Findings

- ❑ There is significant confusion in consumers' minds about the differences between the term "organic" and "natural"
 - ✓ One third of American adults do not believe there is any difference between the two labels
 - ✓ Almost as many say "natural" is regulated by the U.S. government (46%) as say "organic" is a regulated term (61%)
 - ✓ This is supported by NMI Survey (LOHAS) data: approximately half of consumers think 'natural' means 'no pesticides' or 'no-GMOs' -- attributes that are uniquely organic.
 - ✓ And while three-fourths of consumers perceive that organic foods must be at least 95% free from synthetic additives, almost two-thirds expect the same thing of "natural" foods.

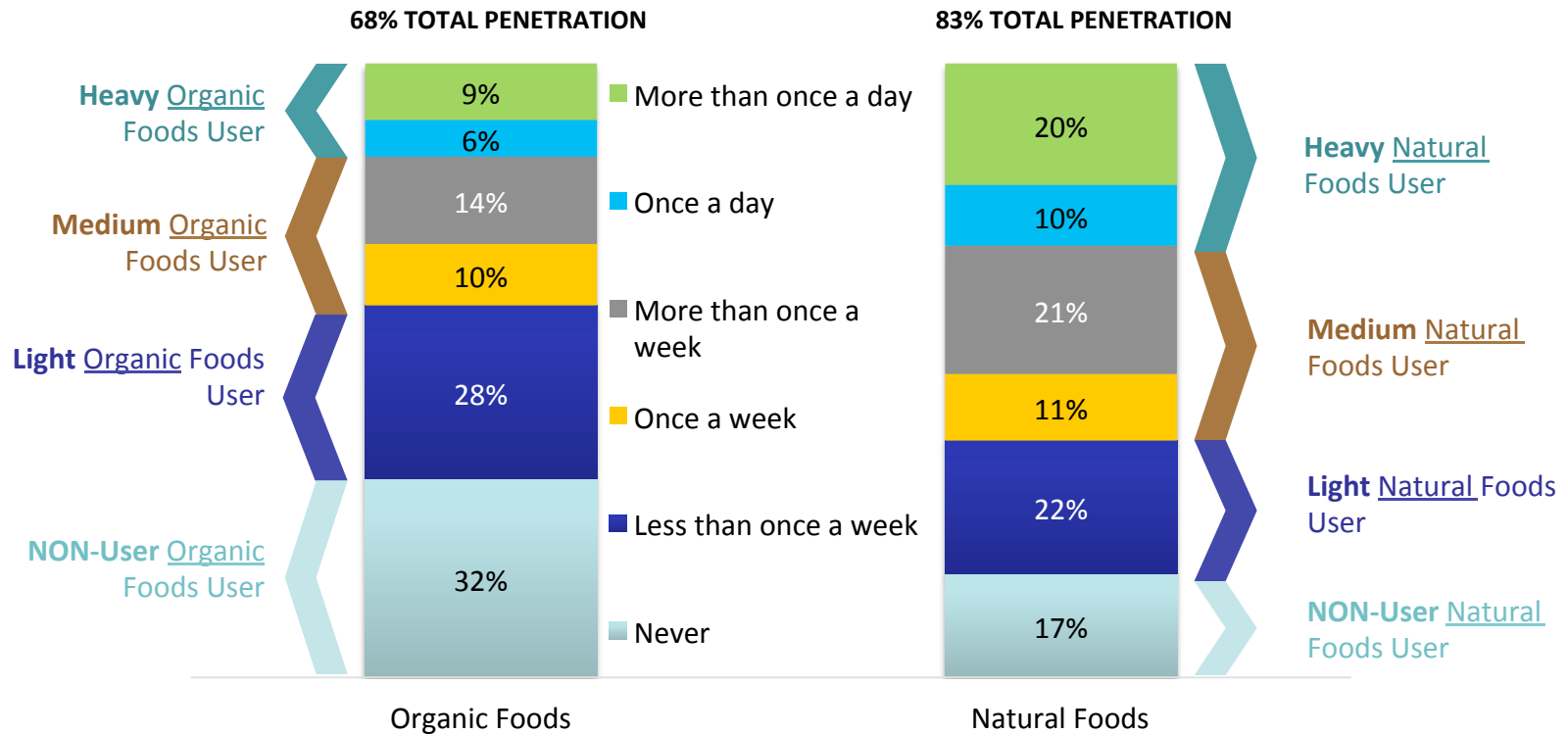
- ❑ The organic industry needs to continually educate the consumer as to the differentiating attributes of organic from natural in order to elevate the status of organic. In addition, those manufacturers involved in the natural space may need to further clarify the meaning of natural so that it does not become diluted and lose its value.

