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The UK Market for organic food in 2010/11

Susanne Padel

Socio-economic programme leader, ORC

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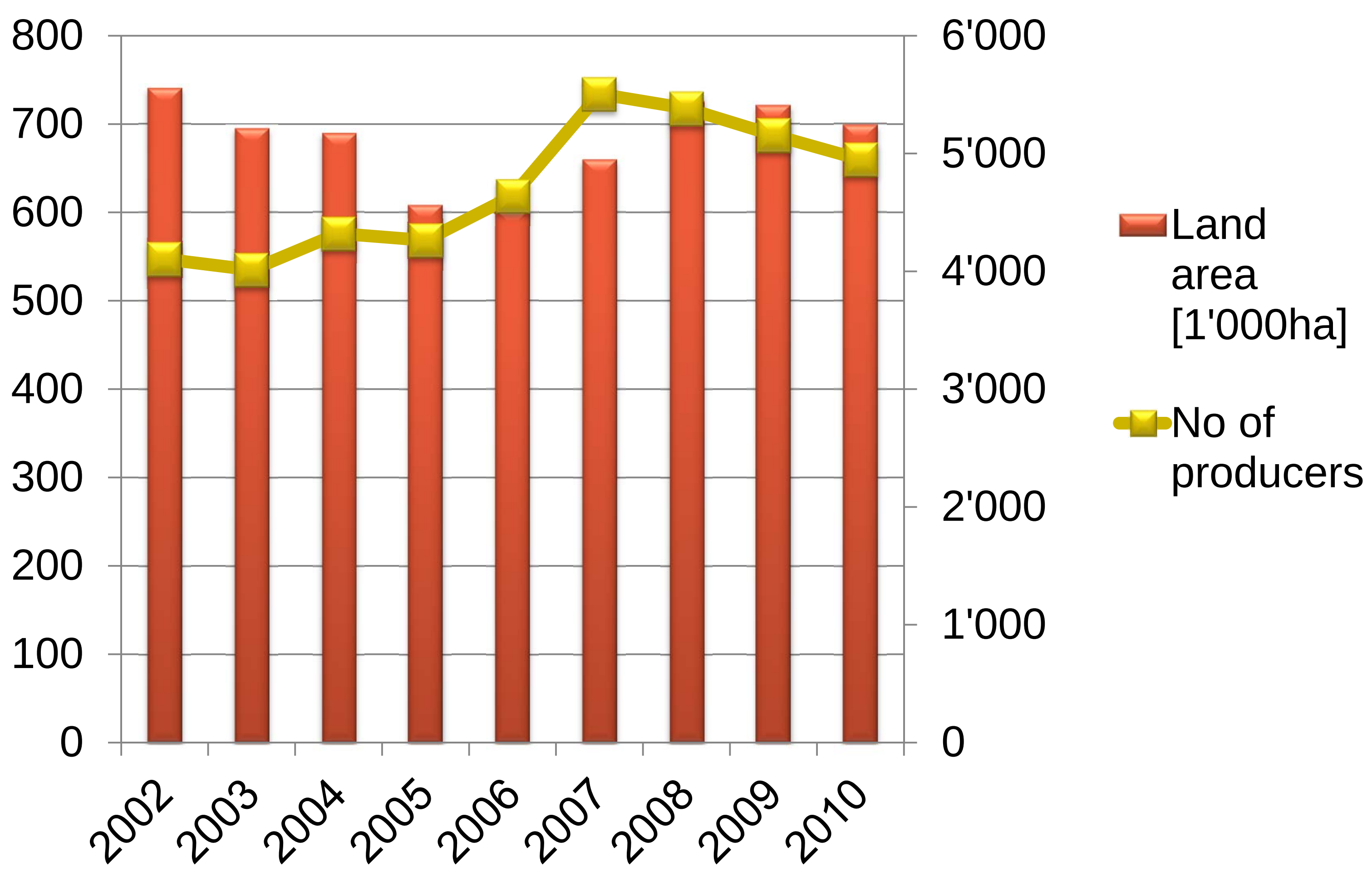
Outline

