Adding Value Through Environmental Marketing:
Opportunities for Food Producers, Processors and Retailers

Proceedings of the Conference

December 6-7, 1999
Madison, Wisconsin, USA

Sponsored by:
Whole Foods Market Inc.
USDA-CSREES
The Food Alliance
Wisconsin Department of Natural Resources
Wisconsin Milk Marketing Board

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About The Institute for Agriculture and Trade Policy (IATP)

IATP is an international independent, non-profit research and education organization dedicated to promoting greater citizen participation in policy making in the fields of economic, social and environmental well-being of rural communities and regions. For the past decade, IATP has helped set the agenda for much of the international debate on food and farming policy. Founded in 1986 and based in Minneapolis, we examine the links between American family farmers and international trade regimes and advocate for greater citizen participation in trade policy making.
For more information, see IATP's website: www.iatp.org

About IATP's Environment and Agriculture Program

Although our Environment work involves many subject areas and approaches, a principle effort is to improve environmental stewardship in agriculture. One way to foster such stewardship is through financial rewards, hence our interest in Environmental Marketing. For more information on IATP's Environment and Agriculture Program, see www.iatp.org/enviroag

Environmental Marketing activities at IATP

Website

Please visit the **Labels Resource Center** at http://www.iatp.org/labels/
The LRC website is designed as an interactive site on the labeling of agricultural and food products for environmental, social and regional sustainability. The site is to be used as a conversation tool to identify critical points and needs in the dialogue, to highlight relevant resources and labeling initiatives, and to provide information on current labeling events.

Electronic bulletin

LABELS: Linking Consumers and Producers. LABELS provides information on the development, implementation and impacts of ecological, social and regional labeling initiatives.

This is an electronic bulletin available by email subscription (treed@iatp.org) or at the Labels Resource Center. You can link to our Labels Bulletin by clicking on the "Resources" button, followed by the "Bulletins" tab.

Recent publication

Recent IATP publication: *Marketing Sustainable Agriculture - Case Studies and Analysis from Europe.* For a description and/or to order, go to the IATP homepage at http://www.iatp.org/ and scroll down to "Publications and Reports." Full reports are not available on-line.

Other publications

For an on-line source of other related publications by IATP staff and others, visit the Labels Resource Center Library at http://www.iatp.org/labels/

Forestry

For information on sustainable forestry certification, visit our Forestry Program at http://www.iatp.org/forestry/. For information on forestry cooperatives, see the Forestry Resource Center at http://www.forestrycenter.org/

Foreword

The conference

The Environmental Marketing (EM) conference took place December 6-7 at the Edgewater Hotel in Madison, Wisconsin. This event was the conception of Bill Vorley, former Director of the Environment and Agriculture Program, at the Institute for Agriculture and Trade Policy. Originally, the conference was intended to be centered on two topics: 1) environmental marketing in Midwest agricultural commodities; and 2) the application of Environmental Management Systems, particularly, ISO 14000, to agriculture. IATP engaged Tom Green, IPM Works, Madison, Wisconsin, to develop the conference program and organize the conference.

However, examples of EM in Midwest agriculture are few, with the exception of organics. Organics were included in the conference, but we wanted to emphasize other approaches, as the organic field is well known and has been the focus of many conferences and other forums. IS0 14000 is a much newer development and its application, thus far in agriculture, has been limited. Fortunately, we did have presenters and participants from Canada and Australia that were knowledgeable or had some experience with ISO.

Many thanks go to Tom Green for organizing a well-run conference with an outstanding slate of presenters. Thanks also to Michelle Miller and Bryan Jensen of the University of Wisconsin, for their help with conference planning and local arrangements.

The proceedings

We have tried to make up for small "ISO presence" at the conference by its greater presence in the proceedings. We have a fine selection of "ISO and Agriculture" papers in Appendix II. In general, I think we have been very successful in—as expressed at the end of the conference—adding value to the proceedings by including much more than papers from the presenters. Note that the presenters were not required to submit formal papers in advance of the meeting. We thank them for their extra volunteer effort in contributing to the Proceedings. You will find that the format will vary. Likewise, for the ISO Appendix, we did not impose a standard format. These papers have not been peer reviewed. In many cases, they have received little or no editing by IATP—this Appendix and much of the document is very much dependent on volunteer contributions and good will!

