The European Organic Market between strong Growth and Consolidation

Current State and Prospects

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Table of Content

1. Introduction
2. Market data
Preface

Difficulties to get valid Data / Information

Why?

- No official statistics / estimations available
- Estimation often less exact or inconsistent between years
Where to find most precise market data?

- Most precise and comparable European market figures

  Release: 2004

  http://www.uni-kassel.de/fb11cms/alm/
  http://www.fibl.org/shop

- Organic market data collection hot theme in European research

  http://www.eisfom.org
European Organic Market: 2003

Composition of the European Organic Market

Germany 28%
Great Britain 15%
France 15%
Others 2%
Spain 1%
Belgium 3%
Austria 3%
Switzerland 7%
Sweden 4%
Netherlands 3%
Italy 13%
Spain 1%
Belgium 3%
Austria 3%
Switzerland 7%
Netherlands 3%

Germany 28%
European Organic Market: 2003

Sales for Organic Food in European Countries (2003)

- Germany: 3'100 Mio. Euro
- Great Britain: 1'607 Mio. Euro
- France: 1'578 Mio. Euro
- Italy: 1'400 Mio. Euro
- Switzerland: 742 Mio. Euro
- Sweden: 420 Mio. Euro
- Netherlands: 395 Mio. Euro
- Denmark: 339 Mio. Euro
- Austria: 323 Mio. Euro
- Belgium: 300 Mio. Euro
- Finland: 212 Mio. Euro
- Spain: 144 Mio. Euro
- Greece: 21 Mio. Euro
- Hungary: 18 Mio. Euro
- Czech Republic: 6 Mio. Euro
- Sum Other European Countries: 173 Mio. Euro

Market Growth: app. 5%

Source: FiBL Frick
European Organic Market: 2003

Average Consumer Expenditure for Organic Food in European Countries (2003)

- Switzerland: 101 €/year
- Denmark: 50 €/year
- Sweden: 47 €/year
- Finland: 41 €/year
- Austria: 40 €/year
- Germany: 38 €/year
- Belgium: 29 €/year
- France: 26 €/year
- Great Britain: 27 €/year
- The Netherlands: 24 €/year
- Italy: 24 €/year
- Spain: 4 €/year
- Greece: 2 €/year
- Hungary: 2 €/year
- Czech Republic: 1 €/year
Development of Average Consumer Expenditure for Organic Food between 1998 and 2003

Quellen: ITC, NBJ (1998); FiBL, NBJ (2003)
Market Maturation in Western Europe?

Accumulated Organic Sales Growth between 1999 and 2003 in %

- UK
- France
- USA
- Italy
- Switzerland
- Netherlands
- Germany
- Austria
- Denmark

FiBL Frick
Western European market prospects

Development of annual market growth expectations

Sources:
2000 - 2002: ITC
2003: OMIaRD

Germany  France  United Kingdom  Switzerland  Denmark  Austria  Italy

-10 -5 0 5 10 15 20 25 30 35

%
## 3 Phase Market Development Model for Organic Products

<table>
<thead>
<tr>
<th>Matured Market</th>
<th>Growing Market</th>
<th>Emerging Market</th>
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<tr>
<td>• Denmark</td>
<td>• Germany</td>
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<td>• Switzerland</td>
<td>• USA</td>
<td>• Czech Republic</td>
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**Market Development:**

- Matured Market: Growing rates up to 5 % or lower, Partly decreasing sales development
- Growing Market: Growing rates 5 – 15%, Steadily growth
- Emerging Market: Rapid market growth starting from a low level
Consumer Environment today

- Number or regular organic consumers didn’t increase
- Reduced perceived value difference between Conventional and Organic Farming/Processing – Why to pay more?
### Most challenging for the Future: Matured Organic Markets

<table>
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<th>Matured market</th>
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<tr>
<td><strong>Market growth by:</strong></td>
<td><strong>Market growth by:</strong></td>
<td><strong>Market growth by:</strong></td>
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<tr>
<td>• Attract occasional buyers (by improving product quality, product presentation, communication measures)</td>
<td>• Enlargement of organic assortments</td>
<td>• Skim existing market demand</td>
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<td>• Increase number of impulse purchases</td>
<td>• Improving access to organic products</td>
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<td>• Convert from general organic to product specific organic marketing</td>
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<td>• Develop high value brands for organic food</td>
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EU-wide information and promotion campaign over several years to inform consumers, public institutions canteens, schools and other key actors in the food chain about the merits of organic farming, especially its environmental benefits, and to increase consumer awareness and recognition of organic products, including recognition of the EU logo.

Launch tailored information and promotion campaigns to well-defined types of consumers such as the occasional consumer and public canteens.

Improve the collection of statistical data on both production and market of organic products.
Prospects

Organic Market will be influenced positively by the political frame on European level in next years.

The actual further market development however will be influenced by the personal attitudes of shareholders, category managers and consumers in the context of future development paths of the conventional and organic agriculture.