- Production
- Market development
- Examples of success
- Conclusions

UK Sector development since 2002



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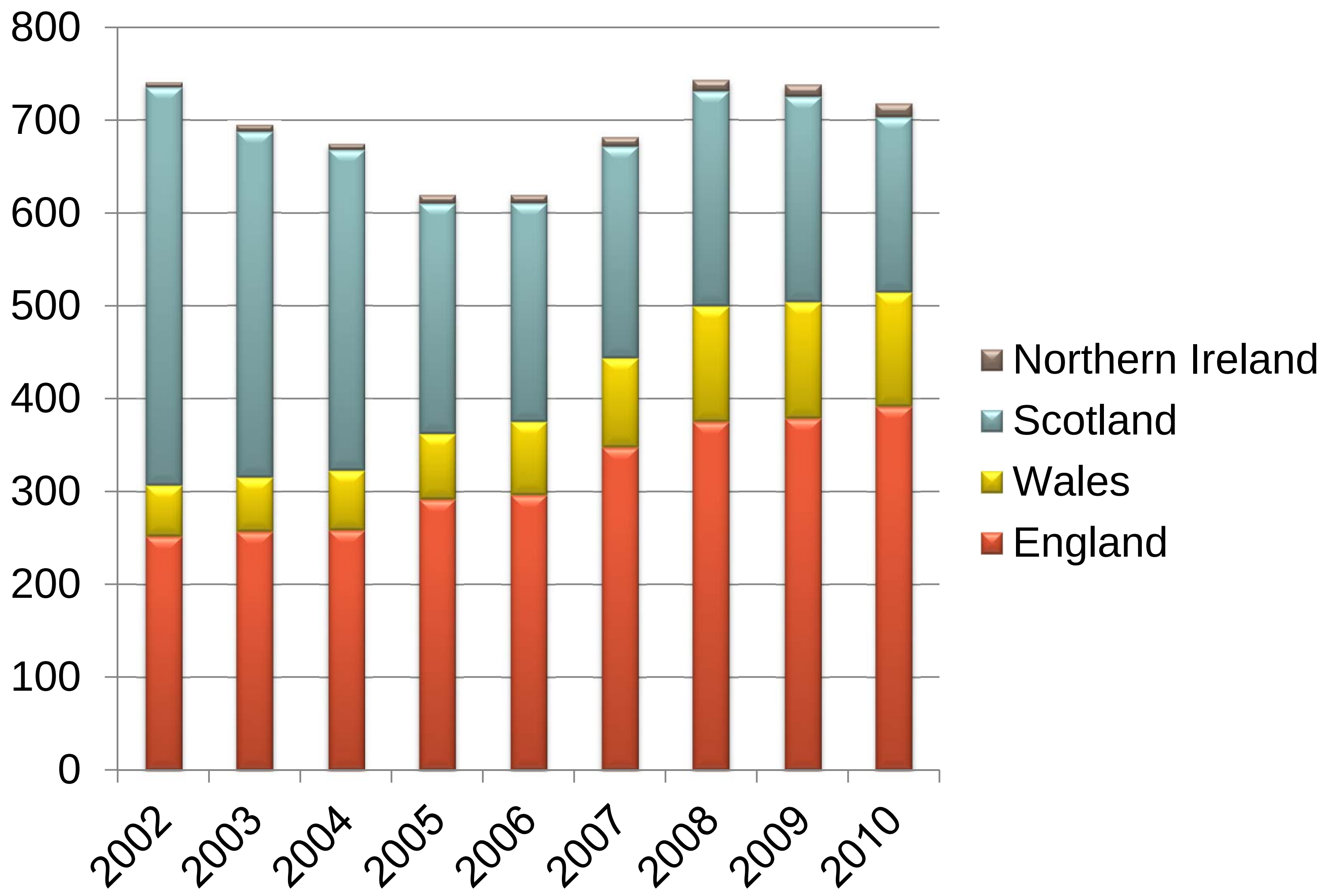
Source: DEFRA and Soil Association Market Reports

