Since the 1980s the organic segment of the grocery sector has steadily increased in importance in western Europe and the USA. Particularly the concern about increasing environmental pollution since the 1970s led both politicians and customers and sellers to reflect about new long-term quality standards in the food and non-food sector. Until the mid-1980s almost all such goods were sold directly (on the farm) and consumer confidence in "ecological" (the term commonly used in Sweden or Germany, whereas "organic" is the more general term in English) production was based on personal relationships between producer and consumer. As more organic products, like their conventional counterparts earlier, became mass-produced articles this mechanism necessarily had to change. Producers and consumers became increasingly anonymous; the number of products grew, so that the customers needed guidelines that promised permanent quality standards and helped to distinguish organic products from conventional goods. The result was an extensive bureaucratisation of the sector, reflected in the awarding of so-called "eco-labels". Using coffee and bananas, two products traded worldwide between countries in the "South" and countries in the "North", we will analyse the development of the organic segment. Our case study will be Sweden, which is characterised by a particularly well cultivated organic segment and has a particularly high per capita consumption of both products, compared with other countries. The principal question we will look at is how these products are certified, how customers recognise them in shops, how they accept them and what lessons can be learned from this for other countries.

1. Introduction:
The Organic Segment in Food Retailing

The growing importance of organic products, whose market share in the past years rose even when retail sales as a whole shrank, is reflected in a rising number of scientific papers on "eco-marketing", "eco-management" and "ecologically minded retailers" (Schlegelmilch et al. 1996; Lagnevik and Tjärnemo 1998; Meffert 1988; Hansen 1988; Villiger 2000; for an overview cf. Tjärnemo 2001: 34ff.; Magnusson 2001). What is meant is products that are produced according to reproducible national or international rules in closed nutrient cycles, which exclude the use of chemicals, artificial fertiliser and gene technology (Villiger
These studies focus on questions such as which groups of actors play which role in the “ecologisation” of the market, what motives guide them, to what extent customer behaviour can be moulded and who the consumers are. In addition, the manner in which environmental standards are conceptualised and measured, their international comparability and their acceptance and recognition by consumers in the form of symbols/labels are discussed (e.g. Lindqvist and Rosen 2001; Dünnemann and Mayer 2003). The interest in “greening” and sustainability in countries like the USA, Germany or Sweden no longer concentrates on local organic products, but includes goods that move across the gap between the First and the Third World in the course of their production chain (Dünemann and Mayer 2002: 57). Of particular interest, because they are crucial to the export trade of various Third World countries, are coffee and bananas, which have been subject to ruinous competition in the past years (Vesely 2002, Dünnemann 2003). Monocultures and mass production in the areas where they are grown and the declining prices in the importing countries are aspects of the crisis of these most typical of all “colonial goods”. To overcome this problem, the cultivation of organic coffee and organic bananas is spreading, initially in the form of niches, in Latin American (Mayer 2003) and African countries (Forss and Sterky 2000). The aim is to both conserve natural resources and attain higher profits with the help of socially responsible consumers in the countries of the “North” (on social responsibility cf. already Anderson and Cunningham 1972). The goal of politicians and enlightened consumers is, where possible, to combine environmentally sound cultivation and so-called fair trade, making economic and ethical standards equally important for the development of the organic segment. Fair trade, also known as alternative trade, cannot be defined explicitly. The most important criteria are guaranteed minimum prices for producers in the countries of the “South”, higher compensation for the producers and negotiation of long-term relationships with business partners in the “North” to improve the quality of life and the planning of predominantly small farmers. With discounting spreading in European grocery retailing, the question arises whether the organic segment really has a chance to expand in the face of such price targets (cf. Villiger and Belz 1998 on the situation in Switzerland, United on the situation in Denmark and Germany in 2003).

