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OVERVIEW OF THE NORTH AMERICAN ORGANIC MARKET



PRESENTED BY LAURA BATCHA
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ORGANIC TRADE ASSOCIATION



U.S. MARKET DATA

2019 ORGANIC INDUSTRY SURVEY



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As the market hit total sales of \$52.5 billion, it has settled into strong single-digit growth at a rate of 6.3%, still significantly above the 2.8% growth rate reported for overall food and non-food the year before.

Total U.S. Organic Sales & Growth, 2009–2018

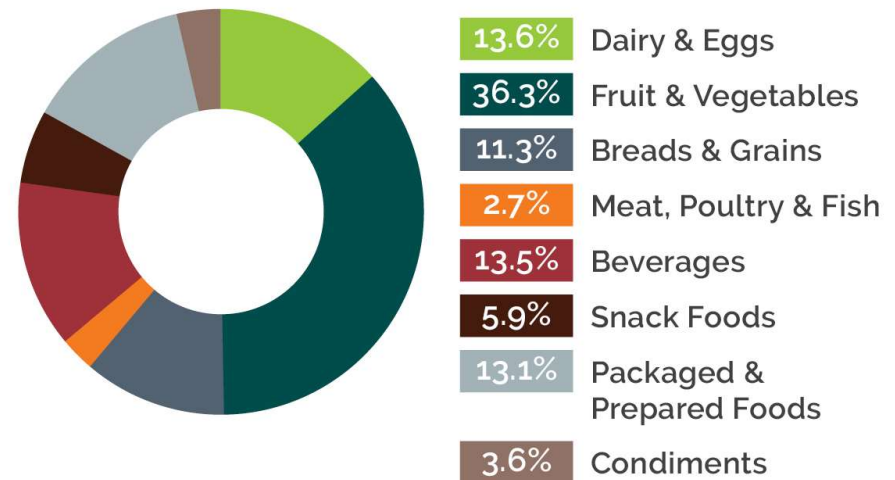
CATEGORY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Organic Food	21,266	22,961	25,148	27,965	31,378	35,099	39,006	42,507	45,209	47,862
Growth (%)	4.3%	8.0%	9.5%	11.2%	12.2%	11.9%	11.1%	9.0%	6.4%	5.9%
% of Total Organic	92.2%	92.1%	92.0%	91.9%	91.9%	91.8%	91.6%	91.7%	91.6%	91.3%
Organic Non-Food	1,800	1,974	2,195	2,455	2,770	3,152	3,555	3,866	4,151	4,589
Growth (%)	9.1%	9.7%	11.2%	11.8%	12.8%	13.8%	12.8%	8.8%	7.4%	10.6%
% of Total Organic	7.8%	7.9%	8.0%	8.1%	8.1%	8.2%	8.4%	8.3%	8.4%	8.7%
Total Organic	23,065	24,935	27,343	30,420	34,147	38,251	42,561	46,373	49,360	52,451
Growth (%)	4.6%	8.1%	9.7%	11.3%	12.3%	12.0%	11.3%	9.0%	6.4%	6.3%

SOURCE: ORGANIC TRADE ASSOCIATION'S 2019 ORGANIC INDUSTRY SURVEY CONDUCTED 1/25/2019–3/26/2019 (\$MIL., CONSUMER SALES).



According to our 2019 Industry Survey, the \$47.9 billion organic food market, which accounts for 91.3% of all organic sales, grew at an overall rate of 5.9%, hitting a penetration rate of 5.7% into overall food.

U.S. Organic Food Sales by Product in 2018



SOURCE: ORGANIC TRADE ASSOCIATION'S 2019 ORGANIC INDUSTRY SURVEY CONDUCTED 1/25/2019-3/26/2019 (CONSUMER SALES).

Following rapid expansion for many years, the organic industry is now considered mainstream. This growth is expected to continue into the near future.



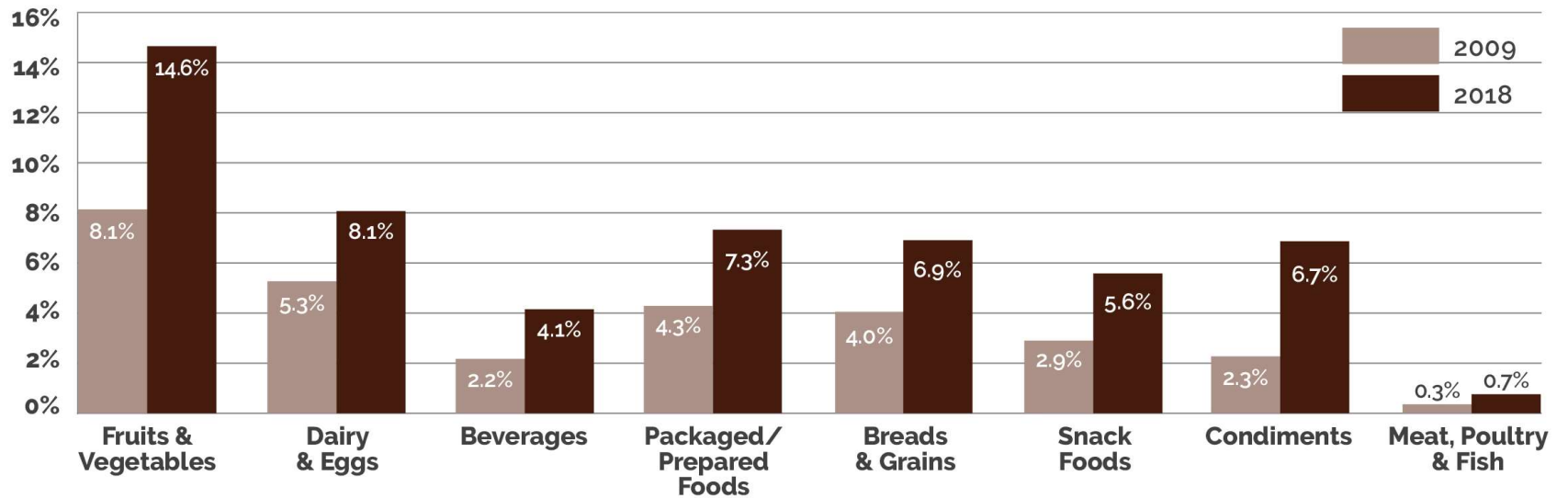
91.3% Organic Food
8.7% Organic Non-Food