- ❑ Organic has room to grow in order to match frequency of usage to "natural"
 - ✓ Consumers are far more likely to use "natural" foods more often than "organic" foods; in fact, 60% are using "organic" less than once a week or not at all.
 - ✓ More than a third of "Natural" users use once a day or more often (classified as a "heavy" user), while only one fourth of "Organic" users fall into that category.
 - ✓ One major barrier is price perceptions for organic: a majority of consumers, including heavy organic users, say natural foods are less expensive than organic.

- ❑ 'No Added Growth Hormones' and 'Antibiotic Free' are the most important attributes for consumers if a meat is to be labeled as 'Natural'; humane treatment attributes are of secondary importance.

Roughly sixty percent of the US population are using Organic Foods less than once a week or not at all, much lower frequency than Natural.

(Q.6 - % general population indicating how often they currently use each of the following types of products)



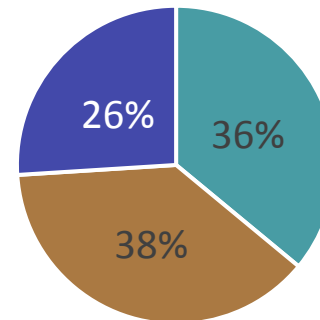
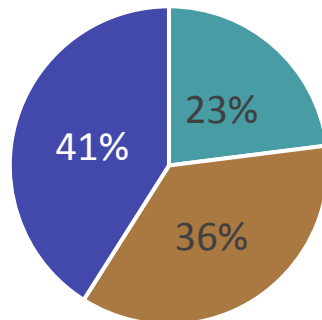
Among users, Natural food has a higher frequency of usage in the population, with more than a third using it once a day or more often (heavy use), compared to 23% for Organic consumption.

(Q.6 - % general population indicating how often they currently use each of the following types of products)

