Organic trade association
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2017 U.S. FAMILIES' ORGANIC ATTITUDES AND BEHAVIORS

Report prepared September 2017 for:

ITA
ITALIAN TRADE AGENCY
ICE – Italian Trade Commission
Trade Promotion Section of the Consulate General of Italy

Executive Summary

83%
of U.S. families buy organic.

Organic product purchase is steady, with 83% of families having at least some experience buying organic products. For all but the heaviest organic buyer, price is the primary influencer of food purchase and the primary barrier to organic purchase.

This year's study demonstrates that the heaviest organic buyers were raised on organic, and they strongly associate organic product purchase with good parenting. Heavy organic buyers' average agreement ratings for the statements "I feel like I am a better parent if I buy organic products for my family" and "I was raised eating organic foods and taught to make organic choices" were 7.8 and 6.0 respectively (where 10=agree strongly), compared to 5.7 and 3.4 for moderate buyers and 4.3 and 3.5 for light/non-buyers. Additionally, for the total population as well as heavy organic buyers, baby food was the category for which buying organic was most important. Food targeted to kids was also among the categories most important for buying organic. Taken together, and viewed in the context of the strong relationship between organic buying history (i.e. raised eating organic and buying organic for more than 10 years) and heavy organic purchase, one can reasonably conclude that there is a strong connection between positive organic attitudes and parenting, both the parenting one receives and the desire to be a good parent. The implications of this relationship between organic buying and parenting are profound in light of the information obtained from Millennials without children.

Heavy organic buyers were raised on organic and associate organic with good parenting.

80%
of Millennials do not yet have children, but are expected to become parents in the next 10-15 years.

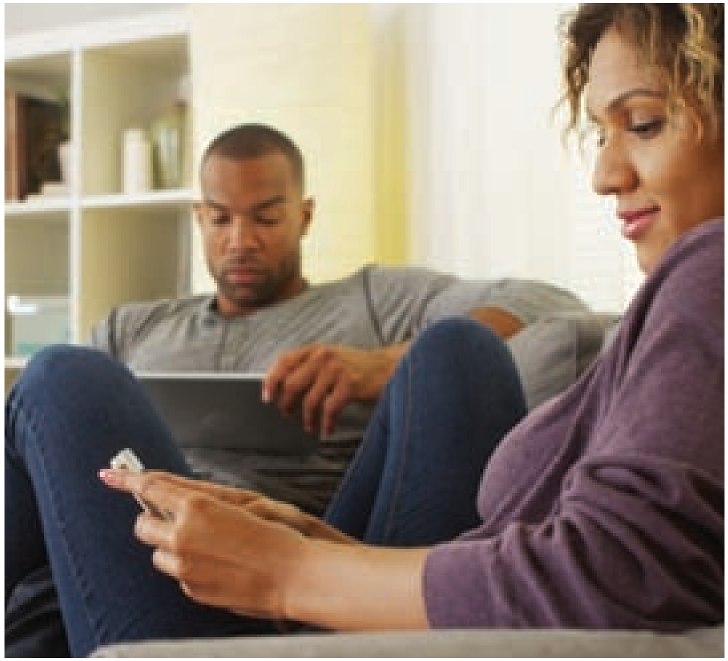
The study of Millennials and organic was initially explored in 2016. This year, the subgroup "Millennials without children" was included to gain a more in-depth understanding of this extremely relevant subgroup of the Millennials cohort. Market research data estimates that 80% of Millennials will become parents in the next 10-15 years. And the 2017 U.S. Families' Organic Attitudes and Behaviors Study reveals that Millennials without children are much less likely to be believers in organic than their counterparts with children. The organic industry will need to fully understand this Millennial subgroup if they want to grow the next generation of organic buyers, and this 2017 study will provide the necessary guidance to do so.

If we were to create a demographic profile of a "Millennial without children", this individual would more likely be about 25 years old, never married, and have a relatively lower income. In many ways, the Millennials without children group resembles closely the non-organic buyer group: they both have a lower level of involvement in eco-conscious and consumer product-related behaviors, and do not understand or see the value of organic. In fact, more than twice as many Millennials without children cite apathy and mistrust as reasons to not buy organic compared to Millennials with children (17% vs. 6% for apathy, 19% vs. 9% for mistrust).

What this means for the organic industry is that Millennials without children will need targeted education if they are to be persuaded to become believers in organic and raise the next generation of organic buyers.

Millennials without children cite apathy and mistrust as reasons to not buy organic compared to Millennials with children.

Another learning to come from this year's study is the higher prevalence of digital technology usage in the lives of Millennials compared to consumers aged 36 – 64 years. Millennials use more (33% vs. 27%) digital or electronic information sources such as online product reviews, blog posts and mobile apps to learn about new products, whereas the older subgroup uses more (36% vs. 31%) traditional information sources such as commercials, retail store shelves, coupons, and personal recommendations from friends, family, or health care practitioners. Also, Millennials



were more likely to have completed their surveys using their smartphones (71% vs. 52%), and the older subgroup was more likely to have used a laptop (21% vs. 14%) or desktop (18% vs. 9%) computer.