Different trends in the different parts [1000 ha]



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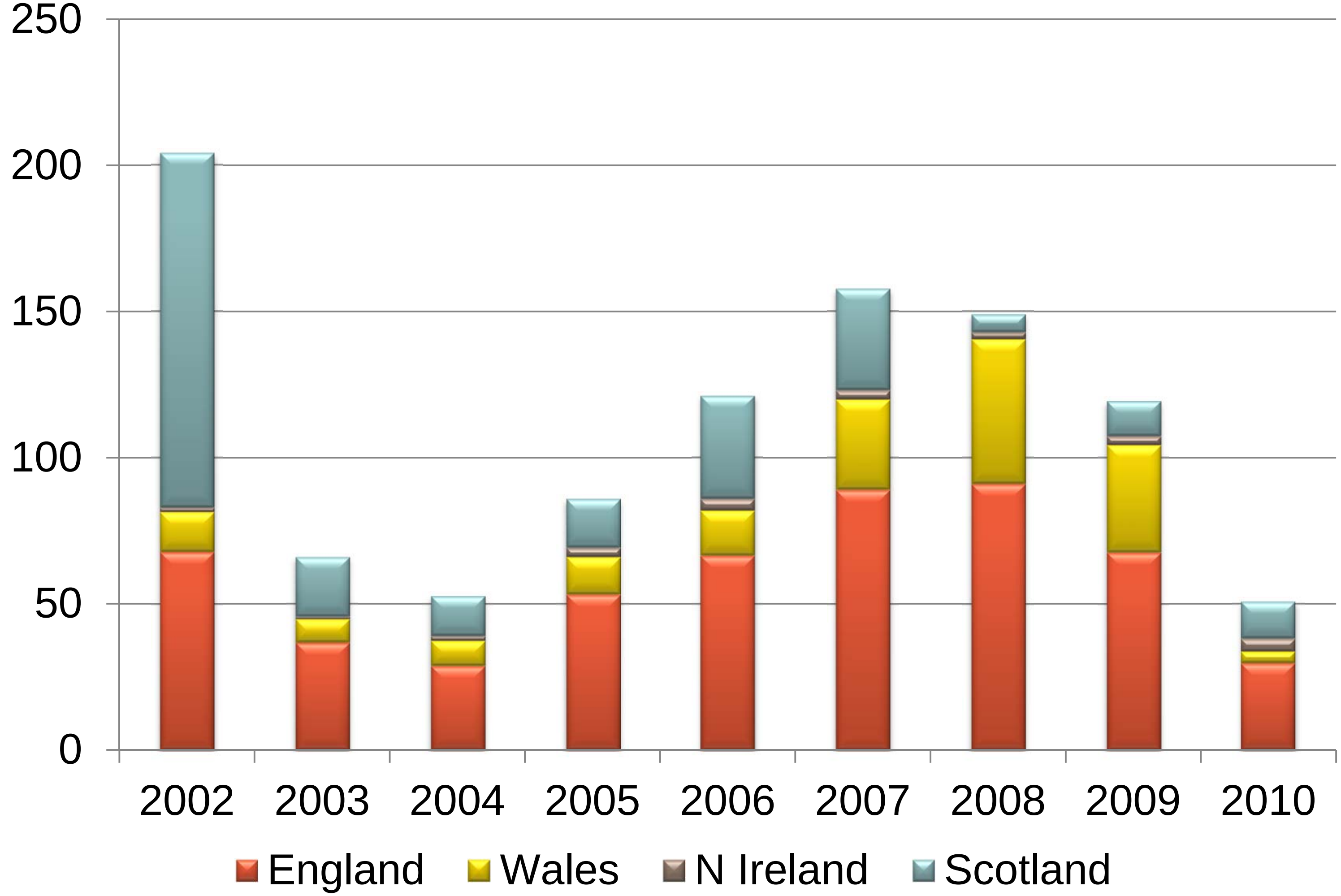
Development of *in conversion* area [1'000 ha]