In the discussions on New Economic Geography and Institutional Economy, economic success and low transaction costs are no longer determined by neoclassicist locational considerations, but are dependent on the interrelationships between various groups of actors who shape economic, social and political activity. The actors – integrated into the comprehensive system of a production-consumption-administration chain – can only interact optimally if their (course of) action is defined by social “rules” or institutions of a formal or informal type (Börner 1998). The so-called New Institutional Economy (North 1990) and the construct of embeddedness (Granovetter 1985) attempt to explain how producers, consumers and intermediary organisations influence each other’s behaviour. Because of their inherent limited rationality, guidelines for efficient co-operation are needed in the form of institutions. In order to generate confidence and acceptance among the various actors, the latter must possess credibility and reliability above all (Börner 1998: 85ff.). These institutions, on the one hand, and the various hierarchies of interlinked behaviour of the groups of actors, on the other hand, are embedded in contingent social conditions (Batheil und Glückler 2002: 161). In other words, they vary over time and space and can trigger very different economic mechanisms despite equivalent or similar social structures. For the development of the “eco” market segment in Sweden the questions arise, what rank these institutions already occupy here, who the “moulders” of these institutions are and to what extent the actors in their networks can have not only an innovative, but also a sclerotic effect.
2. Data Base

To procure data on the significance and structure of and the actors in the organic segment (supported by the Deutsche Forschungsgemeinschaft) I

1. carried out literature searches for general information on “eco” marketing and local Swedish responses, and

2. additionally, in October/November 2002, held interviews in Sweden with producers and wholesale importers, with representatives of the highly centralised retail trade, the certification authority KRAV and the consumers’ union. These interviews were intended to provide information about:

a) structures of the market for organic bananas and organic coffee relating to the areas of origin, the quantities and the temporal dynamics of these segments;

b) marketing mechanisms for boosting sales of organic products;

c) the manner in which controllers and producers and/or sellers co-operate and are linked; and

3. evaluated statistical data derived from marketing reports for individual product groups published on behalf of the Swedish Chamber of Industry and Commerce and Sida (the Swedish International Development Cooperation Agency), and comparative international statistics (FAO) on the “eco” market, to put the significance of the Swedish market into the proper context.

3. Sweden – National Economy with a Particularly Prominent Organic Segment

In Sweden, with its only approx. 9 million inhabitants, the significance of environmentally sound farming has risen rapidly since the beginning of the 1990s as a result of active political and financial support on the part of the government. The new ecological orientation of these policies was supported by nature associations, consumers and producers, so that the goal of “ecologising” society met with a broad consensus. A traditionally high degree of centralisation and bureaucratisation of decision-making processes is characteristic of this “Swedish model”. In its centre are two organisations (KRAV, a semi-governmental agency, and Demeter, an international non-profit organisation with an anthroposophical background), that are able to convince the general public of the appropriateness of environmental and ethical standards and uninterrupted control chains from the producer to the shop counter (interview Jerlbäck). Because of this clear structure of authorities and decision makers, the search for collective solutions and the traditionally high ethical and moral standards of the public, the initial situation in Sweden differs from that, e.g. in the USA and Germany, where diversity reigns in the market for organic goods, as elsewhere.

4. Significance and Development of the “Eco” Market Segment in Sweden

4.1 Bananas

With approx. 18 kg annual per capita consumption, Sweden ranks very high in the consumption of bananas worldwide. Between 1990 and 1999 the import volume rose by about 30% to 185,000 t (Fox Research 2001c: 11), of which approx. 90% come from Central and South America.

Since 1994 organic bananas have also been imported. In 2000 they accounted for around 2,000 t, which corresponds to half of the supply of all organically grown fruit. Compared with apples and pears, whose ecological market share is only around 0.8% (FAO 2001: 155),

<table>
<thead>
<tr>
<th>Product group</th>
<th>Weight in t</th>
<th>Value in million SEK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Organic</td>
</tr>
<tr>
<td>Fresh fruits and vegetables</td>
<td>1,322,000</td>
<td>19,000</td>
</tr>
<tr>
<td>Coffee, tea and cocoa</td>
<td>88,000</td>
<td>1,000</td>
</tr>
<tr>
<td>All products</td>
<td>7,145,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Bananas</td>
<td>160,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Coffee</td>
<td>69,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Bananas dominate the supply of fruits sold in the organic segment (Tab. 1), which – although small even compared with other countries (Tab. 2) – is expected to rise to 3-4% in the next few years. Hence it is less the absolute or relative significance of this range of products than the growth dynamics of 30-40% annually that distinguishes the Swedish “eco” market compared with other West European countries (Lohr 2001: 70).