Organic Usage

Natural Usage

- Heavy User
- Medium User
- Light User



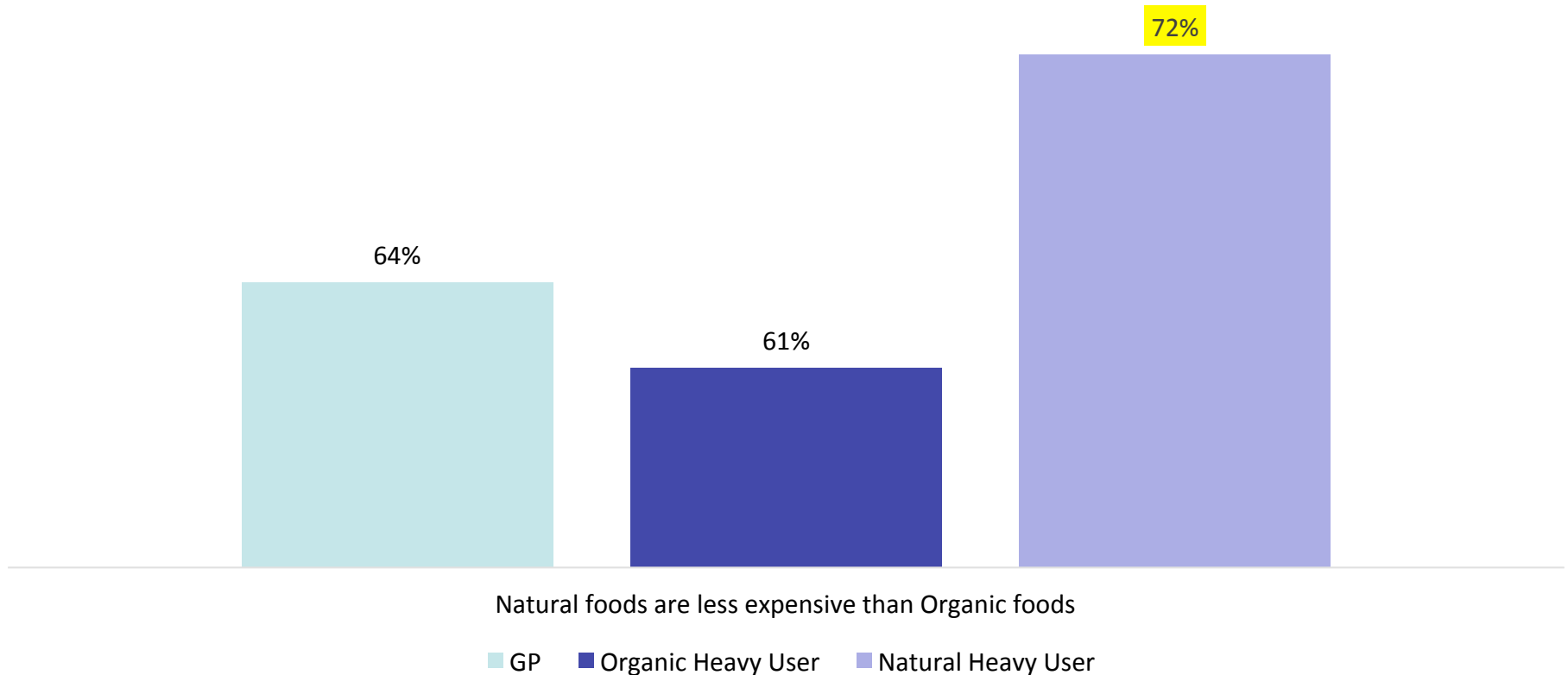
- Heavy User
- Medium User
- Light User


- Light User = Less than once a week
- Medium User = Once a week or more than once a week
- Heavy User = Once a day or more than once a day

One key barrier to increased Organic growth is the perception of higher price compared to “Natural”, especially among heavy Natural foods users, but also high among Organic users.

(Q.6 - % general population and Segment Users indicating they somewhat/completely agree with the following statements)

% completely/somewhat agrees with the following statements...

