Trends in the European Organic Markets – What is hot, what is new?

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Outline

- T. Richter (FiBL): The European organic market
- S. Pfaff (FIS): Conventional retailer market (DE, AT, CH)
- T. Vaclavik (ORA): Organic retailer market
- G. Zimmermann (biovista): Hot product groups (DE)
- S. Garibay (FiBL): European market for tropical organic products
- Discussion
T. Richter: The European organic market

- Market Data: Organic market Europe 2004
- Concerted Action EISFOM: How to implement EU wide retail data collection
- Product Snap Shot: European market for Fair Trade products
- Country Snap Shots: DE, CH, NL
Organic food market Europe 2004
– Figures and data quality issues -
Sources for methodological biases with regard to organic food sales data

- Most existing retailer panels just cover a part of the total market
- Some actors refuse the delivery of data in general
- Products without barcode can not be covered by retailer panels
- Partly wholesaler survey data are published as retail data
- Some countries publish retail value data based on expert consultations at various levels in the organic sector
- Some countries include to the national retail sales, data from sales via restaurants and public services
- Other countries add export data to the retail sales
- Other countries publish the data from multiple retailer sector as national data for the whole organic sector and
- In some countries, the data collection methods change from one year to the next
- In most countries there is not a clear and transparent method description of data collection and estimation available (In many European countries organic farm or sector associations are source for published data of organic retail sales values.)
1. Definition of a European wide set of most relevant consumer and retail indicators for the organic market as part of the further development of the EU Organic Action Plan. The decision to make a standard set of quality proofed data available to the public should be agreed by all EU member states.

2. National published data which are based on private sector estimations shouldn’t be used as public figures without crosschecks from governmental (contracted) institutions (e.g. statistical offices, ministries of agriculture, experienced researchers, etc.) which have to prove the methodology, the data quality and plausibility.

3. Reported national consumption and retail data shouldn’t be compared on a transnational level without any central (European) output harmonization.
The European organic market in the global context

Composition of the organic market worldwide (2004)

- Europe: 38%
- North America: 35%
- Asia and others: 20%
- Oceania: 7%

Source: Organic Monitor
The structure of the European organic market (I)

Total market volume: app. € 12.5 billion

Composition of the European Organic Market 2004

Source: FiBL
The structure of the European organic market (II)

Sales for Organic Food in European Countries (2004)

- Germany: 3'500 Mio. Euro
- Italy: 2'000 Mio. Euro
- France: 1'900 Mio. Euro
- Great Britain: 1'815 Mio. Euro
- Switzerland: 792 Mio. Euro
- Sweden: 421 Mio. Euro
- Netherlands: 419 Mio. Euro
- Austria: 330 Mio. Euro
- Belgium: 300 Mio. Euro
- Denmark: 274 Mio. Euro
- Spain: 250 Mio. Euro
- Finland: 200 Mio. Euro
- Greece: 22 Mio. Euro
- Norway: 20 Mio. Euro
- Czech Republic: 9 Mio. Euro
- Hungary: 3 Mio. Euro
- Poland: 2 Mio. Euro

Source: FiBL
The structure of the European organic market (III) - Per Capita Expenditures (PCE) of organic food -

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

Source: Richter/FiBL
The structure of the European organic market (IV)

Organic food sales and per capita expenditures for organic food in Europe 2004

Source: FiBL

<table>
<thead>
<tr>
<th>Country</th>
<th>Organic Food Sales Million €</th>
<th>Per Capita Expenditures Euro/Head (PCE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>6.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Hungary</td>
<td>3.3</td>
<td>9.0</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Norway</td>
<td>22.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Greece</td>
<td>22.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Finland</td>
<td>250.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Spain</td>
<td>24.0</td>
<td>27.4</td>
</tr>
<tr>
<td>Denmark</td>
<td>300.0</td>
<td>350.0</td>
</tr>
<tr>
<td>Belgium</td>
<td>330.0</td>
<td>41.2</td>
</tr>
<tr>
<td>Austria</td>
<td>419.0</td>
<td>107.0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>421.0</td>
<td>181.5</td>
</tr>
<tr>
<td>Sweden</td>
<td>792.0</td>
<td>2000.0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1815.0</td>
<td>3000.0</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1900.0</td>
<td>3500.0</td>
</tr>
<tr>
<td>France</td>
<td>2000.0</td>
<td>4000.0</td>
</tr>
<tr>
<td>Italy</td>
<td>274.0</td>
<td>550.0</td>
</tr>
<tr>
<td>Germany</td>
<td>1072.0</td>
<td>3200.0</td>
</tr>
</tbody>
</table>

USA PCE € 34

Average European PCE € 28
The structure of the European organic market (V)
- Booming and sleeping markets -

Accumulated Organic Sales Growth between 1999 and 2004 in %

Source: FiBL
Product Snap Shot:
European market for Fair Trade products
The booming market for Fairtrade products in Europe

Annual growth rate of sales with Fair Trade labelled food in Europe (2003)

Source: FiBL
## Sales volumes of labelled Fairtrade products in European countries

