

Natural preference

Locally and nationwide, organic eaters find more options at better prices

By SARANA SCHELL
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When Nancy Johnson pushes her shopping cart through Anchorage grocery stores, she does something that turns the heads of grocery executives across the nation.

She buys organic, if it's convenient.

To woo the Nancy Johnsons in their stores, major grocery chains from Carrs to Costco to Wal-Mart are adding more organic products to their shelves. As bigger players get into the organic market, more volume and efficiency are pushing prices down, retailers said.

Organic food's shift from niche to mainstream has been both a help and a hassle, said Alaska organic farmers, bringing more customers and expensive federal regulation.

For Alaska shoppers, the bottom line is more organic food options more conveniently and more cheaply.

"Organic" generally refers to crops grown without pesticides and chemical fertilizers and animals raised without hormones and antibiotics.

Overall, the industry has grown by up to 20 percent a year since 1990, to around \$14 billion in sales last year, said Bob Scowcroft, director of the Organic Farming Research Foundation. That's only 2 to 3 percent of the overall U.S. food economy, said the U.S. Department of Agriculture, but it's just getting bigger as major U.S. food companies expand their offerings.

Shelves in Alaska are part of that greening. The state's Sam's Club stores held a "Going Green Gathering" in April, touting organic sugar, coffee, popcorn and more.

Fred Meyer is adding more organic products all the time, a company spokeswoman said.

Safeway went so far as to introduce a store-brand line of organic products early this year.

"Juice, milk, yogurt, pastas, pasta sauces, dressings, tea," said Glenn Peterson, Alaska district manager for Carrs/Safeway, as he rattled off some of Safeway's new O organic items. "Tortilla chips -- my wife buys those like crazy. Cookies -- the cookies are great."



Carrs/Safeway introduced a store-brand line of organic products early this year. Glenn Peterson, the company's Alaska district manager, holds frozen spinach and peas, two the of many organic products the store has integrated into store shelves. *(Photo by MARC LESTER / Anchorage Daily News)*



Organic foods, once considered a niche player in the food industry, are moving rapidly into the mainstream. The organic industry has grown by up to 20 percent a year since 1990, to around \$14 billion in sales, according to the Organic Farming Research Foundation. *(Photo by JOHN ROTTET / The (Charlotte, N.C.)*

Safeway shelves now sport around 180 new items from the company's organic brand, Peterson said, often lined up next to their regular counterparts.

News and Observer / Associated Press archive 1999)

The company's organic foods are priced higher than conventional items but lower than brand-name organic products.

A half-gallon of milk at Carrs in Anchorage on Friday was \$2.19 for the store brand, \$3.99 for O brand and \$4.19 for Outside organic brands.

"We're finding the sales are actually increasing having that selection in front of the consumer in the main grocery store," Peterson said. Some items, like the corn chips, aren't much more expensive, he said, and the organic appeal sways some customers to pay the difference. "Pricewise they're very competitive."

Price has been the sticking point for Costco's expansion into organic products, said Dale Hollingsworth, a produce buyer for the warehouse.

"We don't think anyone should have to pay a huge premium for an organic product," Hollingsworth said.

But organic items outsell the conventional items they replace, he said, so Costco keeps looking for producers who can meet its price and volume requirements.

"Volume has gone up 20 percent" in peeled carrot sales now that they're organic, Hollingsworth said.



Tomato sauce is one of Carrs/Safeway's many organic products. Placing organic products with their regular counterparts pays, said Glenn Peterson, the company's Alaska district manager. "We're finding the sales are actually increasing having that selection in front of the consumer in the main grocery store," Peterson said. *(Photo by MARC LESTER / Anchorage Daily News)*

SUPPLY SQUEEZE

Lack of availability has been a barrier, but that's changing, Hollingsworth said.

Certified organic cropland, including land for grains, fruits and vegetables, more than doubled from 1992 to 1997 and had doubled again for many crops by 2003, according to the U.S. Department of Agriculture. Organic poultry and dairy sectors grew even faster.

Still, only 0.2 percent of U.S. farmland was certified organic cropland and pasture in 2003. The apple crop was one of the highest: 4 percent of acreage.

The pressure is on to get organic produce, as evidenced by President Bush's visit to India in March. The countries agreed that India could verify that its crops meet U.S. organic standards.

"It's stunning" news, said Scowcroft of the Organic Farming Research Foundation. "These are remarkable indicators that consumer demand for organic is accelerating and the infrastructure to supply it is trying to catch up."

