PRODUCERS OF ORGANIC FOOD – THREATS AND OPPORTUNITIES

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Recebido em: 08/04/2016 – Aprovado em: 30/05/2016 – Publicado em: 20/06/2016
DOI: 10.18677/Enciclopedia_Biosfera_2016_162

ABSTRACT

Information on the profile of producers of organic products in Goiania are currently lacking. Knowing this profile contributes to the market and helps define public policies that encourage and promote the production and marketing of organic products, which bring environmental, social and public health benefits due to its characteristics. This article provides an evaluation survey of the profile of organic producers who sell products in the organic marketplaces in the city of Goiania. The profile was outlined through the application of a survey to 100% of the producers. A non-participant observation method was applied during visits to these marketplaces, in order to evaluate the dynamics inherent to the marketplaces. The strengths, weaknesses, opportunities and threats of the producers were identified using the SWOT analysis. A total of 66.6% of the producers claimed to have a profit margin of 30% or more. Processed and semi-processed foods marketed in the marketplaces do not address the guidelines of the Health Surveillance and other regulations. There are many opportunities for new entrepreneurs entering the organic sector.
Keywords*:* SWOT analysis, entrepreneurship, survey.

PRODUTORES DE ALIMENTOS ORGÂNICOS – AMEAÇAS E OPORTUNIDADES

RESUMO

Atualmente faltam informações sobre o perfil dos produtores orgânicos em Goiânia. Conhecer este perfil contribui com o mercado e para definir políticas públicas que incentivem e promovem a produção e comercialização de produtos orgânicos, que pelas suas características, gera ganhos ambientais, sociais e de saúde pública. O presente artigo apresenta pesquisa de avaliação do perfil dos produtores orgânicos que vendem produtos nas feiras orgânicas da cidade de Goiânia. O perfil foi traçado mediante a aplicação de um questionário em 100% dos produtores. Em visitas a estas feiras foi realizado o trabalho de observação não participante, com a finalidade de diagnosticar dinâmicas inerentes às feiras. Utilizando a técnica de administração que consiste na análise SWOT, foram identificados os pontos fortes, pontos fracos,

ameaças e oportunidades dos produtores. Dos produtores, 66,6% afirmam ter uma margem de 30% ou mais de lucro na atividade. Os alimentos processados e semi-processados comercializados nas feiras não contemplam as diretrizes da Vigilância Sanitária e de outras regulamentações. Existem muitas oportunidades para novos empreendedores entrantes no setor de orgânicos.
Palavras-chave*:* Análise SWOT, empreendedorismo, survey.

INTRODUCTION

Conventional agriculture, even having some advantages, generates significant negative environmental impacts that are not incorporated into the production costs. This activity uses soluble fertilizers and pesticides that contribute to the pollution of soil and water sources. These factors are external costs which are borne by all of society (MAZZOLENI & NOGUEIRA, 2006).

On the other hand, organic farming has the premise of promoting well-being and quality of life, both farm workers and consumers, as well as being an alternative production on family farms. In family farming, the production of organic products emerges as a consistent way of being sustainable, opposing the traditional rural businessman, technicists and predators (PESSOA & ALCHIERI, 2014).

Brazil has 12,526 organic producers, who cultivate an area of 705,233 ha, which amounts to 0.3% of the total cultivated area in the country (IFOAM, 2015). With this performance, Brazil ranks third in Latin America in area of organic production. However, it is only 21st in percentage of the total territory.

Countries such as Peru, Mexico, Colombia and Brazil are the four main countries that export organic products to the United States, which is the main consumer market of organic food in the world (FIBL & IFOAM, 2015). Brazil had revenues of $ 61 million in 2011 exporting organic products to the USA (SCHERER, 2013). The Ministry of Development, Industry and Foreign Trade of Brazil does not provide data on the export of organic products, because the nomenclature contemplates the product itself, and not the way it was produced (industrial, handmade, organic).