<table>
<thead>
<tr>
<th>Country</th>
<th>2002 (MT)</th>
<th>2003 (MT)</th>
<th>Growth in %</th>
<th>Market State</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>15027.0</td>
<td>24211.8</td>
<td>62.1</td>
<td>Mature</td>
</tr>
<tr>
<td>Switzerland</td>
<td>18484.8</td>
<td>23336.4</td>
<td>26.2</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>5400.4</td>
<td>5997.7</td>
<td>11.1</td>
<td>Growth</td>
</tr>
<tr>
<td>Germany</td>
<td>4295.0</td>
<td>4216.8</td>
<td>-1.8</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>2240.6</td>
<td>4058.9</td>
<td>81.2</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>659.6</td>
<td>3329.5</td>
<td>404.7</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>2039.8</td>
<td>3137.1</td>
<td>53.8</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>2993.3</td>
<td>2684.3</td>
<td>-10.3</td>
<td>Emerging</td>
</tr>
<tr>
<td>Austria</td>
<td>2346.3</td>
<td>2537.4</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>1062.0</td>
<td>1404.0</td>
<td>32.2</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>941.4</td>
<td>1157.0</td>
<td>22.9</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>432.0</td>
<td>673.7</td>
<td>56.0</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>61.0</td>
<td>488.8</td>
<td>701.3</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>288.7</td>
<td>278.5</td>
<td>-3.5</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** FLO 2004
### Fairtrade & Organic in Switzerland – a beneficial merger

<table>
<thead>
<tr>
<th>Product</th>
<th>Growth</th>
<th>Market share</th>
<th>Organic market share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Trade</td>
<td>Fair Trade</td>
<td>Fair Trade</td>
</tr>
<tr>
<td>2004/2003</td>
<td>2004</td>
<td>2004</td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td>-4%</td>
<td>9%</td>
<td>92%</td>
</tr>
<tr>
<td>Cocoa</td>
<td>8%</td>
<td>1%</td>
<td>83%</td>
</tr>
<tr>
<td>Coffee</td>
<td>-3%</td>
<td>6%</td>
<td>56%</td>
</tr>
<tr>
<td>Tea</td>
<td>-4%</td>
<td>5%</td>
<td>40%</td>
</tr>
<tr>
<td>Rice</td>
<td>127%</td>
<td>6%</td>
<td>27%</td>
</tr>
<tr>
<td>Banana</td>
<td>68%</td>
<td>47%</td>
<td>19%</td>
</tr>
<tr>
<td>Iced tea</td>
<td>181%</td>
<td>0.3</td>
<td>17%</td>
</tr>
<tr>
<td>Mango</td>
<td>-2%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Honey</td>
<td>-10%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Pineapple</td>
<td>71%</td>
<td>15%</td>
<td>0%</td>
</tr>
</tbody>
</table>
T. Richter: Recent consumer and market research data

Country Snap Shots:
Germany, Switzerland, Netherlands
Country Snap Shots – Germany
Germany – Organic Market

- Growing organic market; nearly € 4.0 billion organic sales (2005)
- Market share organic products (OP) by value: 2.5% (2005)
- Market growth last years app. 15%
- Booming Factor 1: Discounter (Aldi, Plus, Lidl, Norma, Penny, …)
- Booming Factor 2: Organic Supermarkets
Booming Factor 1: Discounter (Aldi, Plus, Lidl, Norma, Penny, …)

Source: ZMP/GfK_Haushaltspanel
Aldi dominates the organic market for carrots (also for potatoes)

Booming Factor 1: Discounters (Aldi, Plus, Lidl, Norma, Penny, …)

Source: ZMP/GfK_Haushaltspanel
Booming Factor 1: Discounters (Aldi, Plus, Lidl, Norma, Penny, ...)

In the case of potatoes, discounters substitute organic sales of other channels.
300 organic supermarkets (200 – 1’700qm)

In 2005: new 60 outlets & 28’000qm sales area

Biggest chains:
- *Alnatura*, 21 outlets, 11’000qm, sales of € 53 Mio., 26% growth
- *Basic*, 14 outlets, 10’000qm, sales of € 54 Mio., 38% growth

Conventional retail chain ‘Rewe’ with two organic supermarkets ‘Vierlinden’

Source: Kreuzer/Offeney - www.bio-markt.info
Country Snap Shot – Switzerland
Furthermore European organic market leader with per capita consumption

In 2005: Market stagnation in the conventional retailer market
- Reason 1: strong emphasis on development of discount segments (Prix Garantie; M-Budget)
- Reason 2: strong emphasis on conventional premium segments (Heidi; Fine-Food, Sélection)
- Reason 3: Many consumers switch to cheaper alternatives of IP and products from animal friendly husbandry
Switzerland – Organic Market

Only organic retailers with growth tendencies
Country Snap Shots – Netherlands

Photos: K. Kreuzer
Organic market share 2005: 2%

Market stagnation of the organic market (2005); Organic retailer sector grew by 6%, conv. retailer sector lost by 6% with organic food

Strong (price dumping) competition in the conventional retailer sector

**Trial:** in 10 Dutch cities all organic food is offered to reduced prices in conv. retailer outlets from April 2006 (4 months; supported by the Dutch ag. Ministry with € 1 Mio.

**Objective:** identification of the actual willingness to pay of consumers for organic food.
Final Conclusions

- Different sales development of organic food in European countries
- Strong (price dumping) competition in the conventional retailer sector
- Price dumping in the conventional sector increases consumer awareness for cheaper quality products
- Discounter and organic retailer sector as well as Fair Trade products stimulate the organic market