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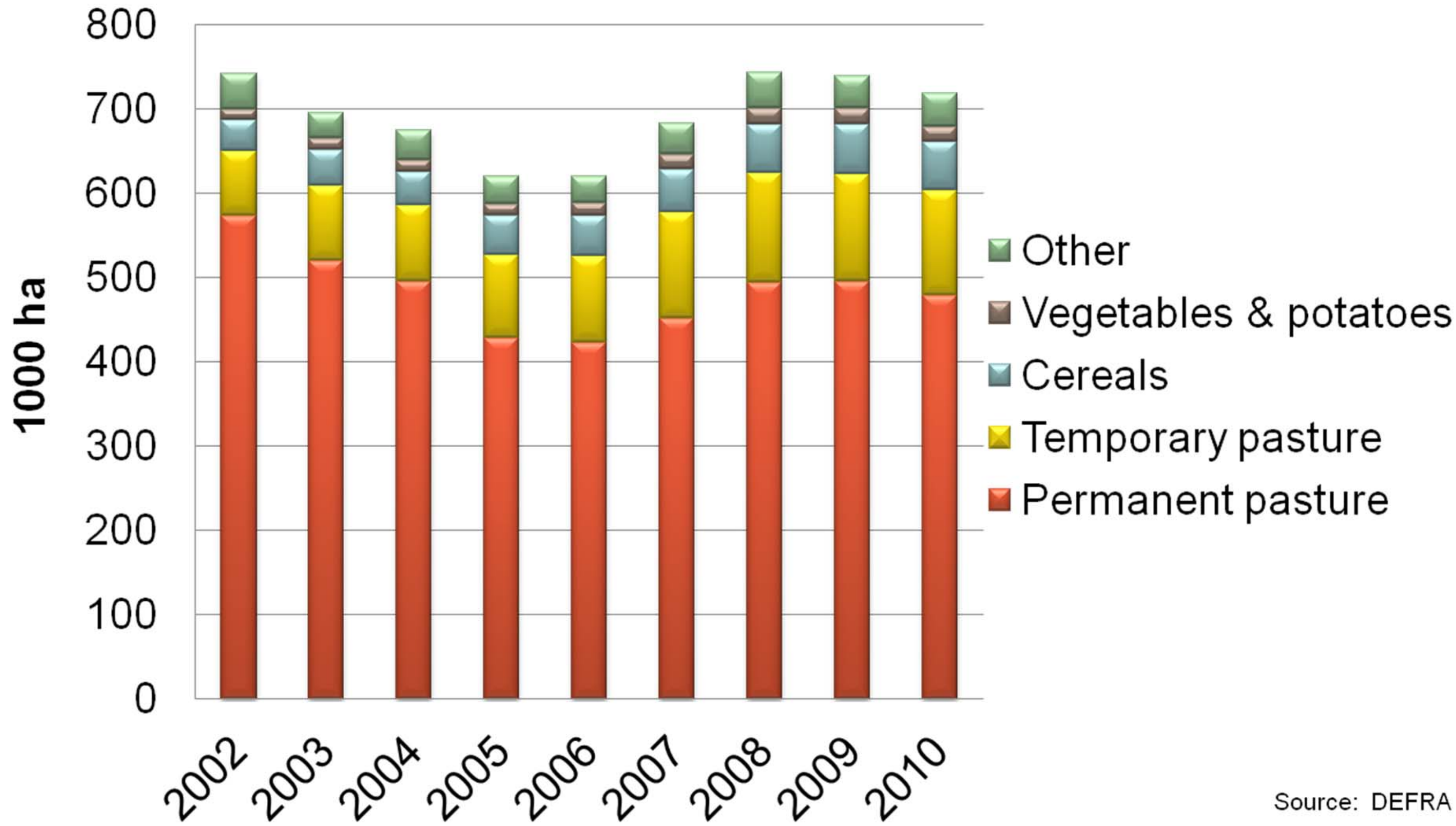
Land use (organic & in conversion)

[1000 ha]