Special appreciation to Stephanie Lundeen, IATP, for her fine effort in producing these Proceedings. Thanks to both Stephanie, Glen Ingram,Tyson Acker, and Shannon Blackburn IATP, for making the website version possi

Acknowledgements to contributors

We thank the presenters and other conference participants that contributed to this document. We are also grateful to authors that contributed to the compendium of papers on ISO 14000 and environmental marketing systems in the Appendices. Thanks also to those that replied to our IPM Assessment Tool Survey (Appendix IV-B). We appreciate all of those that contributed to other portions of this document. In the acknowledgements, we thank our sponsors and others that contributed to the conference itself.

John Vickery, Environment and Agriculture Program
IATP, Minneapolis, MN

Acknowledgements

Many thanks to those individuals and organizations who made this event possible:

Conference Sponsors

Whole Foods Market Inc.
USDA-CSREES
The Food Alliance
Wisconsin Department of Natural Resources
Wisconsin Milk Marketing Board

Coordinators

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IPM Institute of North America
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Contents

Adding Value through Environmental Marketing - Opening Address

Tom Green
President, IPM Institute of North America, Inc.

Transcript of presentation to the conference

Welcome and thank you for joining us! Thanks to our presenters for coming to share your experiences and expertise with us.

Why are you interested in what our presenters have to say, and what we have to say to each other?

Are you here because our environment is not what it once was? A hundred years ago the lake that stretches out from our hotel here used to be clear all the way to the bottom and all the way across the lake. People used to chop the lake ice in the wintertime and use in their drinks in the summer. Can you imagine doing that with this lake water this year?

Our food production system has played a part in the deterioration of these lakes. We all need to work harder to restore a greater beauty, diversity, and stability in all the natural world around us. Are you here because the relationship between consumers and producers is not what it used to be? A very few of us now feed the vast majority. Too often we let the media speak to consumers for us and most often it is not the sweet sound we would like to hear. The dialogue between producers and consumers is lacking in volume, tone, in detail, and in direction.

Are you here because the farm economy is not what it once was? While the rest of the country is enjoying a long stretch of prosperity, many producers in our region are experiencing the second farm depression in just twenty years. An incredibly small and shrinking portion of the dollar we spend on food is returned to the farm.

At the same time, we have proven systems that reduce the environmental impacts of food production. Many producers are following and leading these reduced impact systems. Many among us are working hard in hand with producers' implement and improve these systems. With the hard work and commitment of all of us our air is cleaner and our water is purer than twenty or forty years ago and we are living longer than ever.

There are consumers who respond positively to news when it is good. Many consumers want to participate in life on the farm or as close as they can get to it. Let's not forget that we have more than food to offer to consumers. We have an opportunity and an obligation to share with consumers what we know about IPM, best management practices, and concern for the environment.

A substantial number of consumers are willing to put their money where their mouth is. Organic is growing at 20% a year at a healthy price premium. These companies have transformed commodity products into premium priced packages by adding value with benefits to charity,

animal welfare, health and fitness, and the gift of giving. Our challenge is to create an irresistible package of excellent tastes, a human friendly, farmer’s face and a genuine commitment to better the place where we live and grow our food. And we need to present this exquisite package to those willing to pay fair compensation and we must make certain that a fare portion of that compensation returns to the producer.

We will hear today from many who are aspiring to and rising to that challenge. Let's learn from each other how to reach our goals. And absolutely and positively get what you came for. The resources are here. The opportunity for open and lively discussion is here. Let's challenge ourselves to take away the knowledge, the tools, the relationships and the mutual support we need to succeed.

Again welcome! Thanks for coming.

Room for Improvement in Production Practices

Harold Coble
Ph.D., President, IPM Coordinator, USDA, Washington D.C.

