



CERTIFIED ORGANIC

Organic is the buzz word of the moment in the food industry and consumer demand is high. But for some manufacturers, sourcing organic ingredients is tricky business. STORY **JOËLLE THOMSON**

For something that sparks such animated debate, remarkably little has been written about organic food, much less is it explained how on earth anyone makes a living out of producing certified organic consumables. Even the seminal *Oxford Companion to Food*, released late last millennium, devotes more pages to the date, the orange and the sweet potato than to the entire realm of organic foods. It is not that this weighty tome fails to appreciate the global significance of producing sustainable foods but rather that defining an organic food is

something of a hot potato. Rules on whether or not a food is organic vary from country to country, making a definition elusive, opines *Oxford* editor Alan Davidson.

Bio-Gro New Zealand technical director Seager Mason says there have been common international standards and guidelines for defining organic food for the past 20 years. "There are benchmarks now for setting international organic standards, but in some places they do change. American standards are much higher than European ones in relation to livestock."

However, despite the availability of raw produce remaining extremely limited, organic

food and beverage production is growing at an impressive rate in New Zealand. One of New Zealand's best known organic consumable companies, Phoenix Organics, has doubled in size every two to three years since its entry into the market in 1987.

Phoenix Organics sales and marketing director Roger Harris says growth is still at about 30 percent a year but since 80 percent of its sales are not scanned (in supermarkets, for example), it is difficult to collect accurate information on market share. "Unlike most food producers in New Zealand our sales figures do not come from a one-stop shop – the supermarket – because we have a diverse and quirky range of markets," he explains.

He says that while growth was the fastest in the first few years of business – up by 50 percent every year for the first five – it remains strong. He forecasts sales for the year to March 31, 2006, will exceed \$12 million; last year they were \$8 million.

Jim Small, owner of Serra Natural Foods in Canterbury, began producing yoghurt that he labelled as 'natural' in 1988. It wasn't until 1994 that he was able to use the word "organic" on his Cyclops packaging and then only for 70 percent of his production. The biggest challenge to production was and is availability, says Small, and this impacts directly on profit because organic ingredients cost a premium.

"New Zealand is not a pure market in terms of its produce and in the early days there was no organic milk powder. So I was committed to using a supply that was inextricably linked to farms and went up and down seasonally," he says.

This limited availability has affected both the level of Small's production and its cost, which has to be passed on to the consumer "at least partially". To supplement his income, Small produces non-organic-certified yoghurt for corporate clients, many of whom have asked him to produce an organic-certified product. However, the economics of doing so "just don't work", says Small, with a sigh. The reason is the supply of core products.

"You can't just scale up and say we're going to supply the Australian market now because you have to gradually grow the supply base and the demand base in order to ramp it up," explains Small.

As to whether this is getting easier, he says he knows as many people who are getting out of growing organic-certified food as going into it. "Supply probably is better overall but there has not been a huge percentage in the growth of organic suppliers. Ultimately it comes down to supermarket demand."

Small says that a key to his success is the fact that he does not rely on organic labelling to make money. "I have never tried to lead with the words 'organically certified' but rather with the brand being a high quality one. It is important to me to run a sustainable business but I don't want to ride on it as a marketing tool," he says.

Roger Harris from Phoenix agrees that the biggest challenge in growing an organic consumables company is about costs, which impact mostly on exports. "When we started as a natural beverage company we couldn't be organic initially because of lack of ingredients but we always planned to be fully organic."

Harris says he and business partners Chris Morrison and Deborah Cairns never wavered from their mission to be 100 percent organic food producers. "We knew from the start from looking at the United Kingdom, Europe and the States that there was a very strong demand for organics, driven largely by the negative platform of food scares and the extremely creepy GE thing moving across Europe at the time. That really set off alarm bells and gave the impetus for our philosophy," he says.

Increasing sales in New Zealand has become easier, says Harris, because there is a critical mass and growth is snowballing – so much that it is now difficult to keep up with demand. By spring this year, Phoenix Organics will have morphed from an 80 percent organic beverage producer to an entirely certified organic beverage company. The most significant growth for the company is in Australia. And to meet its growth aims, Phoenix has adopted a new mantra: less volume, higher value.

Rather than pass on the relatively high cost of organic ingredients to consumers – organic feijoas can be up to 100 percent more expensive than non-organic ones – they have reduced the size of their juices by 30ml. Ironically, this fits happily with what their target audience has been telling them. Reduced

volume is seen as more sophisticated. "A happy coincidence, you might say," laughs Harris. Cyclops yoghurt producer Jim Small concurs with this philosophy, saying the small sizes of most of their yoghurt products have been an attraction rather than a deterrent.

For Yasmin and Ofer Shenhav of Pitango Innovative Organic Cuisine, size and the notion of labelling a product "organic" are not as important as quality. In just six years they have harnessed 25 percent of fresh soup market sales in supermarkets nationwide. They plan to increase that figure to 30 percent this winter. Yasmin, the marketing director of the company, married Israeli Ofer Shenhav after they met in London, before moving to New Zealand. He was a chef and she was a professional dancer, and

both shared a healthy diet philosophy. That philosophy permeates all aspects of their business today.