4.2 Coffee

Similar to bananas, Sweden is one of the leading consumers of coffee worldwide. Around 10 coffee roasters supply this market (McCabe 1994). They work only with top quality Arabica coffees, which come primarily from Central and South America and East Africa. Since 1992 organically grown coffee is also imported. In 2000 it amounted to around 1,000 t, which corresponded to a 1.5%

Tab. 2 Significance of the organic market in various countries. – Source: FAO 2001: 3 / Bedeutung des Ökomarktssegments in verschiedenen Ländern. – Quelle: FAO 2001: 3

<table>
<thead>
<tr>
<th>Country</th>
<th>Value of all organic products (mill. US$)</th>
<th>Share of organic goods in the sales value of all foodstuffs (in %)</th>
<th>Value of organic fruit and vegetables (mill. US$)</th>
<th>Share of organic goods in all fruit (f) and vegetable (v) sales (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>986</td>
<td>1</td>
<td>300</td>
<td>5-10</td>
</tr>
<tr>
<td>Germany</td>
<td>2,128</td>
<td>1.25-1.5</td>
<td>378</td>
<td>2.6</td>
</tr>
<tr>
<td>Italy</td>
<td>978</td>
<td>1</td>
<td>264</td>
<td>2</td>
</tr>
<tr>
<td>France</td>
<td>846</td>
<td>1</td>
<td>169</td>
<td>-</td>
</tr>
<tr>
<td>Denmark</td>
<td>372</td>
<td>2.5-3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>USA</td>
<td>8,000</td>
<td>1.5</td>
<td>1,450</td>
<td>-</td>
</tr>
<tr>
<td>Austria</td>
<td>175</td>
<td>1.8</td>
<td>29</td>
<td>3 f, 5 v</td>
</tr>
<tr>
<td>Sweden</td>
<td>195</td>
<td>0.9</td>
<td>31</td>
<td>1.7</td>
</tr>
</tbody>
</table>
share of the total coffee market. Almost all coffee roasters market their own organically grown coffee, some of which fulfills fair trade standards. According to market analysts the share of organic coffee could be higher if the world market had a corresponding supply of the types of coffee preferred in Sweden (Fox Research 2001a: 10).

5. Actors and Organisational Structures in the Swedish Organic Segment

Although Sweden is committed to a market economy, the state has greater opportunities to intervene in economic processes than in other western industrialised countries. Time and again in the past, state models stressing welfare, public relief and social security for everyone led to a search for “collective solutions” (between politics, economy and society). This “social conscience” is pursued not only within Sweden, but also towards problems of the Third World, as whose advocates the Swedes regarded themselves, especially in the 1980s. “Concerted action” is the focus of societal discussions, in which group interests are reconciled less through conflict than by consensus. In questions pertaining to the “ecologising” of agriculture and improving the quality of foodstuffs such a strategy was also pursued. “Pressure from below” caused people to ask at the end of the 1980s why organic products could only be bought directly from the farmer and not in perfectly normal stores. Thus, e.g. the consumer co-operative KF alone has 2.6 million members (in a country with 8.9 million inhabitants). The expectations of all of these potential customers represented pressure for changes in distribution channels and control systems. In the following we will look at the significance of three different actors for the development of the organic market segment and how they are linked to each other.

5.1 Certification and inspection

The nationally recognised institution for the inspection and certification of organic goods is KRAV, which was founded in 1985. It marks goods with a symbol with which a majority of Swedish consumers are familiar and that for many
is a symbol of environmentally sound production. KRAV is a private corporation currently composed of 29 members, who represent the agricultural associations, importers, retail organisations, consumers’ and environmental associations and are closely linked both spatially and personally (Fig. 1). Within this system the important decision-makers rotate between different firms and organisations. The responsibility of KRAV is to carry out inspections (once a year) within the entire production chain and to certify individual products and entire supermarkets, shops and restaurants with the KRAV label, provided that they not only sell KRAV goods, but also process them. Thus 600 supermarkets (approx. 10%) and around 300 restaurants and catering businesses all over the country are authorised to repack or otherwise alter KRAV goods. Outside of the country these inspections are carried out by the subsidiary KKAB and by international partners accepted by KRAV. KRAV finances itself primarily through its inspection and certification fees which amount to 5,000 SEK per annum for importers and, for the retail sector, 0.9% of the total sales figures for KRAV certified goods. An uninterrupted documentation of goods starting from their area of origin is supposed to guarantee adherence to the KRAV standards, which are again monitored by an international organisation (Fig. 2). The countries of origin, which are ultimately selected by the importers, can change on short notice because of price fluctuations, particularly for coffee. In case products are imported from third countries, recertifications are necessary. These can take up to six months and are valid for up to two years, if there are no changes in the production chain that require disclosure to KRAV. Not all foreign eco-labels are recognised and recertified, however.

