Analysis of the organic food marketing – chain store companies (South Bohemia)

Analýza prodeje biopotravin – obchodní řetězce (Jižní Čechy)

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Abstract: The paper deals with the analysis of organic food selling within the chain store companies operating in the region of South Bohemia. The analysis is based on a questionnaire survey done in 2007 the aim of which was particularly to check the organic food selling strategies, product mix, selling conditions and culture in the particular chain store companies, finally at the end to define strengths and weaknesses, opportunities and possible threats. Following the analysis of the lists of offered products, the authors have determined the so-called chain stores of "good practice". These chain store companies are characterized by a quite wide organic food assortment, a developed sales promotion and they try to co-operate with customers and provide them with the needful information on organic foods.

Key words: organic foods, chain store company, product mix, regional organic product

Abstrakt: Práce je zaměřena na analýzu prodeje biopotravin v rámci obchodních řetězců operujících na území Jihočeského kraje. Analýza se zakládá na dotazníkovém šetření, provedeném v roce 2007. Cílem dotazování bylo především zmapovat strategii prodeje biopotravin, sortimentní skladbu, podmínky a kulturu prodeje v rámci jednotlivých řetězců. V závěru pak vymezit silné a slabé stránky prodeje, příležitosti a možná rizika. Na základě analýzy nabídkových listů byly vybrány obchodní řetězce tzv. „dobré praxe". Tyto řetězce se vyznačují poměrně širokým sortimentem biopotravin, mají rozvinutou podporu prodeje a snaží se spolupracovat se zákazníky a poskytovat potřebné informace o biopotravinách.

Klíčová slova: biopotraviny, obchodní řetězec, sortimentní skladba, regionální bioprodukt

The consumers' interest in quality food in form of organic products increases in every developed country. The growth of interest is visible also in the Czech Republic. The organic food market size is there still not so big at present; however, there is a distinctive potential of increase.

Organic farming

In the developed European countries, in Japan and North America, organic farming and organic food consumption started to become a widespread phenomenon in the 1970s, when the consumer awareness of environmental and health issues grew leading to a willingness to pay premium prices for organic foods. In the 1980s and 1990s, when the standards were set and some governments introduced organic aid schemes for farmers, organic farming became officially recognized (Aschemann et al. 2007). Growing consumer interest, partly induced by food scandals, led to the engagement of the major food multiple retailers, and this in turn to a growth of the market through a greater availability and recognition of the products. In 1985, the certified organic production (the areas in stage of conversion included) in the EUcountries represented 100 000 ha, with 6 300 agricultural enterprises farming on it. It means less than 0.1% of the total agricultural land (Alterová 2004).

In 2000, after the finishing of the large survey of the EUROSTAT, 3 823 306 ha of agricultural land

Supported by the Ministry of Education, Youth and Sports of the Czech Republic (Project MSM No. 6007665806).

were worked in the EU 15 in compliance with the principles of organic agriculture (the areas in the stage of conversion to the organic way of farming included). In comparison with the year of 1998, the increase of the areas amounted to 70%. Nevertheless, it meant only about 3% of the total agricultural land in the EU (Javůrková 2003; Agra Europe 2003). In 2003, there was accepted a reform of the Common Agriculture Policy which gave to the EU agriculture, according to the European commissionary Franz Fischler (Alterová 2003), a more ecological dimension. The EU has declared a strong interest to develop organic agriculture as a basic element of sustainable development what is proved by the European Action Plan of Organic Food and Farming (2004). According to the European Commission statistics, there were around 5.7 million hectares of certified organic land in the EU 25, representing about 3.6% of the total agriculturalarea in 2006. Austria has the highest percentage of organically farmed agricultural land in Europe (13% of the total agricultural land in 2006, 16% were estimated for 2007), with around 10 percent of Austrian farms registered as organic in the same year.

Organic agriculture has been developing in the Czech Republic since 1990. In 1990, only three farms were working according to the principles of organic farming. Up to the end of 2003, Czech organic farming has marked an important increase (810 farms working on the area of 254 995 ha, which was 5.97% of the total agriculture land of the Czech Republic. The increase has continued, after a temporary stagnation, even in the following years. By the end of June 2008, 1 766 organic farmers were farming on 333 727 ha which represents 7.84% of the total agricultural land. The number of organic food producers has increased to 375 (Valeška et al. 2008). This situation overreaches the average of the EU countries.

