

**MINDING YOUR BUSINESS**

# Parents supply and demand organic foods

## Health-conscious adults drive market

By Ann Meyer, Special to the Tribune  
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Small-business owner Greg Christian first got into organic foods six years ago to control his daughter's asthma. The change in diet worked so well that Christian, a caterer for 16 years, decided to launch GoGo Organics last fall, specializing in portable organic meals.

"I saw that just my two kids eating organic foods wasn't enough," he said. The result is a new line of six organic salads, sandwiches and wraps, available for about \$5 to \$8 in Sunset Foods, Potash Bros., and select cafes and delis plus area college food-service operations.

Christian's story isn't unusual, experts say. While Wal-Mart is making a big splash in organics with a multimillion-dollar ad campaign, it's the niche players who have introduced the organic movement to the Chicago market, often with health-conscious parents moving the concept along.

"This is a consumer-driven market. People want this food and they will get it," said Sonya Dagovitz Kugler, president of Natural Needs, a Highland Park event marketing and outreach

firm specializing in natural foods.

Organic food in the Chicago area was largely a "radical, fringe movement" for years, said Dagovitz Kugler, a mother of five who in the late 1980s and 1990s was an active member of Mothers and Others for a Livable Planet and is currently board chair of The Organic Center, a not-for-profit dedicated to generating scientific evidence about the benefits of organic foods.

"The market started to become penetrated through education," she said. "Little by little, people who never saw organic products at all had options to see, taste and talk about it" at street fairs and other outreach programs, she said.

Even as organic foods have moved into the mainstream, generating \$14 billion in sales last year, most of the product comes from small companies, according to the Organic Trade Association, a business association based in Greenfield, Mass. More than three-quarters of the companies selling organic foods generate less than \$5 million in organic sales, and

more than half have less than \$1 million, according to the association's 2006 Manufacturer Survey.

Many have sprung up out of the founders' personal convictions that organic foods are better for people and the environment, Dagovitz Kugler said. They're people like Chicagoan Gwen Solberg, who was born with a severe peanut allergy and learned early on the importance of reading labels, choosing foods carefully and eating a healthy diet.

Thanks to those healthy habits, Solberg and her sister, Debbie Reynolds, launched Healthy Handfuls, a line of portable kid-oriented organic snacks available at Wild Oats, Whole Foods, Safeway and Costco stores, as well as at athletic clubs, museums and Jamba Juice locations. The line consists of Koala Crackers, Lucky Duckies cheese crackers and Crocodile Cookies in several single-serve packages, with more products in development, said Reynolds, co-chief executive officer of the Grass Valley, Calif.-based company.

"We've had a tremendous reception from the trade," Reynolds said. "They are excited to take our product because customers are really screaming for organic snacks, portable foods and foods that taste good."

The sisters got the idea for Healthy Handfuls after a trip to Chicago's Museum of Science and Industry with their children in 2002. While they had packed a wholesome homemade lunch, they felt for the many other families who were stuck buying junk food from the vending machines.

"We couldn't find anything appropriate for kids to snack on," explained Solberg, who has two children.

Their conversation turned into a business plan for a company that would market healthy snacks for busy families, Solberg said. "The choice was

natural or organic," she said. "We felt to differentiate ourselves, we needed to be organic. We made a good choice."

Any time a product has "organic" on its label it has a premium image, Reynolds said. "People regard it as a clean product for their children." The products are priced competitively, with a 1-ounce pouch sold at Jamba Juice locations for 75 cents and a pack of 24 pouches sold at Costco for \$9.79.

Still, going organic isn't without pitfalls. The cost of organic ingredients can be 30 percent or more above conventional ingredients, and they're not always available.

"We're finding that, especially with Wal-Mart going organic, we have issues getting butter. It's a big concern now," Solberg said. The company has switched

to an organic butter flavoring for the time being, she said.

In fact, more than half of organic manufacturers responding to the Organic Trade Association's recent survey said their companies' growth has been restricted due to a shortage of organic ingredients.

With demand greater than supply, prices rise. "Organic chicken breast raw costs me three times what a conventional chicken breast costs," he said. While some of the cost can be passed on to consumers, ultimately the margins are slimmer, he said.

On the other hand, he said, the lack of supply is keeping others from entering the fresh, prepared organic market. "There's almost no portable organic food out there because it's really hard to do."