The collaboration with domestic importers works smoothly because of the relatively small number of contact persons/actors. The approx. 60 staff members of KRAV, of whom 9 are certifiers, have to deal with only 5-6 large coffee roasters in the coffee segment. In contrast to Ger-

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**Fig. 2** “Production” chain for the eco-coffee and eco-banana segment

„Produktions“-Kette für das Marktsegment Öko-Kaffee und Öko-Bananen
many, where there are 38 certifiers for organic foodstuffs alone, in Sweden there is only one other certification agency besides KRAV, namely Demeter (for biodynamic products). The retail trade sector also reveals one of the highest concentrations in the EU: The three largest enterprises generate more than three quarters of the entire retail sales (Jacobsen 2001: 46). Many of these oligopolistic main players are simultaneously members of KRAV and participate in the definition and reformulation of environmental standards that conform to the international IFOAM (International Federation of Organic Agriculture Movements) and EU guidelines. KRAV is thus, by its own profession, independent of political influences, although it also receives money for its work from the Ministry of Agriculture.

The high degree of acceptance of the KRAV labels is explained by the interview partners as follows: the “high moral standards” of Swedish consumers; “modern collectivists”, who associate a “reasonable choice” with a “reasonable price”; “Sweden loves centralised solutions”, which is why the general public can be induced to accept environmental and ethical standards. Due to political-ideological constraints like those expounded by interest groups, (organic) products from certain countries may at times be inopportune (e.g. Israel and Zimbabwe) and unsaleable. Thus the KRAV label is at the same time, though unconsciously for many customers, a symbol of political correctness, which is defined within the social environment of the certifiers. The recognition level of the KRAV symbol has increased rapidly in the past years: in 1989 20% of the Swedish consumers were familiar with the KRAV label; in 1994 75% and in 2000 94% (Lagnevik and Tjärnemo 1998: 221, Lindqvist and Rosen 2001), though they did not always associate it with the correct meaning.

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**Fig. 3 Structure of the Swedish retailing system.**

*Struktur des schwedischen Einzelhandels.*

*Source: Lagnevik and Tjärnemo 1998: 225*

*Quelle: Lagnevik and Tjärnemo 1998: 225*
5.2 Marketing

The “ecologisation” of the market was and is promoted particularly by the retail sector. It is controlled predominantly by three commercial groups (ICA Ahold 35%; Coop Norden 19%; Axfööd 18%), which include both retail and wholesale interests (Fig. 3). This is the reason for the unusual situation, compared with the rest of the world, that most organic products are sold in supermarkets (Tab. 3).

It was primarily because of the great interest of Coop members in organic products that Coop Sverige became the trade leader in this assortment of goods and acquired the image of Sweden’s “most environmentally friendly” retail chain. For this it created an organic brand name of its own, “Ånglamark”, to secure for itself both publicity and the support of the Swedish Society for Nature Conservation and KRAV, whose standards “Ånglamark” products are supposed to meet (Lagnevik and Tjärnemo 1998: 227; Kooperativa Förbundet 2002). Other chains such as ICA followed suit at the beginning of the 1990s. In-store marketing of organic products (Fig. 4), training of so-called “eco-masters” for each Coop shop and the introduction of fixed (“political”) prices, e.g. for organic bananas, brought home the special quality of this new market segment, which was to be kept out of the price competition with conventional goods. Purchasing decisions should be determined by quality and “ideals”, and the closer conventional and organic products are displayed on the same shelf, the more conscious is the choice.