"I emphasise taste first and foremost. But for us the health aspect is as important. People want to know what they are putting into their bodies and mothers especially want to know what they are putting into their children's bodies," says Ofer.

He says the company is approaching market saturation in New Zealand and has started a small export business in Australia. "To get to a 50 percent market share in soup sales will be tricky because there are a lot of mainstream players involved – but it is not beyond the realms of possibility. We came with something that was in high demand. When we started out, the organic

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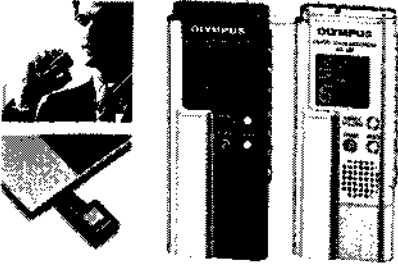
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business



Organic certification bodies in New Zealand

Linguistic purists could claim that any part of a plant or animal is organic in nature, according to dictionary definition. In terms of agricultural production, however, organic products are only those that have been produced without the use of chemical fertilisers, pesticides and herbicides. There are four bodies in New Zealand with the authority to certify a product as organic, each is recognised by international counterparts:

Bio-Gro New Zealand

Bio-Gro is the best known of the organic certified trademarks in this country. It is an incorporated society and non-profit organisation and came into being in 1983.

Demeter

Named after a Greek goddess. It only certifies biodynamically farmed products.

Organic Farm New Zealand

This low-cost scheme was established for small-scale producers by the Soil and Health Association, established in 1941.

AgriQuality

A state-owned enterprise that is able to certify organic products for export for international markets.

"The organic aspect was our main ticket but now people are buying on quality and because they like the taste."

aspect was our main ticket but now people are buying on quality and because they like the taste. The fact that it's organic is a big bonus but it's not the main thing."

Yasmin says the most difficult organic products to source are tomatoes, cannellini beans and pasta. It is virtually impossible to get enough of them in New Zealand. "The things we use most widely – such as carrots, kumara and pumpkin – are all in plentiful demand and we work with growers who mainly export to ensure high quality – and that last part is what I put our economic growth and success down to."

These fast-growing companies refuse to rest on their impressive laurels. The Shenhavs are implementing a risk management programme to enable them to export seafood products to Australia, Hong Kong and Singapore.

Meanwhile, Phoenix Organics employs three food technologists to enable it to comply with organic analysis and share that knowledge with the consumer.

Photography: Melaine Jenkins; Getty Images.

business



All but one of Cyclops yoghurts are made from 100 percent organic certified products.

Top New Zealand organic producers

CYCLOPS

Jim Small started making Cyclops yoghurt in 1988 and gained organic certification in 1995. The South Island company, Serra Natural Foods, produces flavoured yoghurts and all but one (boysenberry) are made from 100 percent organic certified products. They are available in supermarkets nationwide.

PHOENIX ORGANICS

Phoenix makes sophisticated organic fruit and fizzy drinks for "grown-ups", which

predominantly use honey as a sweetener. The time was right in 1999 for this company to commit to being a largely organic producer, but sourcing enough ingredients to supply demand continues to be a challenge. Sixty percent of the company's sales are of organic certified products and the aim is to take that to 100 percent.

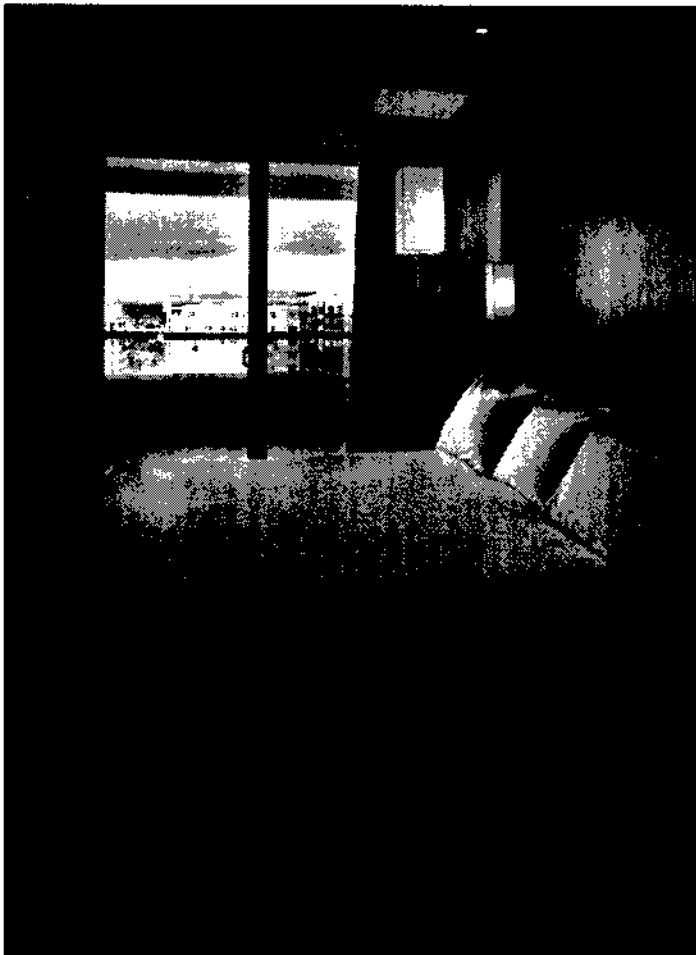
PITANGO

A soup and sauce producer with an equal focus on flavour and organic status. One of its newest organic soups is Moroccan chickpea with cumin and mint, described by

producer Yasmin Shenhav as "something with a different flavour twist" to attract those who might not always buy organics, but who are interested in the brand.