The development of Czech organic farming is apparently much shorter than in the "Western countries". Zagata (2007) points out that the current form of organic farming in the USA and the West European countries still refers to fundamentals and values of the previous social movement. He queried about the potential handicap of such a "lack of tradition" in organic farming in the Czech Republic. The long development of organic farming in Western countries (in some of them even since the end of 19th century) resulted to the formation of specific segments of consumers seeking for and demanding organic food whereas the demand for organic food in the Czech Republic is very low. It seems to be a problem in the Czech Republic, that the strong support of organic farming was misused as a way of how to get money. One of results of this is that a big part of organic farming is represented by permanent grass areas.

Jánský and Živělová (2007) stated that the total amount of subsidies to the organic farming has strongly increased in the Czech Republic (from 48 million CZK in 1998 to 277 million CZK in 2004). In 2006, this amount was almost 306 million CZK and in 2007, 540 million CZK were required by organic farmers (Valeška et al. 2008). Part of these subsidies was destined to the conversion of farms from conventional to organic farming. Another part represents compensatory payments per unit of the area of organically farmed land. The opinion presented by Jánský and Živělová (2007) is that it is necessary not only to support the production of organic products but also to improve the processing and distribution of organic food and to educate consumers and to inform them about the benefits of organic farming. This opinion corresponds well with the statements of Zagata (2007) about the high support of organic farming. The current situation in the organic food market is still rather the push than the pull system.

Organic food market

In the USA, the interest in organic food strongly increased, which is confirmed by the trend in the turnover – from 3.6 billion USD in 1997 to 16.7 billion USD in 2006 (Sewel 2007).

In 2004, according to the report of the European Commission (2005), the EU market for organic products is estimated to have represented about 11 billion EUR, for comparison the EU 15 final agricultural production was 225 billion EUR in 2004. Germany was the largest national market in Europe with a share of about 30% of the total EU market volume (3.5 billion EUR), national markets with organic products sales of more than one billion Euro are in the United Kingdom (1.6 billion EUR), Italy (1.4 billion EUR) and France (1.2 billion EUR).

Market growth rates in most OECD countries are estimated to range from 15% to 30%. According to Hallam (2004), the rapid expansion of the market for organic foods has been linked with the shifts in the structure of retailing. The big chain store companies have played a significant role in bringing organic products to a wider market.

In 2006, the Czech organic food market has achieved 760 millions CZK, which represents an annual increase of 58.5% (Václavík 2007). In the next five years, the expected increase will vary between 30% and 40%. According to the estimations, the organic food trade will reach 2.5 billion CZK in 2010. Although the most experienced in selling organic products are the healthy food shops (specialized shops) offering also the widest assortment of organic products (Živělová, Jánský 2007), the considerable increase of sales in 2006 was caused particularly by an increased supply of organic foods by the chain store companies when e.g. the Billa supermarkets and the Interspar hypermarkets have extended their offer of organic foods by fresh fruits and vegetables, dairy products and baked goods (Kaspříková, Kotásková 2007). A similar example is the Delvita that has, in the moment of the survey (2007), offered both an extended assortment and an active promotion of organic products (actually, the Delvita has later left the Czech market – its stores were bought by the REWE Group). Another impulse was the extension of organic food assortment in the drugstore chain dm drogerie markt, which offers in its 150 stores organic foods with the private label AlnaturA for favourable prices. Interesting findings were brought by a research by the PRO-BIO LIGA in 2007 comparing prices of organic food and conventional food in both chain store companies and specialized shops. Generally, the organic food is more expensive than the conventional food, there are, however, some kinds of organic food which are cheaper than the conventional one. When comparing organic food prices in the chain store companies and in specialized shops, the research has shown that organic food in the chain store companies can be bought slightly cheaper than in specialized shops. Another research by the PRO-BIO LIGA (in May 2008) has shown a rather different picture of prices (in Valeška et al. 2008). There are some products that were sold for higher prices than in the specialized shops (e.g. potatoes, apples or pig meat).

Managers of most of the chain store companies lively react to the dynamic growth of the organic food demand.

The particular chain store companies differ one from another by their approach to the organic food selling. Some chain store companies have prepared development programs aimed at the organic food. Their parts are the establishment of contacts with regional producers and processors of organic production, the development of selling strategy, preparing of partial marketing actions, training of the staff etc. Many chain store companies started to use organic products to improve their image. We can also find a number of private labels used for organic food. It is true that these private labels are usually used together with a certified label of a product of organic farming. In the point of sales promotion, the chain store companies use also their leaflets and newspapers, advertisements in the in-store radios or on trolleys, billboard advertisement, consumer competitions, floor advertising etc.

Generally, the offer of organic products is insufficient regarding the demanded width and depth in the chain store companies. There is an insufficient supply of the domestic organic food for chain store companies because of the small production volumes and the problems with delivery. Moreover, in spite of an effort of the chain store companies to offer a wider range of organic food, the availability of processed food products is still very limited. Wier and Calverley (2002) note that it can be difficult for a busy consumer to find the time necessary to buy and prepare food according to a diet of organic foods.