Source: DEFRA

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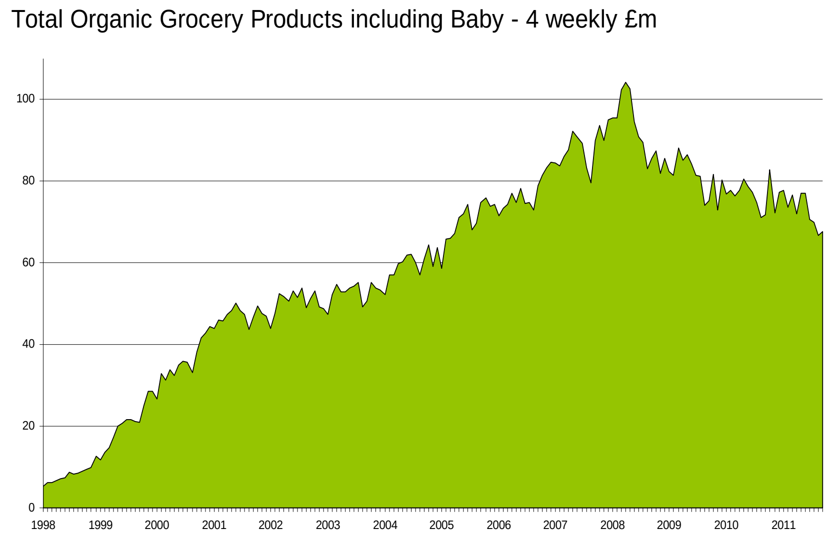
The Facts

- Total market value is approx £1.6B
- Less than 2% of the total grocery market
- An industry that crosses the broad spectrum of all products and through all channels
- 21m UK households purchased in last year 83.6%



