The UK Market for organic food

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Outline

• Recent market trends
  ◆ Source: KANTAR data supplied by the Soil Association
• Who are the organic consumers?
  ◆ Source: KANTAR data and a survey of Organic Centre Wales carried out by Beaufort Research
• What is sector doing about it?
  ◆ Based on material supplied by OTB/Sustain
• Conclusions
UK Sector development since 1995

- Land area (thousand ha)
- Retail value (£ million)
- No of holdings

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Compared to other countries

- Germany
- U.K.
- France
Regular Market Updates

- It appears that the decline in the market has 'bottomed out'.
- The Soil Association provides regular market updates based on KANTAR world panel data.
- For more information see http://www.soilassociation.org/Businesses/Mar
ketinformation/tabid/116/Default.aspx
- Publication of 2011 Market report is expected in March 2011.
Bad press for organic in 2008/09

*The Guardian, Friday 29 August 2008*: Shoppers lose their taste for organic food

Organic food sales have fallen more than at any time in the last decade as shoppers try to cut costs… … consumers are more confused than ever about whether it is worth paying the higher prices

*Mintel November 2008*: Organic sales set to slip

A new survey from Mintel shows that seeking out organic food is slipping down consumers’ ethical agenda… … Nearly half of consumers will consider reducing or giving up buying organic food altogether in the year ahead.

*The Times, March 26, 2009 (Populus poll)*: Hard-up shoppers abandon organic and fair trade goods.

Only 23 per cent of consumers said that they intended to buy organic this year-down from 34 per cent last year. This compares with two thirds saying that they would buy more healthier foods or more locally produced goods.
UK organic sales outlets 2009

% share of organic market

- Supermarket: 73.7%
- Other independent retailers: 14.2%
- Box schemes/home delivery/mail order: 8.4%
- Farm shops: 1.8%
- Farmers markets: 1.0%
- Catering: 0.9%

% change in organic sales

- Supermarket: -12.2%
- Other independent retailers: -17.7%
- Box schemes/home delivery/mail order: -9.8%
- Farm shops: -13.8%
- Farmers markets: -20.0%
- Catering: -10.0%

Source: Soil Association Organic market report 2010
Key Finding  Purchasing Behaviour

1. It’s not a case of ‘THEM’ and ‘US’

- Buy organic AT ALL (ANY sector) 77%
- Buy organic in EVERY sector make purchases in 2%
- Buy organic 'always / mostly' in EVERY sector make purchases in 0%

Base: All grocery shoppers (Wales – 704)

Key Finding 3: Motivations

3. Motivations to purchase are varied

- Main mentions -

- Healthier / better for you: 21%
- Better taste / flavour: 21%
- Will buy if on offer / depends on price: 16%
- No / fewer chemicals: 11%
- Better for animals: 6%
- Depends what is available: 6%
- Better quality: 6%
- Will buy when takes my fancy: 5%
- Fresh / fresher: 5%
- Buy for children: 5%

Base: All who ever buy organic produce (Wales – 551)
Question: What are the main reasons that you choose to buy organic products?
Key Finding 5: Attitudes to benefits

5. A majority of all shoppers are accepting of some benefits......

- Organic farming means better standards of animal welfare: 74%
- Producing food organically allows wildlife to flourish: 71%
- Organic produce is healthier for you: 60%
- Producing food organically helps reduce carbon footprint: 57%
- Organic produce tends to be better quality: 50%

.....but doesn’t always = good value

- Organic food represents good value for money: 28%

Base: All principal grocery shoppers (Wales – 704)
Question: I would like you to tell me how much you agree or disagree with each statement?
### Key Finding 6: Provenance

**6. Provenance / country of origin is important to consumers**

*Question: If you were choosing between two similar products and one was organic and the other was locally produced, which would you choose or would it make no difference?*

<table>
<thead>
<tr>
<th></th>
<th>Organic vs. Locally Produced – ALL shoppers</th>
<th>Organic vs. Locally Produced – HEAVY organic buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choose locally produced</td>
<td>64%</td>
<td>54%</td>
</tr>
<tr>
<td>Choose organic</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Makes no difference / DK</td>
<td>28%</td>
<td>26%</td>
</tr>
</tbody>
</table>

*Base: All principal grocery shoppers (Wales – 704)*
EU supported promotion campaign

• Mar 2008: ORC, Soil Association and Sustain meet with Sir Don Curry and Levy Boards
• Jan 2009: Sustain becomes “proposing organisation” for a bid
• May 2009: First pledgors: Alara and OMSCo
• Aug 09: Pledge website www.organicuk.org goes live
• Oct 09: Four agencies invited, Haygarth selected
• Feb 10: Bid sent to EU
• Jul 10: Success! Bid accepted

7 Jan 11: Campaign goes live!
I love organic because it feels right for my family

"I know it might not look like it, but I do try and buy the right food. When you've got little ones, you have to. That's why me and the missus buy organic, because we want the kids eating food that's more natural and tastes great, free from all that GM nonsense and most pesticides too. OK, it sometimes costs a bit extra, but I'm not going to scrimp when it comes to my kids."

There are lots of reasons to love organic, discover yours at www.whyiloveorganic.co.uk

Campaign financed with aid from the European Union

we love organic because we care about animals

"I like to see myself as the brains of this outfit, even if my son doesn't agree! But when he told me about organic, well, I never looked back. Organic means fewer drugs or antibiotics, it also means better conditions for animals so they get to thrive and grow more naturally. Surely that's good for them and good for our peace of mind! We're happy to pay a little extra for organic, because we believe that animals deserve a better life (this poor cow certainly does!)."

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Campaign financed with aid from the European Union
There are lots of reasons to love organic, discover yours

- Organic is better for nature
- Organic is better for animal welfare
- Organic costs more and it’s worth it
- Organic contains less pesticides and nasties = natural & great tasting food

Maybe next time I go shopping, I’ll choose organic
Key elements of the campaign

1. Approved key messages
2. Advertising: Press ads, Media schedule,
3. Digital: PR: Role of PR, PR pillars, News drivers

The campaign is supported by a wide variety of organic businesses in the UK.
Conclusions

• The decline could have been a self fulfilling prophecy
  ❖ Declines sales in some outlets may be related to reduced willingness to stock organic lines

• Are UK consumer less committed?
  ❖ Or maybe more confused?

• The sector has pulled together to raise funds for the generic campaign (Why I love organic?) with EU support that started in Jan 2011
http://www.whyiloveorganic.co.uk/

There are lots of reasons to love organic, discover yours

Great tasting food

Better for nature

Better animal welfare

Look out for us
Find out more about the Why I Love Organic campaign.
Tell me more >

More natural food