Contrary to the small variety of the offered organic foods, the volume of sales is quite important. The big multiple retailers' market share reaches even more than 60% in the Czech Republic (Průšová, Zemanová 2004).

The connection with chain store companies is possible mainly for organic food wholesalers (permanent delivery of big volumes) and it entails a continuous stress on the price-cutting and adjustment to the exacting demand. Most of chain store companies are not interested in products of organic quality originating from regional producers (suppliers) because they work on the national level.

Local food

Local food (also regional food or food patriotism) or the local food movement is a "collaborative effort to build more locally based, self-reliant food economies – one in which sustainable food production, processing, distribution and consumption is integrated to enhance the economic, environmental and social health of a particular place" (Feenstra 2002).

Private labels

Some multiple retailers sell also organic food with their own brands – private labels. In 2003, private labels constituted a share of about 45% of organic products sold in the German market (Jonas, Roosen 2004).

According to Hesková (2003), there are three kinds of private labels common in the Czech commercial practice: economic, standard and premium private labels. Using the category of economic private labels is not financially manageable in case of organic food. The use of organic food within the standard private labels category is possible in case of some kind of organic food being produced in bigger volumes. Premium private labels are convenient for high quality organic food products.

By offering goods that conform to the benefit perception of consumers, retailers can compete successfully with the market leading brands (Jonas, Roosen 2005). Therefore, it is important that retailers place premium private labels in the food market and not only "No Names". In Germany, organic private labels belong to the class of premium private labels and represent the attempt of retailers to develop such brands. They have achieved a considerable market share. The large share of organic private labels may evidence the buyer power of food retailers. Marketing private labeled organic products fosters the diffusion of organic products, wins the customer loyalty, enhances the independence from producers and strengthens the group integration and the motivation of employees (Funck 2001 in Jonas, Roosen 2005).

OBJECTIVES AND METHODS

The subject of the presented analysis is the supply of organic foods by chain store companies in the South Bohemia. The presented results are a part of the research project of the University of South Bohemia MSM 6007665806. As one of the objectives of this project, we explore the potential of selling organic food originating from the South Bohemia (mountain and sub-mountain areas) in chain store companies and the possible forms of co-operation of the regional organic producers and the chain store companies operating in the region. The research was done in 2007.

Objectives

The main objective is the organic food selling analysis in the chosen chain store companies (South Bohemia). Namely, it means to discover the selling strategy of the particular multiple retailers, the assortment structure, the conditions and culture of selling organic foods and finally, the definition of strengths, weaknesses, opportunities and threats of selling.

Methods

In order to find out the information needed, a questionnaire was composed and sent to the central offices of 12 chains operated by 10 chain store companies. Managers of 2 chains – the Billa and the Globus – have refused to answer our questions. For the chains Albert and Hypernova, we have obtained a questionnaire filled by a manager of the Ahold, the home company of both chains.

With the aim to get detailed information of offered organic foods in the particular supermarkets and hypermarkets, we have prepared lists of products with a detailed break down of the organic assortment units. These lists were filled always in 40 particular stores belonging to the particular chains (including the Billa and the Globus), in order to ensure a higher level of objectivity. Thus, in that case, we have visited directly the stores of the explored chains and we have dealt with the managers of the particular stores. We have checked the actual presence of organic food products in the stores. The questionnaires and lists of products were processed and analyzed with the aid of the Microsoft Excel program. Simple statistic methods were used – descriptive statistics.

For the survey, we have chosen the following chain store companies:
– Albert
– Billa
– Jednota, spotřební družstvo České Budějovice (COOP TERNO, TREFA and TUTY)
– Delvita (stores were recently taken over by or are now in process of being taken over by the group REWE – supermarkets Billa)
– Globus
– Hypernova
– Interspar
– Kaufland
– Lidl
– Penny Market
– Tesco
– Plus.

The survey encompasses also a chain store company that is selling mostly a drug-store assortment – the dm drogerie markt (Table 3). The reason is that this company importantly extended its assortment in its stores by the offer of organic products in the last years. With respect to a different profile of assortment in this case, we have not used the standard questionnaire as in the case of other questioned chain store companies.

Questionnaire survey – outcomes

The structure of organic food supply in the particular stores of the above-mentioned multiple retailers is shown in 10 tables.

Eleven of twelve analyzed chains have organic foods in their assortment. According the managers' answers, the average share of organic food on the whole assortment of chain stores represents 1.03%, 55.67% of which are organic products produced by Czech organic farmers (e.g. products with the Czech Republic as a declared country of origin). The concrete structure of the organic food offered in the particular chain store companies is to be seen in the enclosed Tables 1–10.