The government incentive for the production of organic products in Brazil is barely noticeable. Credit lines are lacking, since this form of production differs from the traditional, by purchasing machines, chemical fertilizers and pesticides. Another adversity is the period of changing from traditional farming to organic farming, when the income becomes almost zero. However, after the first obstacles are overcome, the products become valued in the market of consumers willing to pay more for healthier and uncontaminated food (RESENDE & RESENDE JÚNIOR, 2011).

The farmer willing to produce organic food must demonstrate resilience to overcome the initial and future difficulties, which include the specific cultural practices and inclusion of these products in the marketing medium.

The concern with the food health of the population was institutionalized in 2013 with the elaboration of the National Plan of agroecology and organic production (PLANAPO; Plano Nacional de Agroecologia e produção orgânica) created by the Ministry of Agrarian Development. The objective of PLANAPO is to development of public policies that seek to implement programs and actions that induce the transition to agroecological and organic production in order to offer the Brazilian population healthy foods. The success of this plan depends on the cooperation with states and municipalities integrating sectoral policies to strengthen, encourage and increase the new and existing organic production systems (BRASIL, 2013).

Information and publications related to the production and consumption of organic food are found in the website of the Ministry of Agriculture. In the state of Goias, the Goianian Agency for Technical Assistance, Rural Extension and Agricultural Research (EMATER; Agência Goiana de Assistência Técnica, Extensão Rural e Pesquisa Agropecuária), offers little information on the universe of organic food.

Organic agriculture will attract farmers with more education, as it demands training to acquire knowledge to treat the crops, factors that influence the adoption of the organic production system. The socio-economic, agricultural and market characteristics have been instrumental in influencing the decision of small farmers to convert to the organic system. The organic form of producing has many proven benefits, including environmental benefits. However, the main reason for choosing to produce organic products is the profit from the activity (NDUNGU et al., 2013).

The prices paid to organic farmers for their products have been attractive, which may compensate in case of crops that require more intensive hand labor in the organic system. The higher prices paid also compensate for the probably low initial productivity at the beginning of the production and for certification costs. The lower productivity of crops has not been an absolute truth, because there have been cases of maintenance or even increase in crop yield since the beginning of the use of organic production (ORMOND et al., 2002).

Goiânia has only two marketplaces of organic food, both on Saturdays. One (Mercado Popular Aberto) at Rua 74, Centro, from 7 a.m. to 10 a.m., and another (Mercado Popular da Vila Nova) at Praça Boa Ventura Andrade, from 5 p.m. to 8 p.m.. These marketplaces include 12 producers of organic products, who sell several products, from vegetables to semi-processed goods. There are 66 organic producers throughout the state of Goiás and there are only seven producers in the Organic Producers Register of the Ministry of Agriculture, Livestock and Supply (MAPA; Cadastro de Produtores Orgânicos do Ministério da Agricultura, Pecuária e Abastecimento) for Goiânia and its surroundings. According to this record, the main certifiers operating in Goiás are IBD Ltd. and Ecocert Brazil Certification, which account for 40.9% of the certifications.

The organic production segment is a complex sector. Organic production requires special presentation conditions, marketing of products and accreditation by the consumer. Given the above, this study aims to evaluate the profile of producers of organic food in the city of Goiânia, identifying threats and opportunities in the industry.

MATERIAL AND METHODS

Preparation of the surveys

A survey was developed to understand the profile of producers operating in the free markets of organic food in Goiânia-GO. Questions on the personal profile and related to production were elaborated, and in most cases admitted only closed answers.

Determining the population and sample sizes

The data collection method adopted was a census, where all individuals in the universe selected participated in gathering information.

Data collection

A total of 12 producers participate in the organic marketplaces of Goiânia. The survey was submitted to all producers, without mediation of an interviewer. The cognitive aspects were assessed during the preparation of the questions and a pre-test was carried out to evaluate the performance of the survey. The necessary changes were made.

Non-participant observation

The non-participant observation was carried out in organic marketplaces of Goiânia following the methodology determined by MARCONI & LAKATOS (2007). Factors associated with the hours of the marketplaces, customer flow, customer loyalty, quantity of products sold, and other aspects were evaluated.