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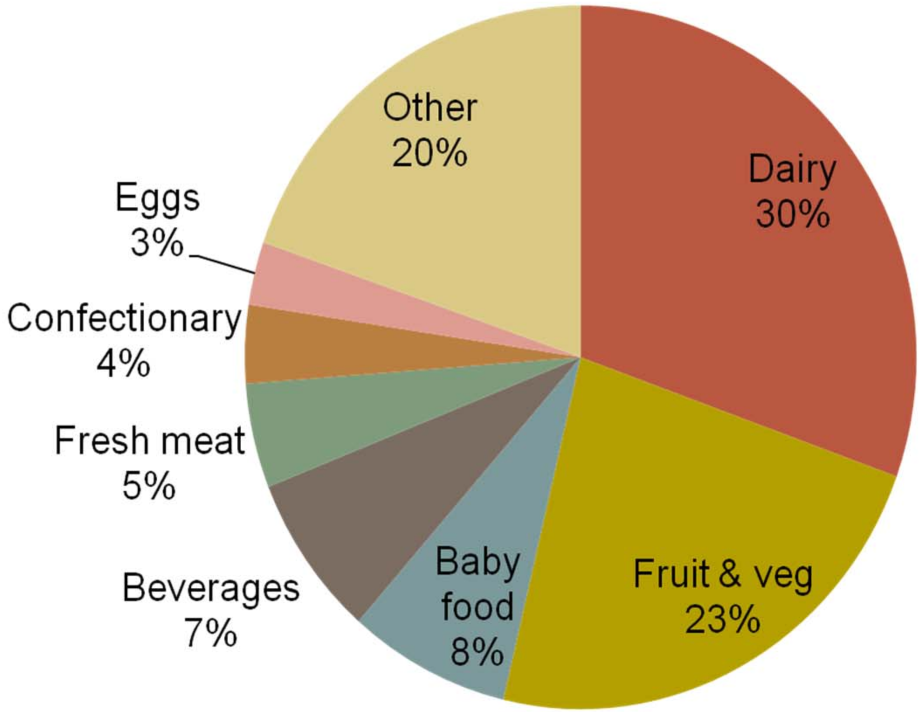
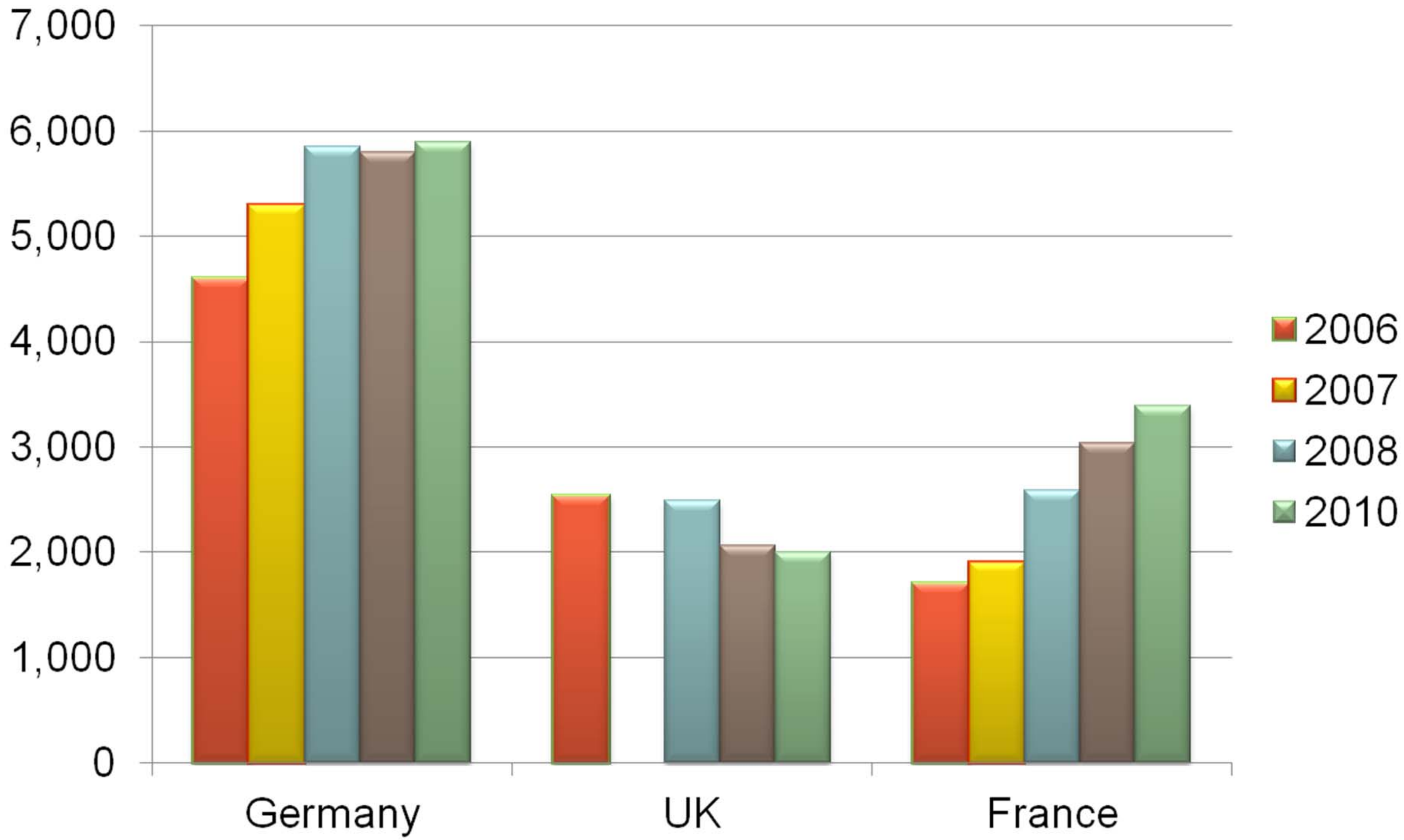
The most important sectors [% value] and change



Sector	2009 to 2010
Dairy	-2.7 %
Fruit & vegetables	-6.3 %
Baby food	+10.3%
Confectionary	-8.3%
Eggs	-9.4%

Source: Soil Association 2011 Market Report

The UK market compared with other countries [M€]