In summary, this year's study has reinforced our understanding of the positive contributors to organic buying, and has helped to clarify some of the obstacles to overcome. By including Millennials without children, the understanding of the relationship between organic and parenting has been expanded, as has the understanding of the communication sources and digital technology Millennials prefer. The task at hand for those involved in the organic industry is to reach Millennials before they have children and educate them on the values of organic products, processes, and USDA certification. Reaching Millennials through digital media, their information platform of choice, and promoting the association of organic with the esteemed value of good parenting are the keys to increasing organic purchase among U.S. families

Millennials heavily use digital information sources to learn about new products.

Background and Methodology

The U.S. Families' Organic Attitudes and Behaviors Study is conducted annually by the Organic Trade Association to understand buying patterns of American households and how to relate this information to the organic industry. This research study provides valuable insight into U.S. consumers' beliefs, attitudes, and purchase behaviors as related to organic products and services, and yields a comprehensive understanding of what influences organic product purchasing behavior.

The 2017 U.S. Families' Organic Attitudes and Behaviors Study represents the eighth year of partnership between the Organic Trade Association and May Media Group (MMG)'s Moms Meet℠ Consumer Insights Division. This year's study explored trending topics for today's marketers of consumer goods and services while continuing to track historical lifestyle and purchasing measures.

For the 2017 study, the data was again segmented into **Organic Buyer Groups:**

- Heavy
- Moderate
- Light
- Non-Buyer

Additionally, this year's study segmented the data by **Household Composition,** which was defined by the age of the primary grocery shopper and whether the household included children. While every marketer today knows the value of understanding Millennials, what is often overlooked is the fact that 80% of U.S. Millennials are currently not yet parents.[1] Also, today's definition of a family is inclusive of a diverse combination of household members, and "Millennials without children" are indeed included in the definition of a U.S. family. For these reasons, the 2017 study segmented the population into the following Household Composition categories:

- Millennials without children
- Millennials with children
- Total population

Lastly, this year's study explored **Trending Topics** and their potential impact on the organic industry. Specifically, consumers responded to questions pertaining to:

- Online shopping
- Meal kit
- Digital technology

1 Source: : https://www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html#family

Background and Methodology

For the 2017 U.S. Families' Organic Attitudes and Behaviors Study, a new online quantitative survey was collaboratively developed by the Organic Trade Association and MMG. The target population consisted of individuals from American family households who were:

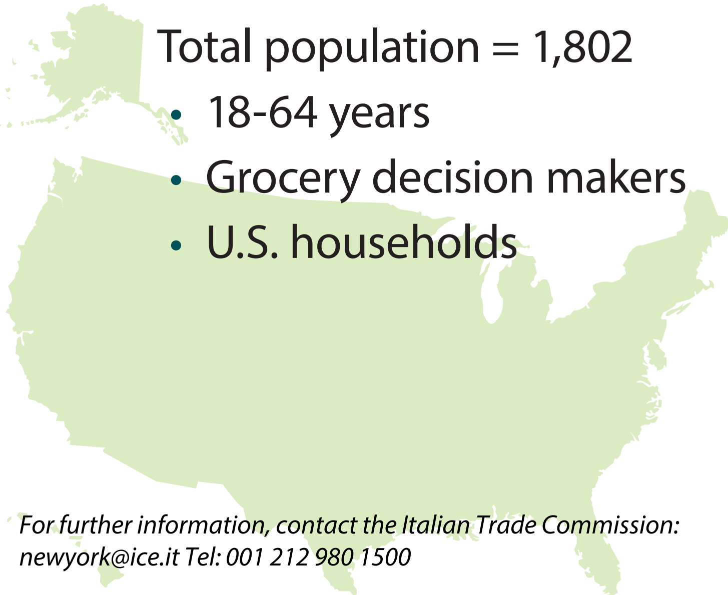
- Between the ages of 18 and 64 years
- Responsible for, or shared responsibility for, the household's purchasing decisions
- A resident of one of the contiguous United States, the District of Columbia, Alaska, Puerto Rico, or Hawaii

A sample size of N=1800 was targeted so that segmented sample sizes would be sufficiently large enough to determine statistical significance with at least 95% confidence. A national panel was utilized for its ability to provide respondents in the "Millennials without children" category, and the MMG online panel of self-identified users of healthier, better-for-you products was utilized for its ability to provide "Moderate" to "Heavy" organic product users. The demographics of the completed survey responses were additionally confirmed to reflect U.S. Population Totals by State.[2] The final data set consisted of 879 respondents from the National data source and 923 respondents from the MMG data source, for a total sample size of N=1,802.

For the MMG panel, the online surveys were distributed via email invitation. As incentive for participation, respondents were taken to a sweepstakes entry form upon survey completion and entered into a drawing to win one of two gift card prizes. The national panel was selected from a global online market research service whose membership completes online consumer surveys on topics that interest them in exchange for redeemable mobile app and mobile device gaming points. Only members who met the screening and selection criteria received the opportunity to complete the survey.

Data from the National and MMG panels was combined and weighted to reflect the demographics of U.S. households online.

All data collection took place between May 22, 2017, and June 7, 2017.



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2 Source: U.S. Census Bureau, Population Division, NST-EST2015-01, Release Date: December 2015.