SWOT analysis

The SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), aims to study environment and competitiveness concerning the following aspects (OLIVEIRA, 2001):

a) Strength: is differentiation achieved that provides an operational advantage in the industry;

b) Weakness: the inadequate situation that provides an operational disadvantage in the sector;

c) Opportunity: is a force of the commercial environment, uncontrollable by the entrepreneur, which can help his/her strategic action provided that it is known and satisfactorily used as long as it exists;

d) Threat: is the strength of the business environment, uncontrollable by the entrepreneur, which hinders its strategic action. May or may not be harmful, provided that it be assessed in a timely manner. A SWOT analysis of the producers of organic marketplaces of Goiania was carried out. The information was gathered from interviews with the president of the Association for the Development of Organic Agriculture (ADAO; Associação para o Desenvolvimento da Agricultura Orgânica), non-participant observation and literature.

RESULTS AND DISCUSSION

The surveys were applied from 11/07/2015 to 11/28/2015 exclusively in the two marketplaces of organic food of Goiânia. A total of 12 valid surveys were collected.

The age of the producers ranged from 22-73 years, and the producers had high levels of education, as shown in Figure 1.

The merchants think the price charged are fair and very affordable (Figure 2). MARIANI & HENKES (2015) reported that the prices of organic food in marketplaces of the city of Porto Alegre are similar to the prices of supermarkets. Consequently, the number of clients grew. All of the producers interviewed stated that their financial income increased after they abandoned the conventional means of production and began producing organically.

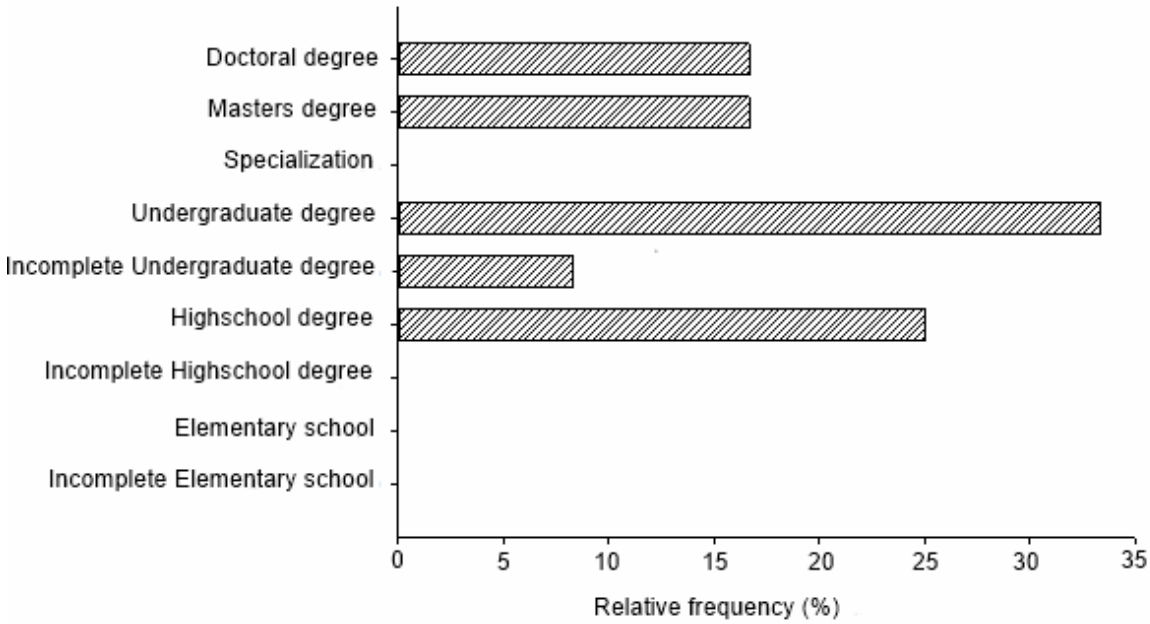

Figure 1. Education of producers of organic food in the city of Goiânia, Goiás.