CATEGORY	2018 Sales	2018 Growth
Organic Food	47,862	5.9%
Organic Non-Food	4,589	10.6%
Total Organic	52,451	6.3%

SOURCE: ORGANIC TRADE ASSOCIATION'S 2019 ORGANIC INDUSTRY SURVEY
CONDUCTED 1/25/2019-3/26/2019 (\$MIL., CONSUMER SALES).



U.S. Organic Food Penetration of Total Food Market by Category



SOURCE: ORGANIC TRADE ASSOCIATION'S 2019 ORGANIC INDUSTRY SURVEY CONDUCTED 1/25/2019-3/26/2019 (CONSUMER SALES).





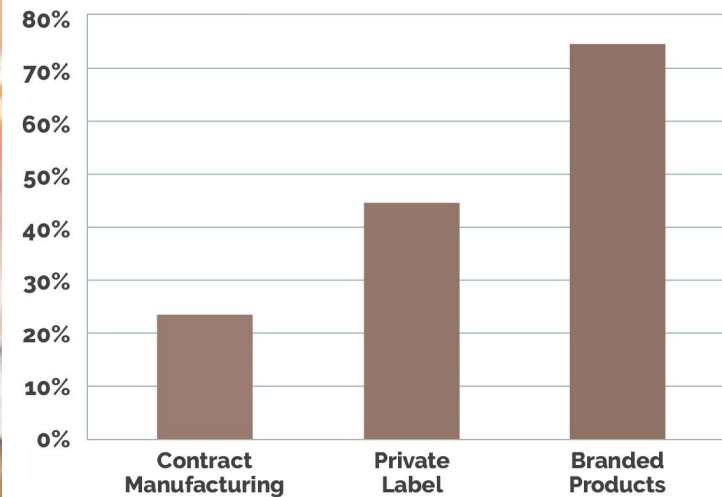
ORGANIC BUSINESS ENVIRONMENT



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Private label continued to grow at a solid rate following all of the same market trends as brands and with the support of young families, Millennials and now even Gen Z.

Manufacturer Participation in Private Label vs. Contract Manufacturing vs. Brands



SOURCE: ORGANIC TRADE ASSOCIATION'S 2019 ORGANIC INDUSTRY SURVEY
CONDUCTED 1/25/2019-3/26/2019, MANUFACTURERS ONLY.
PERCENTAGE OF RESPONDENTS PARTICIPATING IN EACH CATEGORY



MANUFACTURERS: What is your company doing to improve transparency in your ingredient supply chain?



MANUFACTURERS

- 3%** We are using block chain technology to allow quick tracking of ingredients from supply to shelf
- 32%** We track ingredients from supply to shelf, but not using block chain technology
- 16%** We are currently implementing procedures to have better supply chain tracking
- 11%** We want better supply chain tracking, but we aren't sure where to start
- 38%** We aren't worried about supply chain tracking

SOURCE: ORGANIC TRADE ASSOCIATION'S 2019 ORGANIC INDUSTRY SURVEY CONDUCTED 1/25/2019-3/26/2019. MANUFACTURERS ONLY.



In December 2018, the production of industrial hemp was legalized in the U.S. when it changed from a controlled substance to an agricultural commodity.

Industrial hemp was legalized just as the demand for hemp-extracted CBD was taking off.

Hemp acreage in the U.S. reached almost 130,000 acres last year. Organic hemp acreage is still small with just 400 organic hemp farms across the country.

Interest in organic hemp by farmers who want to produce a premium product is growing, along with demand by consumers who are seeking high quality hemp-derived products.






ORGANIC COMMUNITY ENVIRONMENT



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Certifications



 Organic is the baseline

Investment in SUPPLY CHAINS

Organic Food, Not Just for Hippies Anymore: How the U.S. Is Dealing With Growing Demand

 By Ken Roseboro



Supply shortages endanger organic companies

Facing ingredient shortages and climate change, businesses are taking pains to plan ahead.



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Investment in RESEARCH



THE ORGANIC CENTER™

Although organic is the fastest growing sector of the food economy, funding for research has lagged far behind support for conventional agriculture.

We are researching the ways organic farming builds soil health, investigating the impacts of organic farming practices on carbon sequestration, and highlighting the benefits of organic practices on farmer profitability through university partnerships.



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