5.2.1 Bananas

ICA-Bananen, importer for the Swedish retail chain of the same name, has offered organic bananas since 1996 and organic/fair trade bananas since 1998. These are certified by KRAV; corresponding inspections are therefore not carried out by ICA itself. Additionally, they are marked with a label of their own (ICA-eco) and sometimes with a fair trade symbol. The latter occurs in cooperation with the fair trade association Rättvisemarkt. Although organic bananas (and other organic fruits) are presented conspicuously in the produce section of all supermarkets visited, their market share is still small. The prices are not fixed uniformly in ICA shops (chain of merchant-
owned shops). In so-called “eco-weeks” articles are promoted via the price. The weight volume of organic/fair trade bananas for ICA amounted in 2000 to 1.27%, in 2001 to 1.50% and in the first 46 weeks of 2002 to 1.46% (corresponding to around 2% of the sales figures). By comparison, the figures for Coop are quite a bit higher (1997 2%; 1999 4%; 2001 9%; goal for 2003: 15%), although here too they lag behind the self set goal of 10% in 2000. Both of these retail chains import their organic bananas exclusively from the Dominican Republic, where the so-called Black Sigatoka, a destructive fungus on the banana leaves that contributes to a worldwide crop loss of 30-50%, does not occur and chemical treatment of the bananas against mould can be definitely excluded. Through European importers organic bananas from Peru and Ecuador also enter Sweden, however. The price of organic bananas is understood by Coop as a “political price”, because it remains unchanged and is ascribable to the “pressure” from 2.6 million Coop members. The price for 1 kg is fixed at 19.90 SEK and thus lies as much as 100% above that for special offers on conventional bananas. Considering the costs of value-added taxes, fees, logistics, freight and ripening, the profits are low, even with the fixed price. Coop does not offer fair trade bananas, because otherwise they could not hold the fixed price. Biodynamiska Produkt, which also acts as a supplier for ICA and imports its organic and organic/fair trade bananas from the Dominican Republic, usually through personal contacts to the region (areas of Azua and Mao), is specialised particularly in this market segment. Approx. 600 boxes are sold to ICA per week. These bananas are sold at a price that is as much as 20% higher than in Coop shops, and after deduction of the certification costs and licence fees (fair trade label), approx. 15% of the shop price goes to the smallholder. During advertising campaigns for organic bananas, held together with
the fair trade organisation in Sweden, ICA merchants are invited to the Dominican Republic to familiarise them with the growing conditions and the principles of fair trade.

KRAV inspectors in Helsingborg, the main port where bananas are imported to Scandinavia, or KKAB inspectors on site test the goods. For the bulk purchasers this involves a certain automatism on which they rely unconditionally and for which they pay a fee to KRAV. Therefore, they do not check whether the goods delivered to them carry their labels justifiably. At least for ICA, organic bananas are part of a diversification strategy to market the product banana in accordance with individual lifestyles: plantains as “ethnic food”, oritos (mini-bananas) “for the children”, organic bananas for the environmentally conscious and “conventional bananas” for everybody.

5.2.2 Coffee

The organic coffee market is more highly differentiated than the organic banana market. Importers and coffee roasters have specialised in a multitude of ways. Arvid Nordquist is the fourth largest coffee producer in Sweden and supplies approx. 10% of the market. Since 1995 Arvid has included organic coffee in its assortment; it currently accounts for only around 2% of the total production. This coffee is about 10% more expensive than normal coffee. The countries of origin of organic coffee are Peru, Guatemala and Bolivia. Access to other coffee growing countries is difficult, unless they are certified by KRAV (“gives security”). KRAV itself selects opportune and inopportune producers. The amount available on the international coffee market that simultaneously meets the high quality standards for Swedish coffee is accordingly limited. Contacts between coffee roasters and the countries of origin are often brokered by KRAV. Most of them lie in South America and only a few in Africa (Uganda, Tanzania). Whereas Arvid Nordquist can be purchased in all supermarkets, Kahl’s Kaffe, the market leader for special coffees, concentrates on marketing its coffee in small shops or to bulk purchasers. The organic coffee segment of Kahl’s Kaffe accounts for 5%. A large share of this, however, is purchased by government institutions, schools or hotel chains (e.g. Radisson Hotels). Advertising is therefore not aimed at private customers, but at bulk purchasers. These purchase 30% of their total coffee from Kahl’s in the form of organic coffee. The pressure of the institutional customers concentrates more on organic and not on organic/fair trade coffee, whose purchasers are found especially in speciality shops. The price of a pound of coffee is about twice as high as conventional coffee in the supermarket. The quality of the coffee beans is tested by Kahl’s Kaffe itself in the country of origin, which, however, does not obviate the work of KRAV. The KRAV label is imperative for withstanding the “political pressure” of its Swedish purchasers (primarily institutions). International marketing, however, as is planned by Kahl’s Kaffe for the future (except for Norway and Dubai), requires a uniform EU eco-label (interview Wallman). The KRAV label is considered to be somewhat of a disadvantage in this case, because it is unknown outside of the insignificant Swedish market.