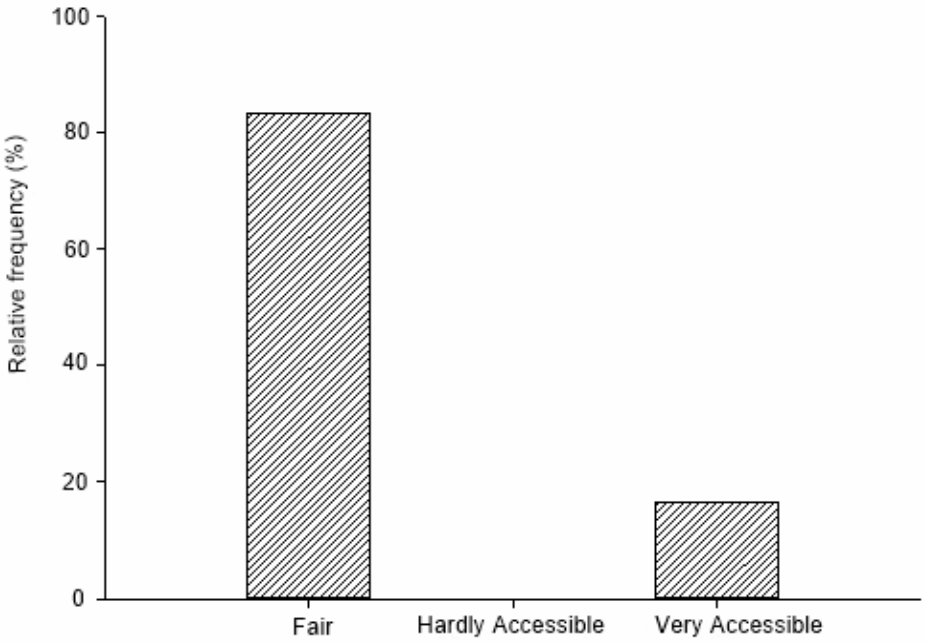

Figure 2. Evaluation of the producers of the prices of organic food in the city of Goiânia, Goiás.

There are variations in production costs, productivity and profitability among cultivars. A variation in profitability is shown by DONADELLI et al. (2012), who compared strawberry production in organic and conventional systems, and observed that the cost of organic production was 13.82% lower than that of the conventional system. Gross profit margin was 154.74% in the organic production system and 97.88% in the conventional system.

SOUZA & GARCIA (2013) assessed the costs and profitability of the production of organic and conventional vegetables in the state of Espirito Santo,

reported that the average cost of production of organic vegetables per hectare was 8% lower than the cost of producing conventional vegetables, and concluded that the overall average net revenue obtained per hectare in the organic production system (R$ 21,006.34) was 80% higher than the conventional system (R$ 11,450.44). 91.6% of the producers of Goiania said they had control of production costs, and 66.6% asserted to have a margin of 30% or more profit in the activity (Figure 3).