All the 12 chains include in their offer of organic foods the following commodities: mill products, soya products, pulses and dairy products. The market distinctively misses the offer of fruits and vegetables. Most of the retailers consider the supply of eggs, dairy products and baked goods as very deficient. The strongest sales dynamics was noticed in the matter of dairy products, mill products, pulses and vegetable bouillons. The most frequent reason to include organic food into the assortment is to satisfy the consumer demand, to extend the selling assortment or to provide customers with quality products. The main obstacle for a larger participation of organic food in the assortment structure in chain stores is the high price of organic products. Other cited obstacles are the low consumer demand and problems with delivery.

In all chain stores, organic foods are sufficiently indicated in the point of sale. All chain stores deal with the organic food promotion. The most used way of organic food promotion is through the leaflets.

Evaluation of the organic food supply

Chain store companies evaluated the quality of the sold organic products by an average grade 1.67 (using the scale 1–5, 1 – high quality, superior to the conventional food; 5 – low, questionable quality), which could be considered as a high quality, surpassing the quality of the conventional food. Multiple retailers do not see any difference between the quality of Czech organic products and the imported ones.

However, regarding the general offer of organic products in the Czech market, the average evaluation grade "awarded" by the managers is 2.83 (using the scale 1–5, 1 – very good offer; 5 – very bad offer). This grade could be further specified as a "passable" situation of the market. As concerns the development of the organic food sales in the Czech Republic, the managers of the chain store companies expect a moderate increase in the future. Being asked about their opinion concerning the development of the share of organic food in their assortments, the managers have predictd the development as "very dynamic", in few cases as "gently increasing".

Structure of suppliers and food products according to their origin – perspective for local ones

The most frequent suppliers for the chain store companies are wholesalers and organic food producers. The wholesalers represent more than a half of all supplies. Organic farms deliveries are minimal. Multiple retailers evaluate the general level of their suppliers by the grade 2.17, which represents a quite high satisfaction. The most often cited negative experience of the chain stores related to the delivery of organic foods is an incomplete overlaying of deliveries, a narrow assortment of the supplied organic foods or the non-existent competition of suppliers.

In the question regarding the "South-Bohemian organic products" sales, the chain stores have answered rather negatively. Organic products from the South Bohemia were offered only by the Delvita, namely meat and delicatessen. These products exist, however, only in the written list of products offered by the Delvita. We did not register any product in its shops in the South Bohemia.

The interest to offer organic foods from the South Bohemia was declared by the chain store companies Interspar, Jednota, spotřební družstvo České Budějovice and the Delvita. The Interspar and Jednota were interested in the supply of bio- eggs, dairy products, fruits and vegetables. The Delvita was concerned with the potential supply of baked goods, fruits and vegetables.

The chain store companies Interspar, Jednota and Delvita prefer local organic products in the regional markets. The Interspar saw an advantage of offering local organic products in the possibility to offer fresh food. The advantage for the Jednota is the flexibility of delivery and also the economic advantage (low transport costs). For the Delvita, the advantage consisted in addressing local consumers and in a lower price sensibility of local inhabitants towards "their own" products.

Among the main obstacles restraining the sale of regional organic food Interspar cited a small offer of organic food by local suppliers and the "complication of regional organic food delivery when using a central storehouse supplies". The main obstacle for the Jednota was a small variety and a low volume supplied. The Ahold, Tesco and Delvita declared "the impossibility of central management" as a main problem. The Kaufland perceived a low consumer demand.

The prospective possibility of a direct co-operation is frequently assessed as impossible, except the fact that the chain store companies Interspar, Jednota and Delvita. Interspar and Jednota are interested in co-operation by the means of take-off contracts. The Delvita was interested in co-operation through the supply to the central storehouse.

The Jednota and Delvita would welcome the rise of sales co-operatives operating in the fields of organic farming. Thus they would obtain the perspective trade partners. The Interspar would appreciate this kind of co-operation only in case of the existence of one countrywide union with strict rules and control.