In contrast to Arvid Nordquist and Kahl’s Kaffe, Sackeus specialises in organic/fair trade coffee from Peru and Mexico (Arabica coffee) and from Tanzania (only fair trade; Robusta type). Contacts to new growing regions and co-operatives are made particularly through churches and missions. 40% of all of Sackeus’ goods have a KRAV label, these have a 95% share of the sales figures. 85% of all profits result from the sale of organic coffee. Although it is a small company, Sackeus is the largest seller of combined organic/fair trade coffee in Sweden, with a market share of approx. 50%. Because this coffee is purchased without intermediaries, the producers can make profits three
times as high as for "normal" coffee. In 1994 Sackeus produced the first organic coffee with a KRAV label. Since then there has been a strong diversification: three brands, ten different roasts and ecological Espresso are offered. On the one hand, this coffee can be obtained in almost all supermarkets, on the other hand, as is the case with Kahls Kaffe, institutional customers are an important clientele, in addition to government agencies, hotels and restaurants, also the Swedish churches. Sackeus itself is owned 30% by the Swedish Protestant Church. Advertising campaigns are therefore carried out primarily in church newspapers. Direct sales to bulk purchasers via Internet are possible. Customer brand loyalty and added value, which cannot be defined through the price, constitute Sackeus’ success. Nevertheless, Sackeus is not completely independent of the international (sinking) coffee prices, which cause the profits in fair trade commerce to shrink as well. How difficult it is to integrate new areas of cultivation into the accepted cycles of organic products is shown by an example from Tanzania, where coffee that was previously only traded in fair trade was to be provided with a KRAV label. The approval of the certifiers can take up to three years.

In collaboration with Sackeus, which functions as wholesaler, Alternativ Handel (World Shops) is one of several marketing channels for organic/fair trade goods. 80% of all goods must be traded "fairly", though not necessarily labelled as such. Coffee sales have an estimated 30% share of the total sales. In addition to the actual organic coffee with a KRAV label, coffees without label are sold (e.g. coffee from Chiapas to support the Zapotistas). This tradition of selling goods for ideological reasons and to some extent idealistic prices dates back to the 1970s, when, e.g. Chinese rice was sold. Only later did the coffee segment, which is more diverse here than in the KF or ICA supermarkets, gain in importance. Here too, however, it is noted critically that varieties with a KRAV label sell better than those without label.
5.3 *Customers*

The producers characterise their clientele as follows:

a) Organic coffee:

- mixed age groups in Coffee Shops (incl. McDonald’s); otherwise usually between 18 and 35 years of age ("environmentally involved"),

- employees of large insurance companies and governmental institutions, where organic coffee is sold in coffee dispensers (Arvid Nordquist),

- "more educated", "more aware" (Sackeus),

- "students, church people, solidarity movement, university" (Alternativ Handel);

b) Organic bananas:

- women between 35 and 50; younger people (Biodynamiska Produkter),

- modern collectivists; "the important thing isn't what it costs, but what we want to have" (KF)

Hence the wholesalers and retailers interviewed draw a very rudimentary picture of their customers. It is clear, however that they have specialised in very different marketing channels or niches. Whereas ICA or KF occupy the mass market, other sellers concentrate on special bulk purchasers or persons with a special kind of socialisation (church, university). The latter are less reluctant than "normal" customers to pay a surcharge for organic coffee or bananas in an already high-priced retail market. Discounters, who could diversify the price structure, do not yet exist (prior to the upcoming expansion of the German discounter Lidl to Sweden). The alternative paths to the establishment of an ecological mass market, the "multiplying Davids" and "greening Goliaths" (discussed by Villiger 2000), thus exist parallel to each other in Sweden: Small "eco-niches" and "green" supermarkets complement each other, in order to address different strata of customers through product and marketing specialisation (Fig. 5).