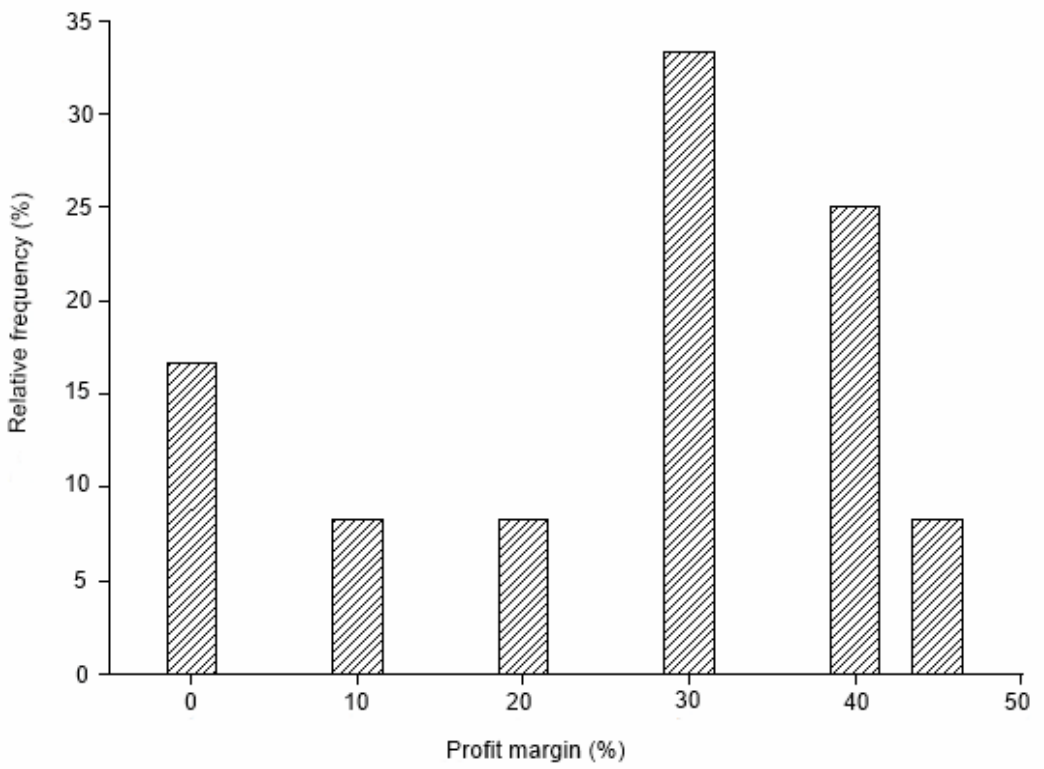

Figure 3. Profit margin of the organic producer in the city of Goiânia, Goiás.

Organization certainly contributes to a more accurate measure of the economic results. However, it does not a guarantee that an activity will generate profit. Cost control and the calculation of profitability are essential tools for any type of project. Monitoring costs and profitability over time provides an assessment of the income flow, and the identification of instability, rise or decline periods.

Only two producers stated that they participate in other marketplaces other than the two in the city of Goiânia. On average 86.6% of the products brought to market are sold. The percentage difference between the prices of organic and conventional products tends to decrease, enabling further expansion in consumption. However, this factor depends on the growth rates of demand and supply (LIMA et al., 2015).

The organic food sold in the city of Goiânia by the producers interviewed are shown in Figure 4. Most have a diverse supply of products, where vegetables prevail.

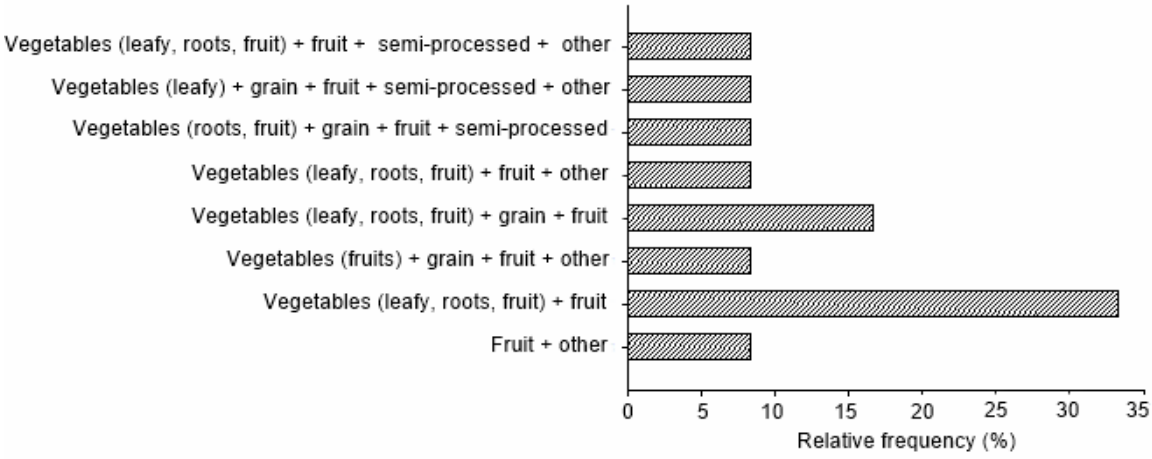

Figure 4. Variability of organic production in the city of Goiânia, Goiás.

