



CORNUCOPIA
INSTITUTE

10/17/2016

To: The Federal Trade Commission

Re: Public comment on Green Guides – Organic Roundtable, Project No. P954501

Dear Jessica Rich, Director of the FTC's Bureau of Consumer Protection:

The Cornucopia Institute is a non-profit organization that acts as an organic industry watchdog. We are engaged in research and educational activities supporting the ecological principles and economic wisdom underlying sustainable and organic agriculture. Through research and investigations on agricultural and food issues, The Cornucopia Institute provides needed information to consumers and organic stakeholders. As a nonprofit, we represent both farmers and consumers who have a direct interest in the organic market. This interest extends to protecting the consumer from labeling fraud and confusion. Such confusion could undermine everything the organic label represents.

Cornucopia appreciates the research and work done to investigate consumer understanding of the term 'organic' when it is applied to non-agricultural products, such as dry cleaning products, shampoo, and mattresses. We feel this investigation is well-timed, because consumer confusion concerning the term 'organic' continues to build as new products are introduced into the market. Cornucopia's experience in the organic market gives us important insight into these issues.

The standards for organic food are well-established and uniform. If a consumer knows what the 'USDA organic' label entails, they are provided with a level of purchasing confidence regarding that food is produced. There is no other federally regulated label that makes claims about the processes used in the production process.

Despite the consistency in the standing regulations for food, consumers remain unsure about what exactly the 'USDA organic' label entails *even for food and agricultural products*. For example, many consumers do not understand that the organic label indicates a food product is free from genetically modified organisms. This has led to the creation of third-party labels that do not have the same heft of federal regulation. To establish trust in the USDA organic label, it has to remain transparent and easy to understand. Non-agricultural products that bear the term 'organic' muddy the waters (particularly if that term is used on the front of a package or visible advertising).

Consumer education is an important piece of this puzzle. Cornucopia works to spread the reality of the 'USDA organic' label and where it applies. However, the term 'organic'

continues mislead consumers when applied to non-agricultural products. It also serves to confuse the meaning of the 'USDA organic' label when consumers see that term applied to things like mattresses and dry cleaning chemicals.

The FTC's research into consumer understanding of the term 'organic' shows that this confusion is a very real problem. In particular, consumers may not know that products like cosmetics that do not contain agricultural ingredients can deceptively use the word "organic" in the labeling without penalty.

In the Organic Food and Beverage Shoppers Report by Mintel, only 28% of consumers surveyed agreed that organic products are strictly regulated.¹ The report also found that more than a third of all consumers regard 'organic' as a term with no real value or definition. Furthermore, information from a FONA International report, using the Mintel Report and other research, notes that increasing consumer confidence in the 'USDA organic' label correlates to increased sales.² Label confusion clearly undermines the strength of the organic label, because consumers may question the properties of organic food products if they also see the label applied to products including dry cleaning chemicals.

As additional evidence of consumer perception, Cornucopia conducted its own related survey. While not representative of the entire nation, we believe these results are illustrative of the confusion surrounding the 'organic' label on non-agricultural products.

We sought survey participants through Cornucopia's social media resources. These survey participants, by and large, are more interested and more educated about organic labeling than the average person. Despite being drawn from a subset of the population that is interested in organic food, our survey results indicated that confusion about the term 'organic' being applied to non-agricultural products is very real. Our survey participants also noted which labels they find particularly misleading.

Some patterns in Cornucopia's survey results show how confused consumers are about the different use of the term 'organic.' To start, 47.97% of the respondents stated that they have "... a very thorough understanding of that 'organic' means," while 41.76% stated they have "... a very thorough understanding of what 'USDA Organic' means" (note: respondents could go back and change their answers if they chose). The majority of respondents noted that they have "some understanding" of these terms (at 49.20% and 49.71% respectively).

Despite consumers believing they have at least some understanding of how these terms are used, a majority of respondents stated that shampoo with the term 'organic' on the label either had 100% or 95% certified organic ingredients (72.04% of respondents). This

¹ OVER HALF OF US CONSUMERS THINK ORGANIC LABELING IS AN EXCUSE TO CHARGE MORE.

Published on May 13th, 2015. Mintel Reports. Available online: <http://www.mintel.com/press-centre/food-and-drink/over-half-of-us-consumers-think-organic-labeling-is-an-excuse-to-charge-more>

² See Organic Food and Beverage Shoppers - US - March 2015. FONA International. PDF available online: <https://www.fona.com/sites/default/files/OrganicTrendReport%20091415.pdf>

illustrates that consumers do not understand that the term 'organic' has a different meaning on non-agricultural products. Other data shows trends in what labels these consumers find misleading when they are shopping. We hope that this information (see attached document) will be useful to the FTC in their round table and future analyses of these issues.

While Cornucopia agrees that qualifying language probably effects consumer perception of an organic claim, consumers do not receive this qualifying language when they are shopping. Shoppers do not see these details, including the percentage of USDA organic components in a product, unless they do further research. As it stands, labels should be as clear as possible to avoid misleading consumers.

Cornucopia supports harmonizing any labeling with these standards so as to avoid further consumer confusion. This means that products should never bear the term 'organic' unless they meet the same qualifications set in the regulations and contain some agricultural component. Some products may be able to qualify for the "made with organic" standard, while others will not. Specific ingredients can also be listed as organic without applying the "made with organic" label. This is the best way to impact the misleading and potentially fraudulent labeling in the consumer marketplace.

We recognize that the USDA cannot regulate the term 'organic' outside the scope of the Organic Foods Production Act (OFPA). However, the FTC can harmonize label regulation with the standards in a simple way: prevent the term 'organic' from being used on products and services that generally fall outside the scope of the USDA's National Organic Program. This, at a minimum, would prevent consumers from being misled about how non-agricultural products are produced. This action would also support the integrity of the 'USDA organic' label.

Without this policy change, there are, in essence, different organic labeling standards. Allowing the term 'organic' to apply to non-agricultural items both dilutes the USDA standards and misleads consumers who see organic claims for products that are not part of the National Organic Program. Steps must be taken to prevent this confusion.

Thank you for your work on this matter.


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ATTACHMENT – The Cornucopia Institute's Survey Results (What does the word "organic" mean to you in different contexts?)