Boosting the demand for organic products: The role of consumer trust and product availability

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Key messages

• Consumer concerns over food safety are rising in the Lao PDR.
• The Lao PDR developed a comprehensive institutional framework for organic agriculture.
• Although increasing, the demand for organic products remains low.
• Information about organic agriculture is sparse and trust in organic certification is low.
• To popularize organic farming: clearly differentiate organic standards from other standards, develop various types of certification, and improve the availability of organic products.

Southeast Asian consumers increasingly express concerns over the quality and safety of the food they eat, in a context of rising living standards, intensifying agricultural practices and deeper regional integration. Consumer awareness is also increasing in the Lao PDR in response to greater exposure to the market economy, and to a progressive modernization of the farming sector. Modernization increases the access of producers to new inputs, and the access of consumers to new products (e.g., imported goods, labelled or branded products). It also increases the distance between consumers and producers, thereby increasing consumer uncertainty about food quality.

Organic agriculture may be understood as a way to reduce the exposure of farmers, consumers and the environment to hazardous substances (e.g., chemicals, GMOs, antibiotics). It may also help governments improve food safety, support smallholder farmers engaged in traditional farming systems that preserve the environment and build resilience to climate change, and achieve competitiveness in regional and international markets. However, in a country where livelihoods are still very sensitive to changes in food prices, the access to safe food should be understood as a key element of food security, rather than as a luxury good.

Institutionalizing organic agriculture

The institutional setting for organic agriculture is quite developed in the Lao PDR. It was developed by the Swiss NGO Helvetas and the Ministry of Agriculture and Forestry (MAF) through the 2004 Promotion of Organic Farming and Marketing in the Lao PDR (PROFIL) Project. This project set the following key milestones:

2005: first national organic standards;
2006: first organic farmers’ market;
2008: creation of the Lao Certification Body and of the Clean Agriculture Development Center (implementation agency).

The term “organic agriculture” is defined as a farming system (and product) that does not use chemical inputs all along the production process as described in the Organic Agriculture Standards issued by MAF’s Decision (No. 1666/MAF.DOA, dated 30 December 2005).

Strategies to support organic agriculture have been developed, which have not yet been followed by genuinely pro-organic policies:
2011: National Agricultural Development Strategy presents organic agriculture as a way to improve the environmental and social performance of agriculture while integrating poor farmers into value-adding supply chains;

2014: National Organic Agriculture Strategy sets the regulatory framework for organic agriculture;


Multilateral donors (Asian Development Bank, FAO), bilateral cooperation agencies (Japan International Cooperation Agency), NGOs (Helvetas, OXFAM, SAEDA), and farmer groups or networks (Lao Farmers Network) have also supported the organic sector.

Food purchasing habits matter

In 2015, we interviewed over 700 consumers in organic and conventional food markets. Interviews were carried out in the capital cities of seven provinces (Champassak, Khammouane Luang Prabang, Bolikhamsay, Vientiane Capital, Vientiane Province, Xiengkhouang). The survey provides a detailed picture of the general purchasing habits of consumers, and fresh insights on their knowledge, beliefs and attitudes towards organic agriculture.

Consumers went to the conventional market every day (48%), three days a week (21%), one or two days a week (31%). Product freshness, food safety and appearance were the most valued attributes of food products. Consumers who bought organic products (240 individuals) visited organic markets once or twice per week to purchase vegetables, herbs and spices. Food safety (81%) and product freshness (53%) were the main reasons for going to the organic market; 9% of the consumers bought organic products to support local farmers, and 2% because they cared about the environment.

Barriers to organic consumption

A poor understanding of organic agriculture. Among the 316 consumers who understood the meaning of organic agriculture, 97% mentioned its benefits for health and 52% its benefits for the environment. Knowledge of organic agriculture was highly correlated with the respondents’ level of education and income. Few consumers were able to link the organic nature of a product together with how it was grown.

Consumer awareness of organic agriculture was variable among the 700 consumers interviewed. While almost six consumers out of ten had heard about organic agriculture, its precise meaning was mostly misunderstood. One consumer out of four was able to identify organic products through the logo, and only a handful of consumers knew its meaning or were aware of the existence of a standard.