Despite the high degree of familiarity and the high esteem of the KRAV label on the part of Swedish customers, the high prices are still the deci-

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Tab. 4 Proportion of customers and surcharges in the organic market segment in various countries. – Source: Lohr 2001: 73 / Anteil der Kunden und Preisaufschläge im Ökomarktsegment in verschiedenen Ländern. – Source: Lohr 2001: 73

<table>
<thead>
<tr>
<th></th>
<th>Proportion of customers who buy organic goods regularly(^1) (%)</th>
<th>Surcharges on conventional goods in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>25</td>
<td>30-50</td>
</tr>
<tr>
<td>Germany</td>
<td>32</td>
<td>20-50</td>
</tr>
<tr>
<td>Italy</td>
<td>4</td>
<td>35-100</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>25-35</td>
</tr>
<tr>
<td>Denmark</td>
<td>32</td>
<td>20-30</td>
</tr>
<tr>
<td>USA</td>
<td>9-19(^2)</td>
<td>10-30</td>
</tr>
<tr>
<td>Austria</td>
<td>20</td>
<td>25-30</td>
</tr>
<tr>
<td>Sweden</td>
<td>15</td>
<td>20-40</td>
</tr>
</tbody>
</table>

\(^1\) at least once a week; \(^2\) dependent on product category
sive obstacle to buying organic goods (Tab. 4). The reason is not a lack of willingness of the customers, as shown by a 1997 EU study on purchasing behaviour towards fair trade bananas: Among 15 countries Sweden’s 87% was the highest figure (European Commission 1997). The confidence in organic products is high, because organic food scandals like those that occurred in Germany are unknown so far. The government Consumer Agency, which is a subsidiary of the Ministry of Agriculture, supports eco-consuming through its work and its advertising brochures and, in concert with NGOs, seeks to give the customers guidelines for shopping not only through eco-labelling, but also through ethical labelling.

6. Power Factor KRAV and Outlook

The Swedish market for organic products is distinguished by an intensive interconnectedness of only a few actors. At the same time there are personal connections and/or transitions between individual institutions (e.g. from KF to KRAV). KRAV serves as the higher level “neutral” institution in which the joint eco-standards are defined. The ensuing certification inevitably pervades all areas of life in an attempt to cover the entire production-consumption chain. In the past this sometimes led to bottlenecks, because not enough certified processing or packing units were available. A large number of different job descriptions, be it agronomists, food technicians, retailers or bakers, are necessary for the work of KRAV, to make allowances for the special conditions in the production, storage and transport of various goods. Training as an inspector takes place in the USA. The work of KRAV itself is monitored and certified by an international agency. There is no trace, however, of this bureaucratic effort at the producers’ or importers’ side. The interviewees perceive KRAV as a type of service agent, whose services they remunerate with their fees, who carries out annual inspections and whose label bestows on their own products a high degree of familiarity and public confidence. Occasionally internal market labels are added, to give the product an additional identity. But the secret of success remains KRAV, which enjoys a more than 90% degree of familiarity among the Swedish public, in addition to its own advertising, the publicity of the state consumer organisation, advertising by retailers and the activities of interest groups.

This high degree of centralisation leads to grave problems, as far as the self-responsibility and freedom of choice of the customers is concerned. “Many store managers claimed that they are against patronizing consumers and have therefore chosen to offer both KRAV-certified and conventional products within the same product groups to let the consumers choose for themselves” (Lagnevik and Tjärnemo 1998: 235). As far as the areas of origin are concerned, the decision has already been taken away from the customers, because either no certifying is done or KRAV does not seek any contacts, e.g. to coffee roasters. Although KRAV itself does not pursue any politics, its course of action depends on the political currents in the board of trustees and its 29 members and can thus decide the success or failure of individual groups of retail goods.