Table 1. Offer of organic food in the Billa

Food	%	Food	%
Mill products (flours, grits)	5	Herbal teas	2
Flakes (wheat, rye, oat, barley)	2	Fruit juices and extracts	9
Buckwheat (peeled or not, flour, flakes…)	7	Vegetable bouillon	2
Amaranth	2	Ketchup	2
Rice	2	Vinegar, oil	4
Pulses	9	Maple syrup	2
Dairy produces	9	Wine	2
Fresh baked goods	2	Pasta	7
Durable baked goods	7	Müsli bar	4
Sugar, honey	2	Cornflakes	2
Dried fruit	5	Crackers	2
Nuts, pumpkin and sunflower seeds	2	Rice thins	2
Coffee, tea	4	Other organic food	4

Source: Own survey

Table 2. Offer of organic food in South Bohemia (the Delvita)

Food	%	Food	%
Mill products (flours, grits)	6	Imported fruits	2
Flakes	1	Fruit juices and extracts	10
Rice	1	Jams and jellies	4
Pulses	2	Stewed fruits	1
Dairy produces (cow)	10	Home-grown vegetable	2
Milk powder	1	Spices	4
Soy products (beverages, yoghurts, meat, tofu)	4	Crackers (rice, children's thins)	4
Eggs	1	Pasta	3
Durable baked goods	2	Sterilized Vegetable and pulses, pickles	9
Sugar, honey	1	Ketchup	2
Coffee, Tea, Cocoa	11	Other organic food	10
Herbal tea	4		

Source: Own survey

Table 3. Offer of organic food in the Dm-drogerie markt

Food	%	Food	%
Mill products	2	Fruit juices and extracts	5
Flakes	9	Salt sticks	2
Rice	5	Fruit bars	14
Pulses	11	Oil	5
Durable baked goods	2	Pasta	2
Sugar, honey	5	Vinegar	2
Dried fruits	14	Sweets	5
Nuts	5	Salt	2
Herbal tea	9	Children food	2

Source: Own survey

The organic meat production from the South Bohemia ends up as a conventional product in 70% of cases. In the opinion of chain store companies Interspar, Delvita and Ahold, a possible sales potential exists within their stores. Only the chain Delvita considered to start its own processing in the field of organic products, but only as concerns the meat processing directly in stores.

Table 4. Offer of organic food in the COOP TERNO

Food	%	Food	%
Mill products	3	Dried fruits	3
Flakes	2	Nuts, pumpkin and sunflower seeds	3
Buckwheat	1	Tea	1
Rise	3	Herbal tea	1
Pulses	4	Fruit juices and extracts	4
Dairy produces (cow)	29	Jams and jellies	3
Dairy produces (sheep)	1	Stewed fruits	1
Milk powder	3	Vegetable bouillons	2
Soya products	5	Müsli bars	3
Soya yoghurts and desserts	1	Soup HOPI	1
Soya beverages	3	Sweets	3
Eggs	1	Pasta	5
Fresh baked goods	8	Spreads	1
Durable baked goods	1	Beer	1
Sugar, honey	1		

Source: Own survey

Table 5. Offer of organic food in the Interspar

Food	%	Food	%
Mill products	2	Nuts, pumpkin seeds	2
Flakes	1	Coffee, Tea, Cocoa	9
Buckwheat	3	Herbal tea	3
Rice	2	Fruits	9
Pulses	5	Vegetable	9
Dairy produces (cow)	19	Fruits juices and extracts	4
Dairy produces (goat)	1	Jams and jellies	4
Milk powders	3	Vegetable bouillons	3
Soya yoghurts and desserts	2	Spice	2
Soya beverages	3	Pasta	6
Fresh baked goods	1	Frozen vegetable	5
Sugar, honey	1	Oil	2
Dried fruits	1	Others	7

Source: Own survey

Table 6. Offer of organic food in the Hypernova

Food	%	Food	%
Mill products	3	Herbal tea	3
Flakes	6	Fruit juices and extracts	12
Buckwheat	3	Jams and jellies	5
Rice	1	Vegetable bouillons	1
Pulses	8	Spice	5
Dairy production	5	Pasta	3
Soy beverages	4	Rice thins	5
Sugar, honey	1	Müsli bars	5
Dried fruits	1	Chips	3
Nuts	1	Couscous	3
Coffee, tea, cocoa	5	Others	18

Source: Own survey

General imperfections in the offer of chain stores

Approximately 60% of the total volume of organic food is sold through chain store companies in the Czech Republic (Václavík 2007a, 2007b), although the offer is much narrower compared with the “healthy nutrition” shops . The offer of organic food in chain stores is not complex; the possibility of choice is strongly limited, the offer does not encompass all kinds of assortment. To be more simple: A customer cannot buy all organic foods needed in one supermarket and in that volume as it exists in the case of conventional food. In order to buy all organic foods needed, he/she has to go to more supermarkets, which are complementing each other in their offer.

A very deficient commodity in the offers of chain stores is organic meat and organic meat products. They were not a part of any explored chain store offer in the South Bohemia, even if the demand for organic meat is quite high. The hypermarkets Hypernova offer the organic meat with a private label “Selský dvůr” in big towns. However, nowhere in the South Bohemia, not even in České Budějovice, this product is part of the Hypernova’s assortment.