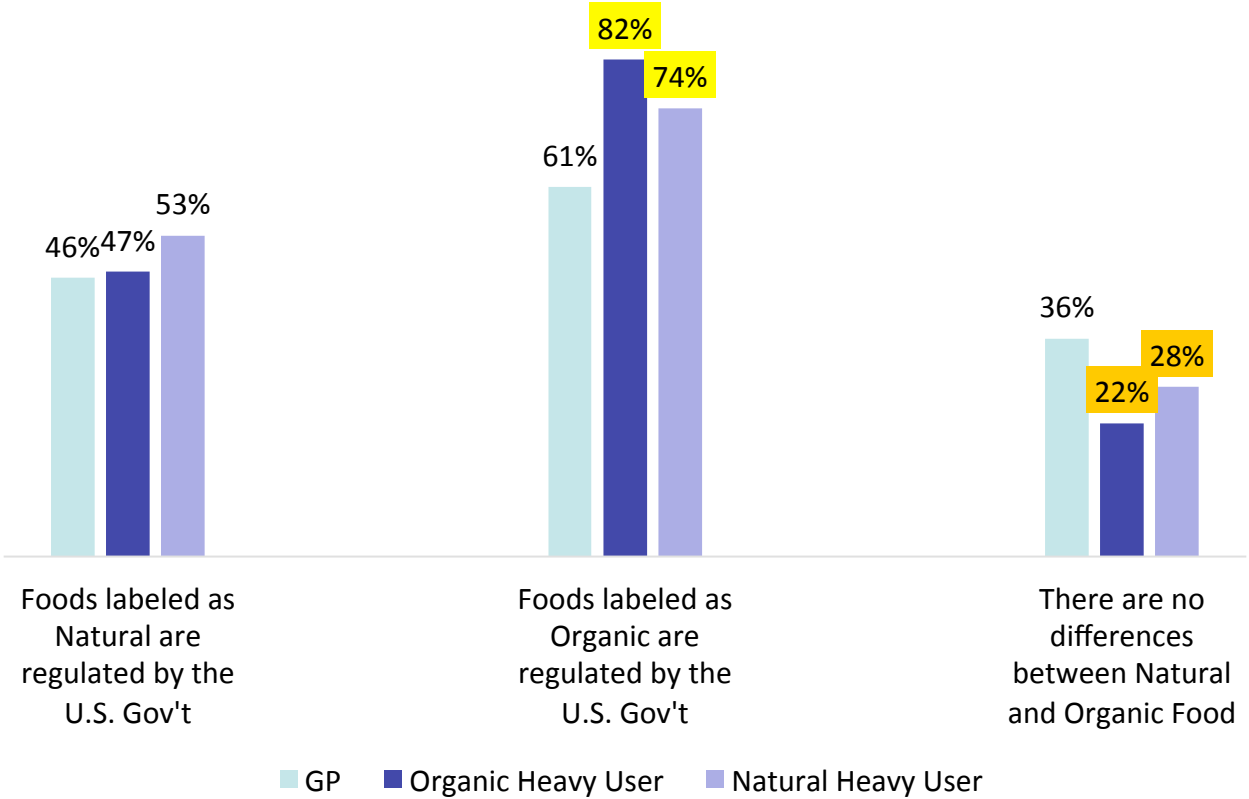


 Yellow shading denotes high index vs. GP (≥ 120)

The high degree of consumer confusion is evident across many perceptions, including one in three who do not see a difference between “Natural” and “Organic” and government regulation for these labels.

(Q.6 - % general population and Segment Users indicating they somewhat/completely agree with the following statements)

% completely/somewhat agrees with the following statements...



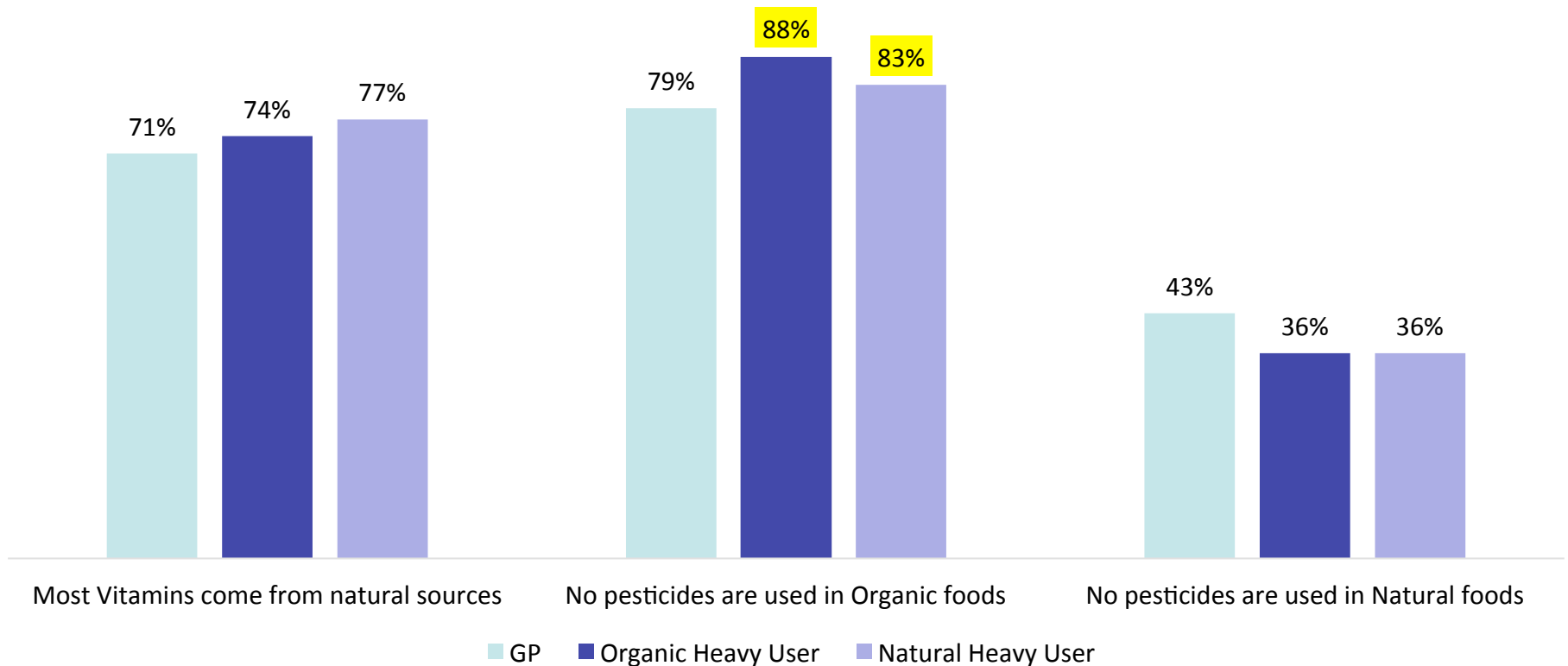
Yellow shading denotes high index vs. GP (≥ 120)
 Orange shading denotes low index vs. GP (≤ 80)