One could also speak of the danger of a lock-in, because the KRAV model is moulded by specific Swedish developments. The driving force of its success are the traditional welfare state and conditions that are characterised by a high degree of social consciousness, in which internal competitors, at least, are tolerated rather than driven out. External non-Swedish competitors, in contrast, are practically unknown, and this did not change even after Sweden was admitted to the EU. Through the monopolistic position of KRAV products and the circumstance that foreign eco-labels (e.g. various German certifications) are judged by KRAV to be inadequate for the Swedish market, the “closed” KRAV network evades international competition, which in this case would represent
less a price competition but rather a competition for confidence. The national insular solution also prevents KRAV products from finding buyers outside of Sweden. This has resulted in a call for a uniform European eco-label.

The Swedish way to success is not easily transferable because of the highly monopolistic structures in retailing and in certification. This holds for the high degree of social and ethical enlightenment of the Swedish customers, who attempt with the help of local purchasing behaviour to bring about social improvements worldwide. The Swedish situation is also characterised by high purchasing power. The purchasing power is tending to sink, at least in other parts of Europe, due to high unemployment and the break-up of the social systems, and thus will limit the chances of the “eco-segment” to expand. Nonetheless, worthwhile, generalisable developments can be derived from the Swedish example, such as concentration on a few rapidly recognised eco-labels, the targeted (mass) marketing of organic goods in conventional grocery stores, which no longer only bank on price policies (Untied 2003), and the willingness of the population to practise international solidarity with the so-called countries of the “South” via their consumer behaviour.

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9. Interviews (October/November 2002)

Alternativ Handel Göteborg

Andersson, L.: Product Manager Bananas, ICA Bananas, Göteborg

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Gerhard, J.: Product Development, Stiftelsen Biodynamiska Produkt, Järna

Jureman, J.: Konsumentverket, Stockholm

Jelbäck, R.: Category Manager Fresh Fruits and Vegetables/Flowers, KF Svenska Detaljhandeln, Stockholm

Rifve, Y.: Certification Assistant Food International, KRAV, Uppsala

Wallman, F.: Sales Manager, Kalls Kaffe, Göteborg
Summary: Marketing “Eco-Coffee” and “Eco-Bananas” – The Example of Sweden

Since the 1980s the organic segment of the grocery sector has steadily increased in importance in western Europe. The result was an extensive bureaucratisation of the sector, reflected in the awarding of so-called “eco-labels”. Using coffee and bananas, two products traded worldwide between countries in the “South” and countries in the “North”, we analyse the development of the organic segment. Our case study is Sweden, which is characterised by a particularly well cultivated organic segment and which has a particularly high per capita consumption of both products, compared with other countries. The Swedish way to success is not easily transferable because of the highly monopolistic structures in retailing and in certification. Nonetheless, worthwhile generalisable developments can be derived from the Swedish example, such as concentration on a few rapidly recognised eco-labels, the targeted (mass) marketing of organic goods in conventional grocery stores, and the willingness of the population to practise international solidarity with the so-called countries of the “South” via their consumer behaviour.

Zusammenfassung: Vermarktungspraktiken von Ökokaffee und Ökobananen – das Beispiel Schweden


Résumé: Commercialiser le café et les bananes écologiques – l’exemple de la Suède

Depuis les années 1980 la part des produits écologiques dans le domaine alimentaire augmente en Europe de l’Ouest. Il en résulte une importante bureaucratisation de ce secteur, qui se manifeste par l’attribution de « labels écologiques ». L’exemple de deux produits mondialement commercialisés, le café et les bananes, permet d’analyser dans le cas de la Suède l’évolution de la part des produits bio ; ce pays se distingue par une institutionnalisation très prononcée du commerce. En raison des structures monopolistiques importantes dans le commerce de détail et dans l’homologation, la voix qui a mené la Suède au succès ne peut être exportée telle quelle. Cependant l’exemple suédois présente des évolutions dignes de servir de modèle et susceptibles d’être généralisées, telles qu’une concentration sur des labels écologiques peu nombreux et rapidement reconnaissables, l’introduction ciblée (en masse) de produits bio sur le marché alimentaire conventionnel ou encore une population prête à souscrire dans son comportement de consommation à une solidarité internationale avec les pays dits du sud.

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