A substantial commodity missing in the offers of chain stores are fruits and vegetables.

Table 7. Offer of organic food in the Albert

Food	%	Food	%
Mill products	5	Tea, coffee	2
Flakes	3	Herbal tea	9
Buckwheat	3	Fruit juices and extracts	6
Rice	2	Vegetable bouillons	2
Pulses	8	Spice	6
Dairy production	8	Pasta	3
Soy beverages	5	Müsli bars	6
Fresh baked goods	2	Oil	3
Durable baked goods	2	Fruit mash	5
Sugar, honey	3	Bolognese sauce	6
Dried fruits	3	Others	8
Nuts	5		

Source: Own survey

Table 8. Offer of organic food in the Kaufland

Food	%	Food	%
Mill products	11	Sugar, honey	6
Flakes	5	Coffee, tea, cocoa	8
Buckwheat	8	Fruit juices and extracts	8
Rice	6	Jams and jellies	3
Pulses	11	Spice	3
Dairy products	3	Others	22
Soya beverages	6		

Source: Own survey

Table 9. Offer of organic food in the Tesco

Food	%	Food	%
Mill products	8	Sugar, honey	6
Flakes	6	Coffee, tea, cocoa	2
Buckwheat	4	Herbal tea	4
Rice	6	Fruit juices and extracts	17
Pulses	6	Vegetable bouillons	2
Dairy products	21	Couscous	2
Milk powder	2	Apple mash	2
Soya beverages	2	Biscuits (US cookies)	6
Durable baked goods	2		

Source: Own survey

Table 10. Offer of organic food in the Globus

Food	%	Food	%
Mill products	7	Dried fruits	1
Flakes	14	Nuts, pumpkin seeds	4
Buckwheat	4	Coffee, tea, cocoa	1
Rice	4	Fruits	4
Pulses	6	Vegetables	3
Dairy products (cow)	3	Fruit juices and extracts	3
Milk powder	4	Vegetable bouillons	1
Soya products (tofu, beverages)	19	Pâtés	8
Sugar, honey	3	Others	10

Source: Own survey

Other organic products are included in the offers of chain stores only in limited volumes (see Tables 1–10).

Amaranth – it is offered only by the Billa (see Table 1);

Goat and sheep dairy products – a small-scale offer of goat products exists in the Delvita, Hypernova (see Table 6), Interspar (see Table 5) and COOP TERNO (see Table 4). Sheep dairy products can be bought only in the Delvita;

Soya products – soya meat and tofu take part of the assortment only in the chain stores Delvita (see Table 2) and Globus (see Table10). Soya yoghurts and desserts are sold by the Delvita, Interspar and COOP TERNO. Soya drinks are present on a larger scale – we can find them in the Albert, Delvita, Globus, Hypernova, Interspar, Kaufland, COOP TERNO and Tesco (see Table 2 and 4–10);

Stewed fruits – chain stores do not include stewed fruits in their assortments. The only sterilized fruit product found is apple mash – in the Delvita and Interspar

Eggs – offered only in the Delvita and COOP TERNO;

Alcoholic drinks – the only alcoholic drinks are organic beer in the COOP TERNO and red wine in the chain Interspar;

Vegetable salads, cereal, leguminous and soya spreads – these products were not found in the assortment of the chain stores;

Ready-to-serve foods – these products were not found in the assortment of the chain stores.

TOP chain stores with regard to the offer of organic food

Following the analysis of the offer of the chosen products, they were determined the so- called "chain stores of good practice" (with the biggest number

Table 11. Assessment of chains of good practice (number of organic food items present in the offer)

	Interspar	COOP TERNO	Billa	Delvita
Mill products and flakes	6	7	4	6
Pulses	9	6	4	3
Dairy products	35	42	5	9
Durable baked goods	1	1	1	2
Fresh baked goods	2	12	1	0
Fruits	16	0	4	2
Vegetables	8	0	4	1
Fruit juices and extracts	8	6	2	9
Eggs	0	1	0	1
Meat	0	0	0	0
Total number of analyzed organic foods	85	75	21	31

Source: Own survey

of kinds of organic food products present). They are the Interspar, COOP TERNO, Billa and Delvita Table 11). These chains have quite wide offer of organic food, they sufficiently promote organic food and are interested in the co-operation with regional organic food suppliers. It is obvious, however, that the organic food share within the whole assortment is very small (e.g. the Interspar offers approx. 20 000 food items)

The best results found in the explored stores were in the COOP TERNO – 42 individual organic food dairy products – just to get an idea about the structure of this offer, we list here the whole list of organic products found (the manager declared 66 organic dairy products in the regular offer):