The Practice of Integrated Pest Management (IPM): A Working Definition for the Year 2000 Goal

A key in the determination of whether the Administration's goal of 75 percent of US cropland acres under IPM by the year 2000 has been reached is some rational definition of what growers must do in order to be considered as IPM practitioners. Adoption of IPM systems normally occurs along a continuum from largely reliant on prophylactic control measures and pesticides to multiple-strategy biologically intensive approaches, and is not usually an "either/or" situation. It is important to note that the practice of IPM is site-specific in nature, and individual tactics are determined by the particular crop/pest/environment scenario. Where appropriate, each site should have in place a management strategy for **Prevention, Avoidance, Monitoring, and Suppression** of pest populations (the **PAMS** approach). In order to qualify as IPM practitioners, growers should be utilizing tactics in three or more of the PAMS components.

Prevention is the practice of keeping a pest population from infesting a crop or field, and should be the first line of defense. It includes such tactics as using pest-free seeds and transplants, preventing weeds from reproducing, irrigation scheduling to avoid situations conducive to disease development, cleaning tillage and harvesting equipment between fields or operations, using field sanitation procedures, and eliminating alternate hosts or sites for insect pests and disease organisms.

Avoidance may be practiced when pest populations exist in a field or site but the impact of the pest on the crop can be avoided through some cultural practice. Examples of avoidance tactics include: crop rotation such that the crop of choice is not a host for the pest, choosing cultivars with genetic resistance to pests, using trap crops or pheromone traps, choosing cultivators with maturity dates that may allow harvest before pest populations develop, fertilization programs to promote rapid crop development, and simply not planting certain areas of fields where pest populations are likely to cause crop failure. Some tactics for prevention and avoidance strategies may overlap in most systems.

Monitoring and proper identification of pests through surveys or scouting programs, including trapping, weather monitoring and soil testing where appropriate, should be performed as the basis for any suppression activities. Records should be kept of pest incidence and distribution for each field. Such records form the basis for crop rotation selection, economic thresholds, and suppressive actions.

Suppression of pest populations may become necessary to avoid economic loss if prevention and avoidance tactics are not successful. Suppressive tactics may include cultural practices such as narrow row spacings or optimized in-row plant populations, alternative tillage approaches such as no-till or strip-till systems, cover crops or mulches, or using crops with allelopathic

potential in the rotation. Physical suppression tactics may include cultivation or mowing for weed control, baited or pheromone traps for certain insects and temperature management or exclusion devices for insect and disease management. Biological controls, including mating disruption for insects, should be considered as alternatives to conventional pesticides, especially where long-term control of an especially troublesome pest species can be obtained. Where naturally occurring biological controls exist, effort should be made to conserve these valuable tools. Chemical pesticides are important in IPM programs, and some use will remain necessary. However, pesticides should be applied as a last resort in suppression systems using the following sound management approach: (1) The cost to benefit ratio should be confirmed prior to use (using economic thresholds where available); (2) Pesticides should be selected based on least negative effects on environment and human health in addition to efficacy and economics; (3) Where economically and technically feasible, precision agriculture or other appropriate new technology should be utilized to limit pesticide use to areas where pests actually exist or are reasonably expected; (4) Sprayers or other application devices should be calibrated prior to use and occasionally during the use season; (5) Chemicals with the same mode of action should not be used continuously on the same field in order to avoid resistance development; and (6) Vegetative buffers should be used around stream banks to minimize chemical movement to surface water.

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Consumers Demand for "Green" Products

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PowerPoint Presentation - slides

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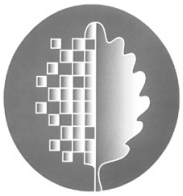
The Evolving Wellness Consumer

Adding Value through
Environmental Marketing



Madison
12/06/99

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The Only Constant is Change

- How they live
- What they buy
- How they shop

- How can you be an effective change agent?