A set of new products was informed (Figure 5), certainly guided by the perception of the customer, in response to the question "what other organic products do you intend to produce?". However, 25% of the producers said they do not intend to produce products other than the ones they currently produce. This information should be evaluated along with the response to the question: "Do you think about increasing the production of organic food?", which yielded 100% positive responses. It is important to emphasize that this increase in production occurs mainly by increasing the amount of what is already produced. It is understood that they do not know the demands of the consumer, which are interested in diversification.

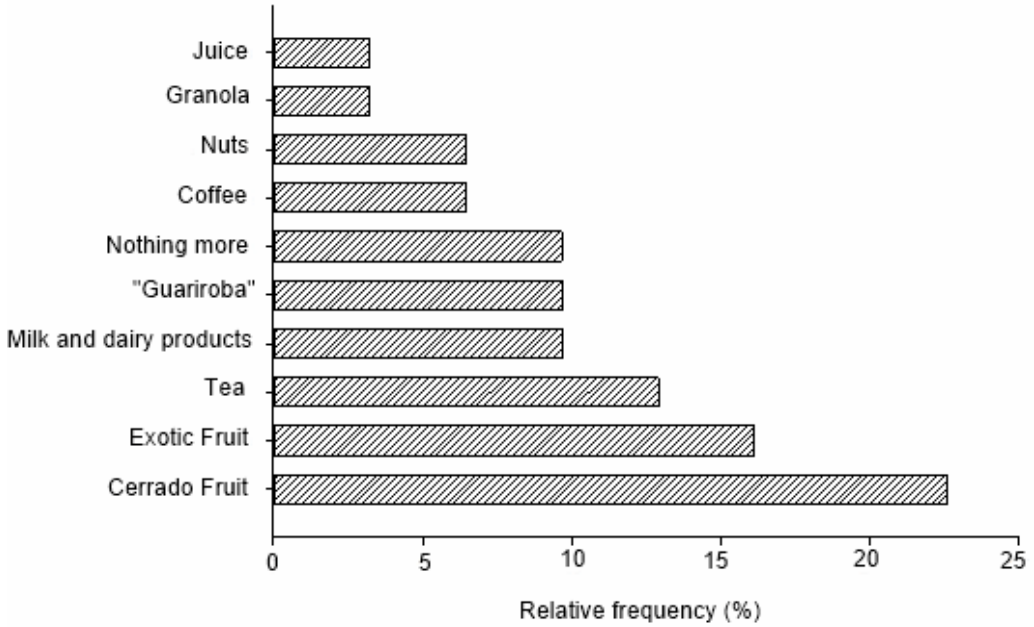

Figure 5. Additional organic products that farmers want to produce.

The information presented show that fruit production is a segment to be developed, and only one of the demands of consumers. However, it is not a simple activity, because the initial investment is high and the cultivation demands technification and knowledge, in addition to hand labor. Monocultures and large

areas of fruit production can attract pests and diseases that will require special care in organic production.

A total of 75% of the producers use scientific articles, media (TV, radio, newspapers, magazines) and School/University as sources of information on organic products. About 16.6% use scientific articles and School/University and 8.3% use only the media (TV, radio, newspapers, magazines). This information is related to the high education of the producers, who wish to have all possible information, including academic. In addition, 58.33% of the producers claim to have specific technical assistance to produce organic products (Figure 6).

