How the organic retailers cope with the economic downturn

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Green marketing
Overall situation across Europe

- Overall slowdown in growth, but no dramatic decline
- Markets hardest hit by economic downturn: UK
- Markets, where the organic shops not doing very well: CZ, HU, Switzerland
- Specialists, not able to compete on price with conventional retail, try new concepts: organic+fair, organic+regional, organic to go, shop and eat, organic+glamour
UK

- UK economy hardest hit by the recession
- Conventional supermarket overreacted and downsized their organic assortment too fast too much
- Direct marketing, best performer before crises, is suffering
- Organic shops doing good despite decline in consumer demand

New:
  - Natural Kitchen, combining shop with cafe and „food to go“ service
  - Daylesford Organic – organic Glamour, opening new locations, including one in Munich
Germany

- Double digit growth slowed to single digit, but still growth
- Slowdown at discounters – consumers scaling back and going „back to basics“
- Organic shops doing remarkably well
- 58 new organic supermarkets
- Almost 33% shops expect 5+% growth in 2010

New:
- REWE tries „TEMA“ organic shop for masses with services and good advice
- Biofair: organic food from the Bayern region
New developments

The Netherlands:
• DeNaturwinkel finds „bio“ old fashioned and tries new concept: GoodyFood
• Looking for new=younger customers by focusing on taste, sustainability and wellness
• Contemporary design and modern ways of communication
  - Concept supported by wholesaler Natudis
New developments

Sweden:
• new organic supermarket opened late 2008 in Stockholm, still doing fine: Hermans Ekohandel

Greece:
• Athens region has a dozen organic supermarkets, more coming
New developments

Switzerland:

- conventional retail chains COOP and Migros grew their organic assortments by 5 and 7%
- Sonnentor launched the first “Shop in Shop” within one outlet of the Reformhaus chain ”Egli”
- Aldi and Lidl started in Switzerland with “organic power” and provided big organic assortments
New developments

Poland:
• Market grew by 20 – 30% in 2009
• Mainly thanks to organic food shops, while conventional retail gives up on OF
• New organic shops open:
  Warsaw 3 new shops over 100 m²
• Smak Natury
• Free Delicatesy
New developments

Croatia:
• Size enlargement of most organic shops
• Supermarkets offer bigger selection of OF
• **bio&bio**, the leading Croatian organic shop chain, made image re-branding into modern and urban image, planning new shop openings
Organic shows way out of the crises

• Consumers increasingly concerned about their health, the environmental crisis and social justice => seek to make informed purchase decisions.

• LOHAS group: dramatic change in buying behaviour can be expected from a critical trendsetting minority that supports sustainability at point of sale.

• Organic sector leads out of the crises:
  – firmly rooted in principles of health, ecology, fairness and care.
  – fulfils values consumers seeking more and more: fully traceable and healthy food, grown in environmentally-friendly and carbon positive way, and fairly traded.
Source of information:
• Kai Kreutzer, Bio-markt.info
• Toralf Richter, BioPlus
• Slawomir Chlon, Organic Farma Zdrowie
• Karol Przybylak, BioKurier.pl
• Žana Hinek, Biovega.hr