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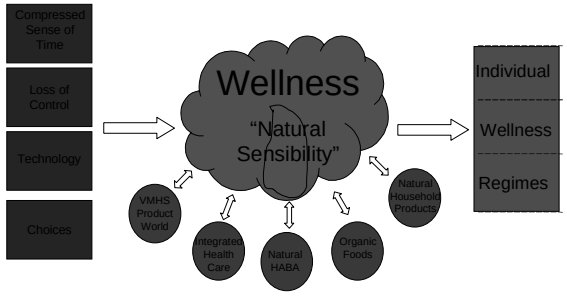
HOW THEY LIVE

Societal Factors/Influences | Cultural Shift | Consumer Lifestyles



Product Worlds

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Lifestyle Components

- Loss of place/sense of community
- Experience
- Knowledge

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The New Wellness Paradigm

- **Intellect/Soul**
  - cerebral power Vs. spiritual power
  - rational Vs. mystical
  - the Modern Age Vs. the Millennial Age
- **Authority/Authenticity**
  - economic or military power Vs. values and priorities
  - overt domination Vs. relationship of trust
  - synthetic Vs. natural

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The New Wellness Paradigm

- Hot/Cool
  - Nixon Vs. JFK
  - film Vs. Internet
  - Dennis Rodman Vs. Michael Jordan
- Reactive/Proactive
  - treatment Vs. prevention
  - health Vs. wellness

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WHAT THEY BUY

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Vitamins, Minerals, Herbals, & Dietary Supplements

- In the last 12 months, there were almost a billion purchases of VMHS products, 68% vitamins and minerals, 32% herbal and other supplements
- In 1998, VMHS products reached sales of over $14 billion
- 71% of US. households report using a dietary supplement in the last three months

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Organic Food and Beverage

- Organic sales reached over $5 billion in 1998
- Organic food sales are growing at over 20% a year, while overall food industry sales are only 3-5%
- Of those shoppers that shop at both health food and grocery outlets, 78% would rather purchase *all* their health food products at the supermarket

Alternative Healthcare

- Over two-thirds of U.S. households are using alternative medicine products and services
- In 1997, Americans spent $21 billion on alternative care services
- Over 50 health conditions are treated with alternative medicine modalities

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Functional Foods

- 19% say they consume functional foods
- The most common items cited as functional foods were vegetables (such as vitamin-rich broccoli and carrots), fruits (potassium-containing bananas and vitamin C-rich oranges), and certain beverages (tea, 100% juice, and milk)
- Only 35% of consumers said they know what functional foods are, and only 10% know what nutraceuticals are

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Internet Wellness Retailing

- About one-third of the U.S. population turns first to the Internet for health related information
- Of people who frequent health and medical web sits, 90% said they could manage their own health and 82% believe the web offers better information on new medication than what their doctor or pharmacist has in their office
- Traditional coupons average less than 2% redemption while Internet coupons average 20%

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HOW THEY SHOP

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Change in Consumer/Retailer Relationship

- Knowledge Transfer
- Lifestyle Linkage
- Value Generation

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HOW TO BE AN EFFECTIVE CHANGE AGENT

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Understanding a Dynamically Changing Consumer through New Research Methods

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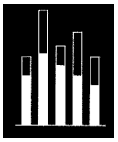
- Ethnography
  - decision tree modeling
- Anthropology
  - retail experience design
- One-on-One Semi Structured Interviews
  - semantic and neurological measurement
  - perceptual mind maps



Consumers Buy Brands, Not Labels

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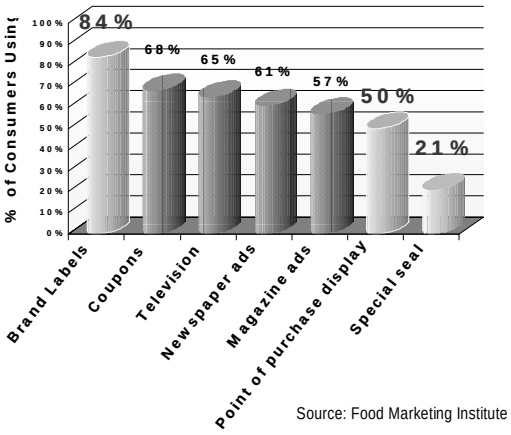

Source: Food Marketing Institute

To be a Change Agent

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- Influencing behavior is expensive and time consuming
- Rather, find out about attitudes of your consumers
- Don't underestimate the importance of lifestyle participation
- Most consumers are pragmatic, not idealistic, you should be too

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