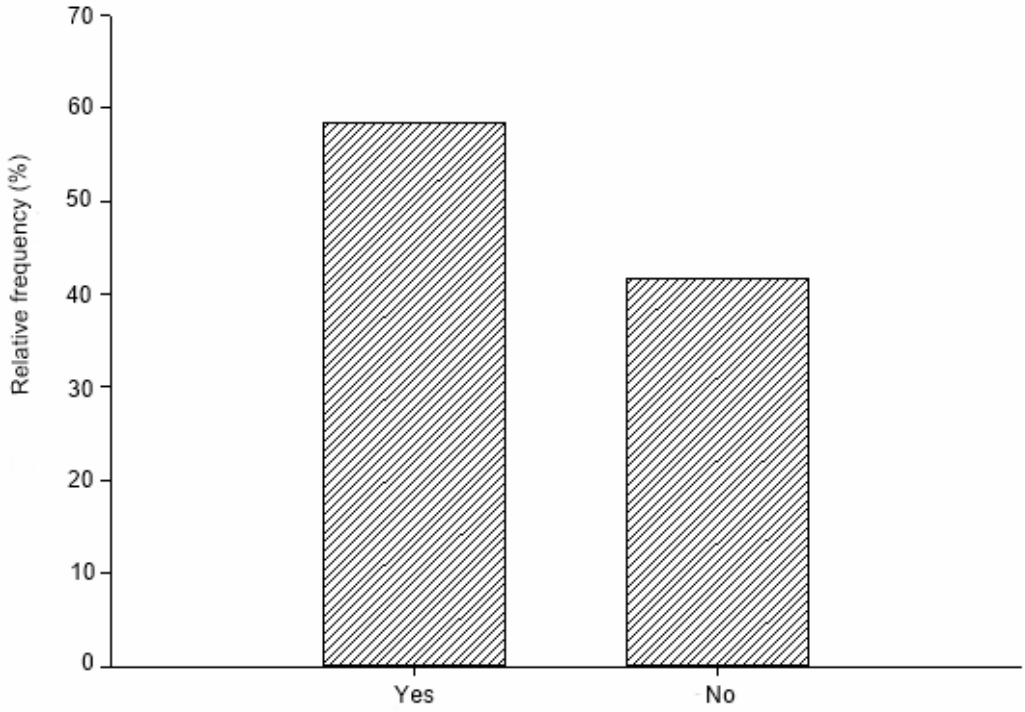

Figure 6. Have specific technical assistance to produce organic products.

On the other hand, a significant part of the producers (41.67%) have no specific technical assistance. Therefore, it is an activity to be considered within the scope of agronomy professionals. However, the preparation for practicing entrepreneurship is usually not observed within the formal education. The official teachers usually work with “exclusive dedication”, which is an impediment regarding the time dedicated to entrepreneurial activity, as well as to the acquisition of entrepreneurial knowledge. The entrepreneurial knowledge framework is usually guided by experience and includes successes and failures. Therefore, people with little experience with entrepreneurship probably have ittle knowledge on the subject.

Non-participant observation

Processed and semi-processed products sold in the marketplaces do not meet the Health Surveillance guidelines, determined in Resolution RDC n. 259 (BRASIL, 2002). This resolution highlights the following as mandatory information: Food sales name, list of ingredients, liquid contents, identification of origin, name or trade name and address of the importer (for imported food), lot identification, expiration date.

In addition to determinations of Health Surveillance, there are specific rules for the processing of organic food, such as the Joint Normative Instruction No. 18 which establishes the Technical Regulation for the processing, storage and transportation of organic products (BRASIL, 2009). However, there are specific requirements determined by the certification of organic food. These guidelines do not exclude the provisions of the current legislation, but act as a complement. An example is the guidelines for the standard of quality organic, required for certification by the Biodynamic Institute – IBD (IBD, 2012).

Adaptations to the regulations are necessary. However, compliance with the law has proven to be difficult, due to the costs associated with such adaptations. The costs are associated with acquisition of equipment for proper processing, personnel training, logistics solutions and others. The strategic solution is to establish partnerships or the entry of a new entrepreneur. Organic processed products do convey more confidence to consumers and the production surplus could be used.