Bio drink jogurtový brusinka – černý rybíz 0.5 l
Bio drink jogurtový jahoda 0.5 l
BIO Frischkase s bylinkami 175 g
Bio Jogurt bílý 3.6% tuku 200 g
Bio Jogurt drink bílý 500 g
Bio Jogurt jemný 150 g
Bio Jogurt na ovoci – borůvka 180 g
Bio Jogurt na ovoci – černý rybíz/vanilka 180 g
Bio Jogurt na ovoci – jahoda 180 g
Bio Jogurt na ovoci – malina/citron 180 g
Bio Jogurt na ovoci – mango/vanilka 180 g
Bio Jogurt na ovoci – mango-broskev 180 g
Bio Jogurt na ovoci – třešeň 180 g
Bio Jogurt ovocný Birchermusli 150 g
Bio Jogurt ovocný broskev, meruňka 150 g
Bio Jogurt ovocný jahoda 150 g
Bio jogurt smetanový borůvka 150 g
Bio Jogurt smetanový mango/vanilka 150 g
Bio Jogurt smetanový třešeň 150 g
Bio Jogurt vanilkový na ovoci-lesní ovoce 180 g
Bio jogurt vanilkový na ovoci-třešeň 180 g
Bio Máslo 82% tuku 250 g
Bio Mléko kozí jogurtové 0.5 l
Bio Nápoj jogurtový – banán 200 g
Bio Nápoj jogurtový – ostružina/černý rybíz 200 g
Bio Nápoj syrovátkový mango – jablko 500 g
Bio Smetana kysaná 200 g
Bio Smetana sojová 250 ml
Bio Smetana sójová ke šlehání 300 ml
Bio Sýr "Frischkäse" natur 175 g
Bio Sýr Bioeidam Mandava 30% 200 g
Bio Sýr Bioeidam Mandava 40% 200 g
Bio Sýr kozí bílý přírodní
Bio Sýr Kozí máslový – plátky 125 g
Bio Sýr kozí pažitkový
Bio Sýr kozí pepřový
Bio Syrovátka sušená – Amálka 500 g
Bio Sýr plátkový Alpenländer s bylinkami 150 g
Bio Sýr plátky – Alpenländer 150 g
Bio tvaroh odtučněný 250 g
Bio Tvaroh ovocný broskev+maracuja 140 g
Bio Tvaroh ovocný jahoda 140 g

SWOT of the organic food selling in chain stores

– defining of the strengths and weaknesses of organic food selling in chain stores, including the potential opportunities and threats

Strengths o fthe organic food selling in chain stores

– Slightly lower prices than in the specialized shops of "healthy nutrition";
– Big sales volume of organic foods (big number of customers);
– Sufficient place + good equipment
– Own processing facilities (bakeries)
– Private labels of chain store companies ensure the quality parameters and promotion

Weaknesses of the organic food selling in chain stores

– Generally narrow and shallow assortment structure as concerns organic food;
– Incomplete offer of products in bio quality;
– Low knowledge of the problems of organic foods on the part of the selling staff in some chain stores;
– Minimum scale of services (of the informational nature);
– Central supply – problematic use of the regional organic products.

Opportunities for the organic food selling in chain stores

– Growth of the organic food market (new producers, importers)
– Growth of interest in organic foods on the part of consumers due to a higher awareness;
– Rise of sales co-operatives able to ensure a sufficient volume of supply.

Threats for the organic food selling in chain stores

– Low interest in organic food on the part of consumers;
– Most of customers of chain stores prefer cheaper food
– Low number of wholesalers – an insufficient competition environment;
– Predominance of small organic farms and organic food producers unable to ensure the supplies volume demanded by chain stores
– Small opportunity for regional suppliers.

CONCLUSION

Although the organic food market shows a big annual growth even in the Czech Republic, it still battles with weaknesses. A life-style preferring organic foods has not sufficiently spread in the Czech Republic yet, the purchase of organic food is often casual. Nevertheless, the supply falls behind demand. For instance, meat and milk, eggs, fruits and vegetables, soya products (meat, tofu, and yoghurts) and spreads continue to be insufficient. The price of organic food is still high; some commodities in organic quality are by up to 600% more expensive than the conventional ones. Last but not least, a systematic support on the part of the state and government is considerably missing.

