



## The Future of Organic Milk in Portugal

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### I- Abstract

Concepts such as sustainable development, social responsibility, recycling, renewable energies, fair trade, genetically modified organisms, have contributed for new agro-food standings. The environmental pressure and the new agro-food policies have been pushing the Portuguese milk sector to new production and marketing concerns. The main factors that characterize the Portuguese milk suppliers are good professionalism and specialized management. However, some zones present problems concerning cost control, unspecialized labour and negative environmental impacts.

### II- Objectives

This study explores and forecasts the factors influencing the supply chain of organic milk products in Portugal using the Delphi methodology.

### III- Results

The expert panel has forecasted as a future scenario the fact that in 2015, Portugal will not produce sufficient organic milk for the domestic demand, which is estimated to be 45 million litres. Nevertheless they believed that factors such as health, nutritional value and environmental concerns will constitute the new agro-food consumption drivers. Based on that, between 2005 and 2015 there will be a significant increase of organic milk consumption, reaching 5% of national conventional milk consumption. Other factors could make this happen: more information and better prices. The panel also established that a national advertising campaign will be very useful to increase consumption. The estimation of this campaign should help to understand the derived demand curve.

In Portugal at the end of 2006, an organized sub-sector of organic milk did not exist. The demand is based on three clusters that normally buy organic milk and are up of 500.000 consumers. Furthermore, 123.154 are daily consumers. Health, environment and expert information in the point of sale, have started to be the basis of the Portuguese milk consumer process decision. Compared with conventional milk products, the willingness to pay are on average, 22.3% higher. There is a potential market of around 385.000 consumers and many of them have already demanded at least once.

### IV- Conclusions

In the horizon explored in this study, it is estimated that the cluster of consumers of organic milk products will grow significantly. The present 10 year-old consumers, currently with no purchase capability and highly receptive to change, will be the same within ten years. If environmental education and the teaching of quality of life start to be effective, the change of consumption preferences will be quicker and the sustainability a practice in our society.