GOING MAINSTREAM

As Johnson, 50, pushed her cart through the Fred Meyer natural-food section recently, she said she'd become more health-conscious as she aged. Organic eggs and low-fat milk and butter sat in her cart next to nonorganic food.

Recognizing the demand for organic products, giant U.S. food companies such as General Mills and

Dean Foods have angled to snare health-conscious consumers by buying companies like Muir Glen and Horizon Organic, respectively. Now those organic players are enjoying the distribution systems and marketing muscle of their corporate parents.

Even as grocery giants acquire organic companies, Karl Solberg, general manager for Anchorage health food store Natural Pantry, said he's confident that his far wider selection will keep his niche-market customers coming. Still, he said, it's disconcerting that Costco now sells Silk soy milk more cheaply than he can buy it wholesale from a distributor in Seattle.

"With the big guys in the picture, it's kind of scary for us little independent guys," Solberg said. He also said he worried about downward pressure on quality standards and availability.

"In two years we may not be able to get the product we get now," Solberg said, because bigger buyers may have snapped it all up.

Like Solberg at Natural Pantry, the heads of organic businesses are working to define their companies' roles as the market expands.

Organic Valley, a farmers' cooperative based in Wisconsin, sold organic milk to Wal-Mart in 2004 but opted to quit when faced with supply shortages and price challenges from a competitor courting Wal-Mart, said company spokeswoman Theresa Marquez.

"We are never interested in a price war," said Marquez.

While Organic Valley turned away from Wal-Mart, California-based organic salad supplier Earthbound Farm sells to Natural Pantry now because of a partnership it started with Costco 13 years ago, said Michelle Arnold, an Earthbound spokeswoman. The company started as a mom-and-pop business that sold backyard greens to area restaurants.

"Costco was really the catalyst for us, the contract that skyrocketed us into mainstream," Arnold said. The contract required a serious distribution system the company is still expanding.

"We've always tried to get organics into the mainstream," Arnold said. "The volume has been what has allowed us to do that."

EASY BUYING GREEN

When Lori Ostrosky's daughter was 2, the Anchorage resident had a conventional-food epiphany.

"I woke up in middle of night and thought, 'I don't want to put this stuff in her body, she's so fresh and lovely and beautiful,'" Ostrosky said.

That was 11 years ago, when she was short on cash and the local grocery scene was short on organic options, so she started ordering from wholesalers.

"Back then, even now I think, it's very expensive to eat organic," Ostrosky said, and "we're in a very low tax bracket."

A few friends started piggybacking on her orders. Eventually, people around the state wanted in. She worked from her living room, then her garage, then a warehouse, then a bigger warehouse.

Along with dry goods, she does a monthly produce order.

"I've sent mangoes to Galena," she said, reveling in the idea. "Organic mangoes in Galena!"

Sarah Bean of Arctic Organics, a family farm in Palmer, is another long-time organic shopper.

"It used to be hard to buy organic," Bean said. Now, she said, she can buy almost everything her family needs organic.

Ironically, the Beans can no longer market their food as organic because they decided they couldn't afford to get federally certified.

OFFICIALLY ORGANIC

A volunteer group, Alaska Organic Association, used to certify Alaska farms as organic, but that ended in 2002 when federal organic regulations came on line. The group couldn't afford the \$10,000-plus required to become a federally approved certifying agency, said Bean and Larry DeVilbiss, head of the state's Agriculture Division.

Instead, the state now contracts with Washington state to send up an inspector. Alaska farmers split the inspector's travel costs.

Mark Rempel of Rempel Family Farm in the Butte paid around \$2,500 to become federally certified last year.

"It's not cheap," Rempel said, but he likes his customers to know he's independently certified, and he enjoys industry updates and support from an organized network. Plus, the state has federal money to reimburse up to \$500 of the cost.

Small farms that sell less than \$5,000 can skip certification and still say they sell organic produce -- they just can't say their goods are certified organic, DeVilbiss said. Bigger outfits must be federally certified to use the word or they face fines.

The Department of Agriculture said organic certification slowed the year federal regulations took effect, then bounced back.

Being organic is hip now, Bean commented.

"The mass marketing (of being organic as a concept) is helping us out in a way," Bean said. "People are seeking us out."

And the more people choose organic foods, the more new products companies keep rolling out.

And shoppers like Johnson, strolling through major grocery stores, can more easily reach for an organic alternative.

Daily News reporter Sarana Schell can be reached at sschell@adn.com or 257-4466.