Other common misconceptions include the belief that most vitamins come from “natural sources, and that “Natural” means no pesticides are used.

(Q.6 - % general population and Segment Users indicating they somewhat/completely agree with the following statements)

% completely/somewhat agrees with the following statements...



Yellow shading denotes high index vs. GP (≥ 120)
Orange shading denotes low index vs. GP (≤ 80)

And while three-fourths of consumers perceive that Organic foods must be at least 95% free from synthetic additives, almost two-thirds expect the same thing of “Natural” foods.

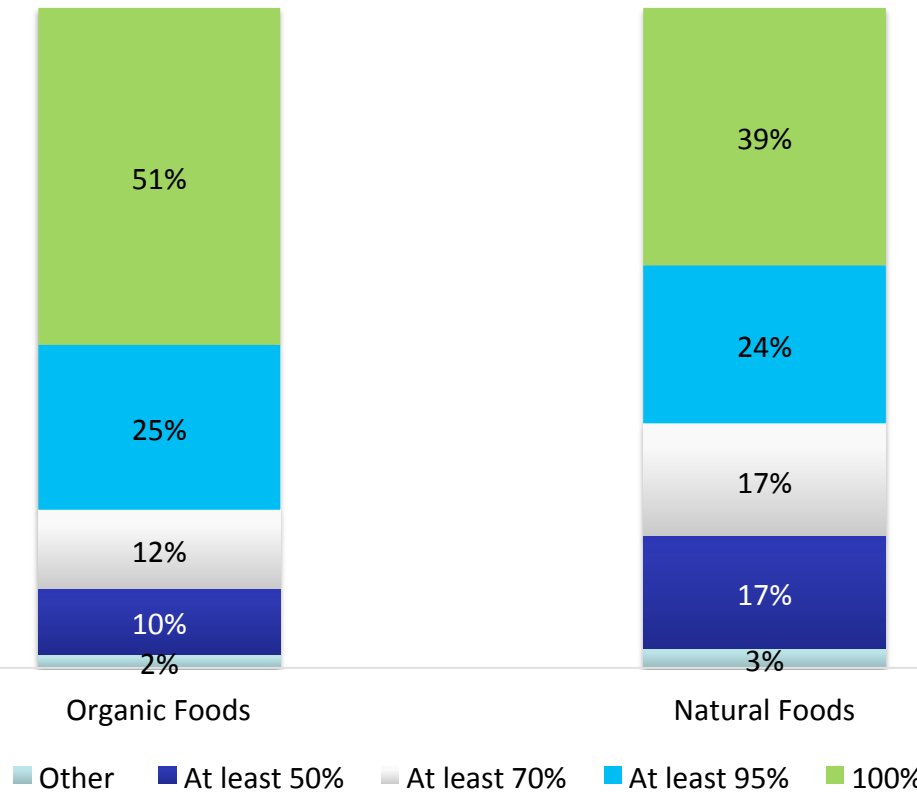
(Q.7/Q.8 - % general population indicating what % of Organic/what % of Natural food products should be free of synthetic vitamins, colors, flavors and preservatives)

What % of Organic Foods should be free of synthetic vitamins, colors, flavors and preservatives?

What % of Natural Foods should be free of synthetic vitamins, colors, flavors and preservatives?