KEMP-ROBERTS

Kemp-Roberts makes organic single-serve yoghurt in strawberry, apricot and natural, which is available on Air New Zealand and will soon be in supermarkets. They also make non-organic products and owner Simon Kemp-Roberts is working towards turning a chocolate dip recipe into an organic product.



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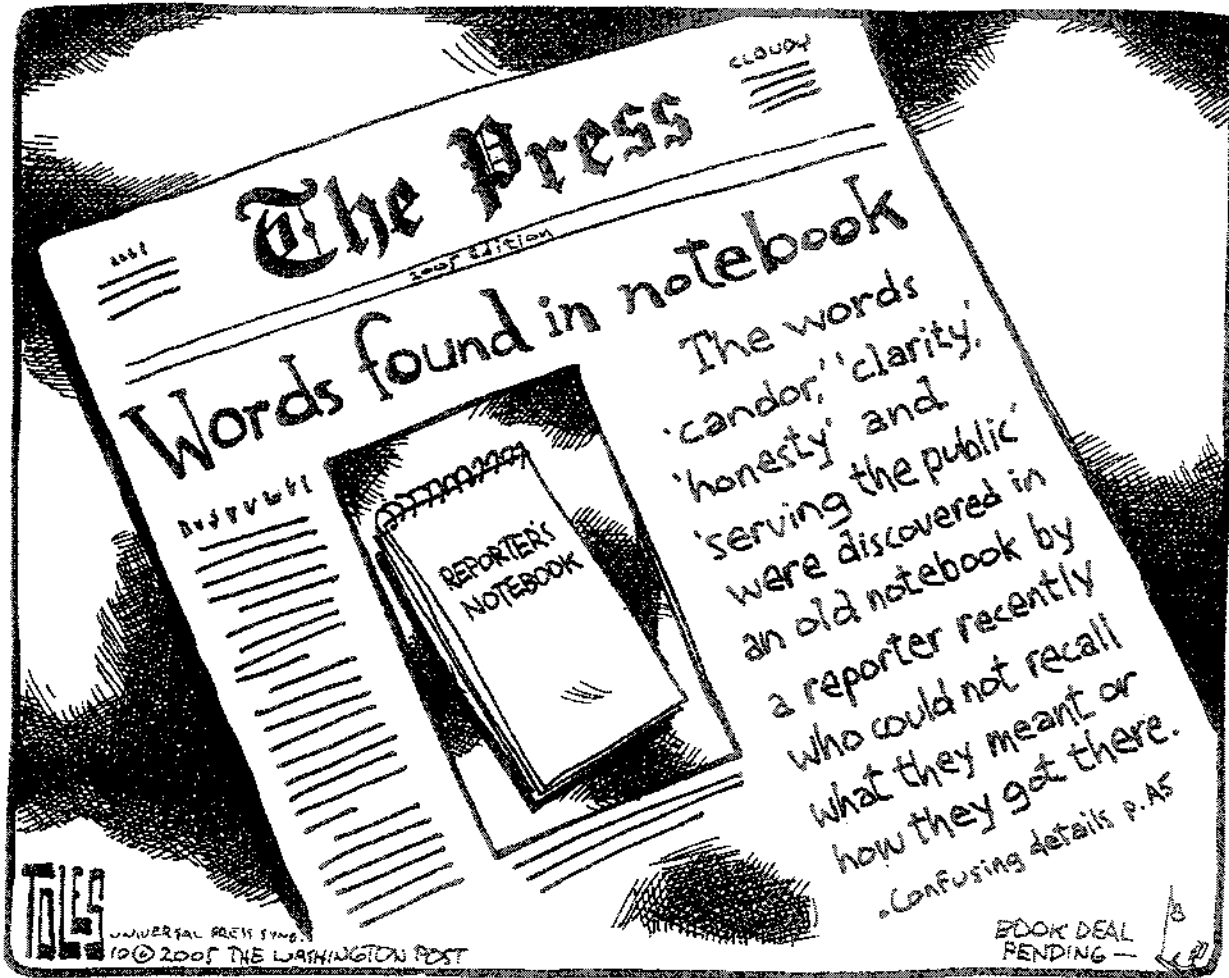
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The Waterloo Club, 41 Princes Street,
P.O. Box 1000, Auckland, New Zealand
Tel: +64 9 375 3711 Fax: +64 9 375 3333
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LETTERS TO THE EDITOR

TOM TOLES / Washington Po