From information to consumer trust. Consumers knew about organic agriculture thanks to television (28%), family and friends (25%), and banners/posters (12%). They considered television (68%), school (36%) and radio (29%) programs as the best channels to promote organic agriculture. Half of those who bought organic products put their faith in the organic logo attached to packaged vegetables or when visible at the organic market (e.g., vendor T-shirts, banners). 76% of the organic consumers had seen the organic logo before.

Trust in the farmer and the organic label was high among the 700 consumers interviewed.
For consumers who bought organic products, interpersonal relations (with the farmer, or the seller) played a crucial role in the establishment of trust. 67% of the buyers of organic products thought that the government should be in charge of ensuring compliance with organic standards. Only one consumer out of four trusted the farmers for this.

**Limited access to organic products.** In 2015, organic products could mainly be purchased on organic markets, and to a lesser extent at specialized shops. Three fully organic markets (Vientiane, Luang Prabang, Xiengkhouang) opened at specific locations on a limited number of days. The situation changed in 2017, with a greater number of outlets and opening days. The lack of information concerning organic agriculture (17%), where to find organic products (67%) and the limited availability of organic products (40%) were cited by consumers as critical reasons for not buying organic products.

**Keys to market expansion: information, trust and availability**

By helping build consumer trust in organic agriculture, the following actions could boost the domestic demand for organic products, and help the sector overcome the challenges of domestic, regional and international trade:

**Clearly differentiated standards are best.** A harmonized definition of organic agriculture should be agreed upon by the government, together with other relevant stakeholders –e.g., the Lao Farmers Network.

In 2014, the MAF launched Lao Good Agricultural Practices (Lao GAP) for fruits and vegetables. This standard was adapted from ASEANGAP: a set of rules to be followed by farmers at pre-harvest, harvest and post-harvest stages to ensure food safety. GAP standards are much less stringent than organic standards.

The distinction should be made very clear between organic and other labels (clean, safe, chemical free, GAP) or concepts (traditional, indigenous). Indeed, unprecise and interchangeable translations of “organic”, the simultaneous development of food safety standards (e.g., GAP) and the promotion of “clean”, “conservation”, “non-pesticide”, “chemical-free” and “sustainable agriculture” are a tremendous source of confusion.

**Develop a variety of certification systems.** A crucial issue when dealing with product standards is trust. Low trust in the standard will prevent consumers from making special efforts to buy the products –e.g., pay a higher price, go to a remote marketplace, give up product variety. Lost consumer trust is difficult to retrieve. Building consumer trust involves strengthening the linkages between farmers and consumers. This can be done by setting up community-driven food networks and/or Participatory Guarantee Systems (PGS). The PGS system could be the future of organic farming in the Lao PDR, given its low cost and great potential for education and dissemination.

Strengthening the existing third-party certification system is also important and involves: training and hiring inspectors; increasing the number of random inspections; communicating inspection results to the public; and sanctioning those who do not comply with the standards.

**Product diversity and availability at all times.** Improving the access of consumers to a wide variety of organic products is likely to help them bridge intentions and actions, and hence boost organic purchases. This involves ensuring that organic products are made available on traditional wet markets, where most consumers make their daily purchases of fresh products, rather than be...
limited to the organic market which is only open a few days per week. More active support must be given to organic farmer groups to develop their marketing skills and off-season production. Also, a wider range of stakeholders should be targeted, such as processors and traders. Finally genuinely pro-organic policies are dearly needed, including tax exemptions and adapted credit schemes to help increase the regularity and consistence of supply.

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References


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A few links
PROFIL (Promoting organic farming and marketing in Lao PDR) is project developed by Helvetas and the Ministry of Agriculture and Forestry of the Laos. https://laos.helvetas.org/en/projects/completed_projects/profil/

Lao Farmer Network is a network of farmer organizations established in 2014 to promote cooperation among farmer organizations. http://laofarmers.net/

ALISEA is a regional platform to network initiatives that support agroecology in Southeast Asia. http://ali-sea.org/