The clientele was found to be captive in the non-participant observation and the many stages of collecting surveys with the consumers, being characterized by the same customers who attend weekly markets. Consumers have a similar profile with consumers of other cities of Brazil, consisting on a public willing to pay for food. The people attending the marketplaces are loyal consumers to the consumption of organic products, and make weekly visits to the organic food markets (Lima et al., 2015).

Fundamental differences between organic and conventional marketplaces were found. Traders are friendly in customer service, providing information and highlighting characteristics of the products. Traders in conventional marketplaces advertise in high tone) their products and near the closing time prices are reduced (popularly known in Brazil as time of the “xepa”) to sell the remaining stock. These products that were rejected by buyers who arrived early at the market and, therefore, might be lower quality. These actions are not carried out in organic fairs of Goiânia, even when, at the end, part of the product was not sold. In the survey, only 33.3% of producers said they sell all the goods.

SWOT analysis

Surveys of the SWOT analysis from the point of view of the organic producers who sell their products at organic marketplaces of Goiânia.

a) Strengths:

- Internal system of certification by credibility issued by ADAO;
- National certification systems;
- Interest in increasing production;
- Customer Trust in origin and quality of products;
- Captive customers;
- The production cost is lower than in conventional way in certain cultivation types;

b) Weaknesses:

- Hours of the marketplaces do not contemplate the wishes of consumers;
- The range of products that consumers want is not met;
- Small area for expansion of production;
- Sales are not made by card, cash only;

- In addition to the markets, few producers sell direct to the consumer;
- Processed and semi-processed products do not follow the regulations necessary;
- The sale sites, which receive products from merchants, want a steadier stream of products;
- There is a demand for the creation of new organic marketplaces in other parts of the city, which has not yet been carried out.
- The decision-making process do not have the same agility as does an individual entrepreneur, given that it refers to an association.

c) Opportunities:
- Steady positive advertisement for the consumption of organic on the radio, television, newspapers and social media;
- Interest of consumers of conventional food in consuming organic;
- Consumers willing to pay more for organic food;
- Possibility of creating clubs to purchase organic products;

d) Threats:
- Expansion of emporiums and establishments that sell organic;
- Arrival of organic products from other regions;
- Incomplete production chain;
- Open space for newcomers at multiple points of the production chain;
- The technical assistance offered by public agencies does not address the needs of producers.

Issues listed as threats can be perceived as opportunities for new entrepreneurs. The existence of an incomplete productive chain stresses that entrepreneurs interested in participating in this production segment supporting producers are still few.

The production of organic food begins with the seed. There is need for organizations to support seed production, in order to ensure the supply of good quality seeds of pure and creole varieties for all foods. Conventional seeds are unreliable and may be transgenic. In Brazil, seed production is a market dominated by a few multinational companies (MARIANI & HENKES, 2015). The supply of seeds and organic propagation material is extremely low and insufficient.

There is need for greater variability of what is produced. The survey conducted with consumers showed the need for many products that are not available. New producers have an open market without competition. Part of the current producers have identified this need and are organizing to increase and diversify production.

Another interesting aspect is related to logistics and distribution. Many organic products have regionalized production, for example, the Brazil nut, organic wine, exotic fruit coming from other countries, etc.. This makes the logistics and distribution of these products a sophisticated labor, carried out by a few large supermarkets. However, Internet sales service presents itself as an effective solution, and is complemented by the delivering the products in the consumer's residence. Only five producers from Goiânia provide this service.

CONCLUSIONS

1. The producer of organic food has characteristics that refer to convenience. In other words, they are people who have other income and the production of organic food is only additional.

2. The threats identified are mainly related to the arrival of competitors. However, depending on how the producers place themselves, they can be partners.

3. Technical assistance is a bottleneck that must be overcome, especially for new producers to join the activity.

4. There are many opportunities for newcomers to the organic sector. Entrepreneurs are needed in the areas of seed production, production of diversified food, processing, distribution, logistics and final sale to the consumer.

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