Selling organic foods through chain stores has its positives and negatives compared with selling in specialized shops. One of the main advantages of selling in chain stores is the possibility to sell organic foods for a lower price than in the specialized shops of "healthy nutrition". The surveys show, however, that it is not always like that – we can find cases, where organic food is more expensive in the chain stores than in a specialized shop. Chain stores are during the last years very popular among the customers and it represents a certain competitive advantage in comparison with the specialized shops. They dispose also of a larger selling area and better technical equipment. On the contrary, specialized shops show a better width and depth of assortment, a closer personal contact with costumers and they evoke a home atmosphere. They have a more developed sales promotion; they organize seminars and trainings concerning organic farming and organic food.

Following the analysis of the lists of the offered products, the authors have determined the so-called "chain stores of good practice". These chain stores are characterized by a quite wide organic food assortment, a developed sales promotion and they try to co-operate with customers and provide them with the needful information on organic foods. They are the Interspar, COOP TERNO, Billa and Delvita. The best offer of organic food as concerns both the width and depth has the Interspar. It offers a large scale of dairy products, fruits and vegetables, pulses, mill products and drinks. The Interspar introduces into the market dairy products, and fruits and vegetables are introduced with its private label Natur*Pur. In addition to the wide offer, the Interspar has an "organic corner" with a well trained staff, as concerns the organic farming, which provides the consulting service. In the South Bohemia, however, the Interspar does not provide this kind of service. In the second place, there is the chain COOP TERNO. It offers a large scale of fresh baked goods and more dairy products than the Interspar. Furthermore, there are offered drinks, pulses and mill products. Together with the Delvita, the COOP TERNO is the only seller of organic eggs in the South Bohemia. What is deficient is the absence of organic fruits and vegetables. The third place is reserved for the Delvita, which offers dairy products, fruits and vegetables, pulses, drinks, mill products, durable baked goods and eggs, as already mentioned. The Billa occupies the fourth place. It offers organic fruits and vegetables, dairy products, drinks, mill products and a limited range of fresh and durable baked goods. When analyzing the offer of organic products, we recommend making a survey directly in the individual stores. The example of the COOP TERNO confirms that there is a difference between the list of products declared by the store managers and the real offer, what is quite normal. There is also a difference when comparing the particular stores situated in different towns and stores of different size. The largest one – the COOP TERNO in České Budějovice – offers more organic food articles than the smaller ones. During a quick survey of three COOP TERNO supermarkets in South Bohemia within one day we have found four or five times more of organic food articles being offered in České Budějovice than in Český Krumlov and Prachatice.

Concerning the regional organic production, only the chains Interspar, Jednota and Delvita are interested in co-operation. Specifically, it could concern the co-operation in the form of take-off contracts. The above mentioned chain stores would welcome the rise of sales co-operatives (operating in the field of organic farming). They believe in gaining perspective business partners in this way. The possibility to operate its own processing facilities for organic production was considered only by the chain Delvita. However, this retailer has left the Czech market already. The question of local food is naturally related to the organic food, particularly if the organic food is presented among other as an environment friendly product. The power of "environmental" is decreased by the long shipment of products. A complex environmental approach should represent a total environmentaly friendly supply chain, not only the environmentaly friendly production. The offer of the PDO/PGI products does not completely solve this problem. The PDO/PGI have more chance to be offered in store chains as varied products of varied regions – this is more in conformity with the central buying and central shipments of product. Local products represent a strategy of using local suppliers separately for each store within the chain. This is a practice only in case of the so-called ultra fresh food. In the current situation, local producers from South Bohemia do not have enough possibilities to offer their products to only one of two stores of a chain. Quite a big exception among the supermarkets in the South Bohemia is the case of the supermarkets Jednota České Budějovice – their current strategy is to support local producers and to provide local consumers by local products. The Jednota in its supermarkets COOP TERNO and in the convenience stores TREFA offers also products under the label "Chutná hezky, Jihočesky"[1]. This label is awarded by the South Bohemian Chamber of Agriculture.

The development of organic farming and its support are not able in themselves to ensure the growth of the organic food market. There is also another part of the supply chain – food processors in some cases, wholesalers and retailers who have to ensure the organic food delivery to final consumers. However, the similar support to downstream parts of supply chain as to organic farmers would not be probably successful and helpful for increasing the organic food sales. We have to admit than the increase of demand of organic food is vital for the organic farming sector. If it is to the contrary, high amounts of money would be spent with two main results – a large permanent grassland area and a high level of conventionalization of organic products because of the low processing capacities and a low demand for the final organic food products.

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[1]"It tastes nicely, South Bohemian" – this label is destined for products originating from the region of South Bohemia, i.e. the label of local food. The label is a kind of award. A commission evaluates products once a year. The conditions are: all final production originating from the region of South Bohemia, raw materials mostly originating from South Bohemia. Also the taste, quality and formula are evaluated.

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Arrived on 13th September 2007

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