NON-Users of Natural Foods index high vs. GP (122), indicating roughly 50% of Natural NON-Users believe Natural foods should be 100% free of synthetic ingredients

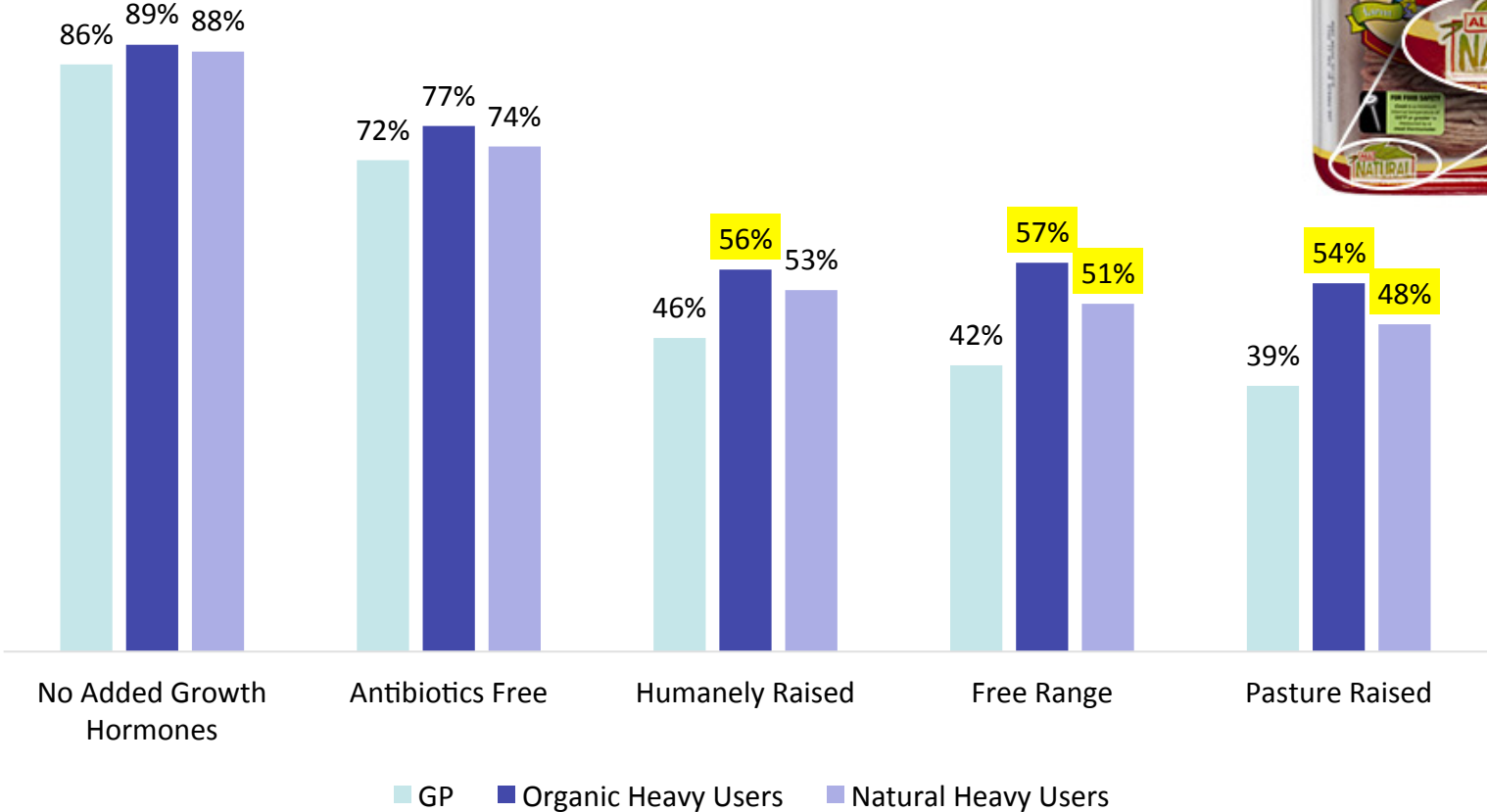
No significant differences among organic segments



'No Added Growth Hormones' and 'Antibiotic Free' are the most important attributes if a meat is to be labeled Natural, but humane treatment is a secondary concern.

(Q.9 - % general population indicating if meat was labeled Natural, it is important for it to be...)

If meat was labeled as **Natural**, it is important for it to be...



Yellow shading denotes high index vs. GP (≥ 120)