Source: FIBL, AMI ORC

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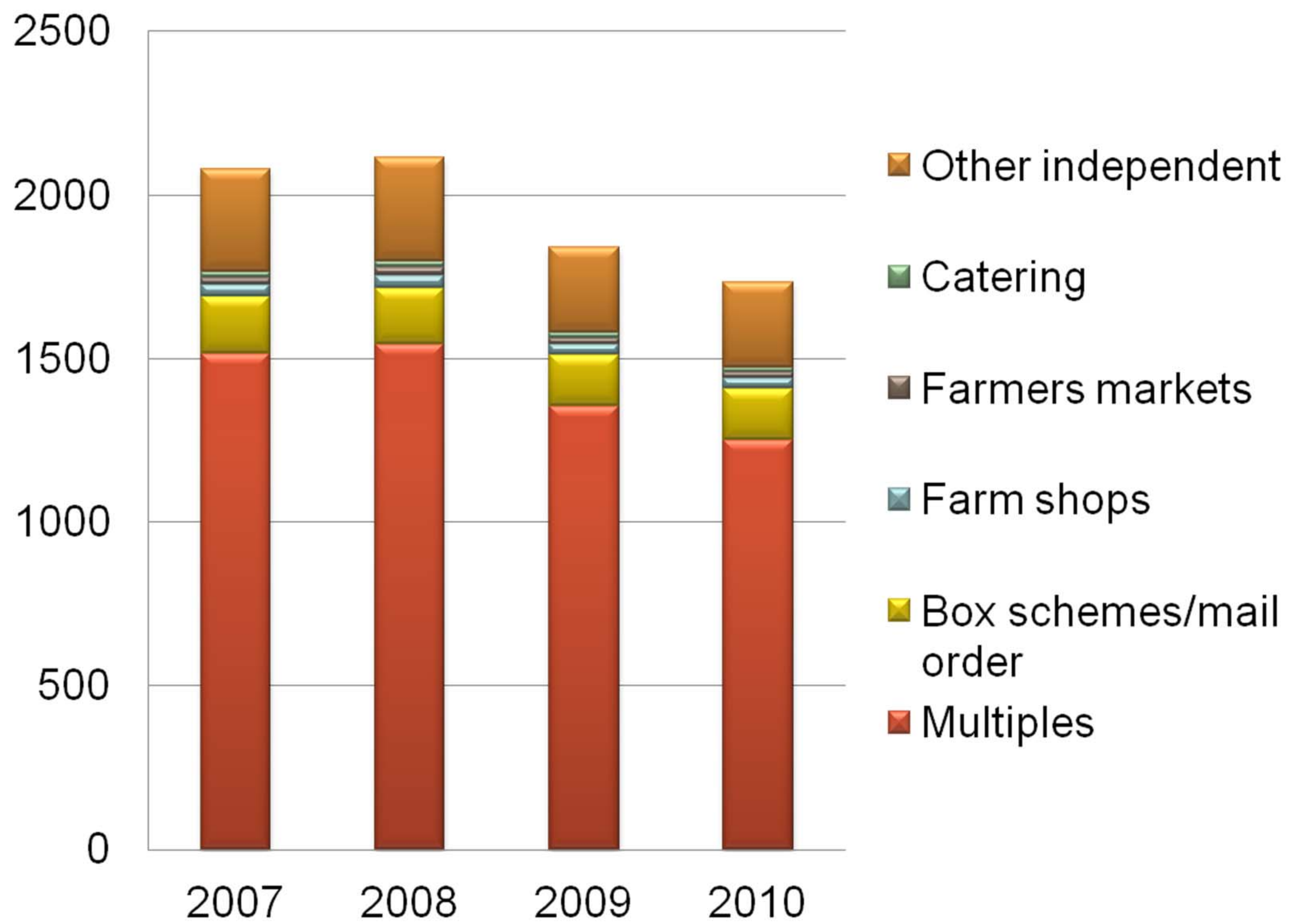
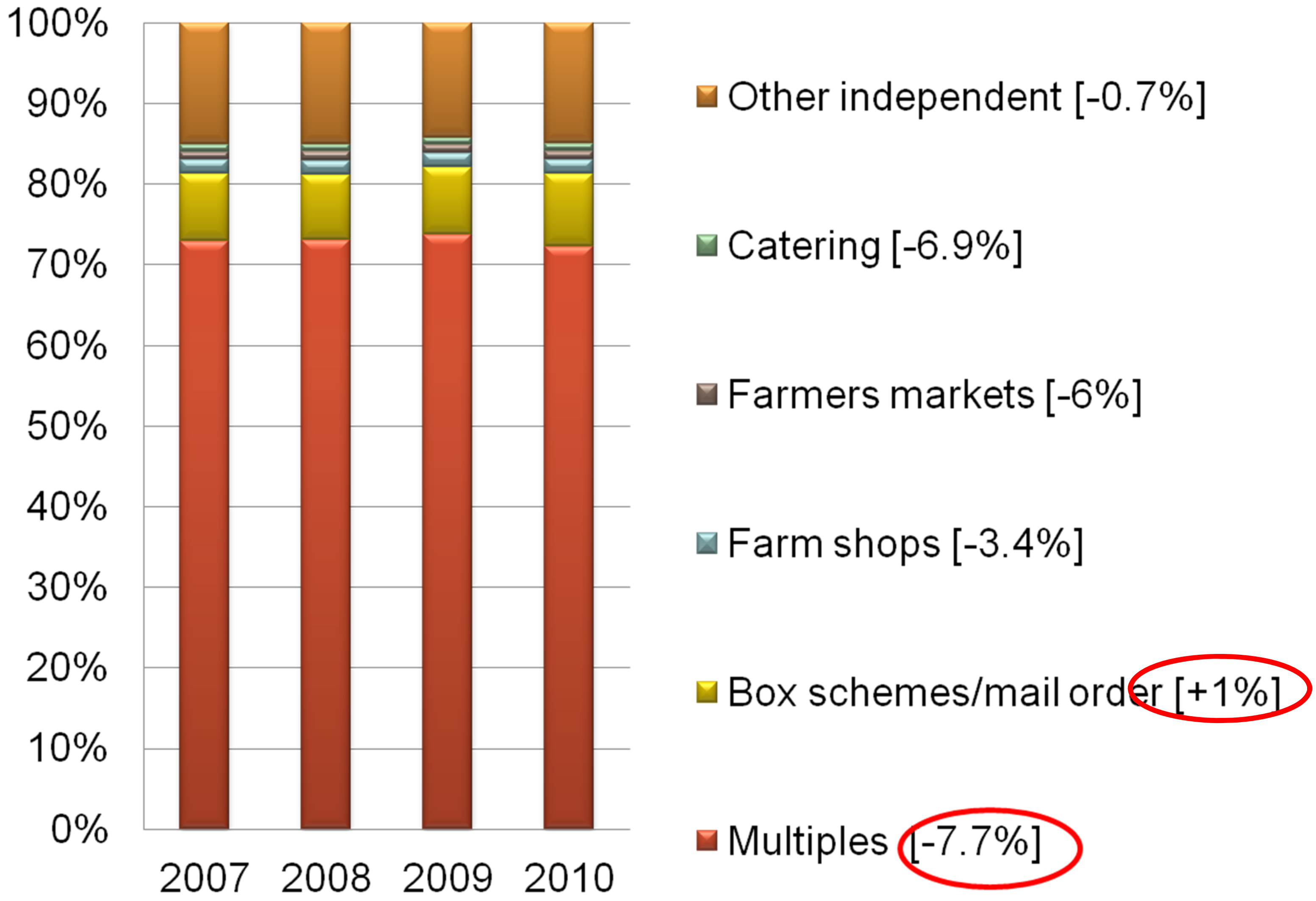
Development of sales channels



Source: Soil Association Market Reports

Development of sales channels [Change 09-10 %]



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Source: Soil Association Market Reports

Change in sales over the 12 month to August 2011 (index sales per customer)

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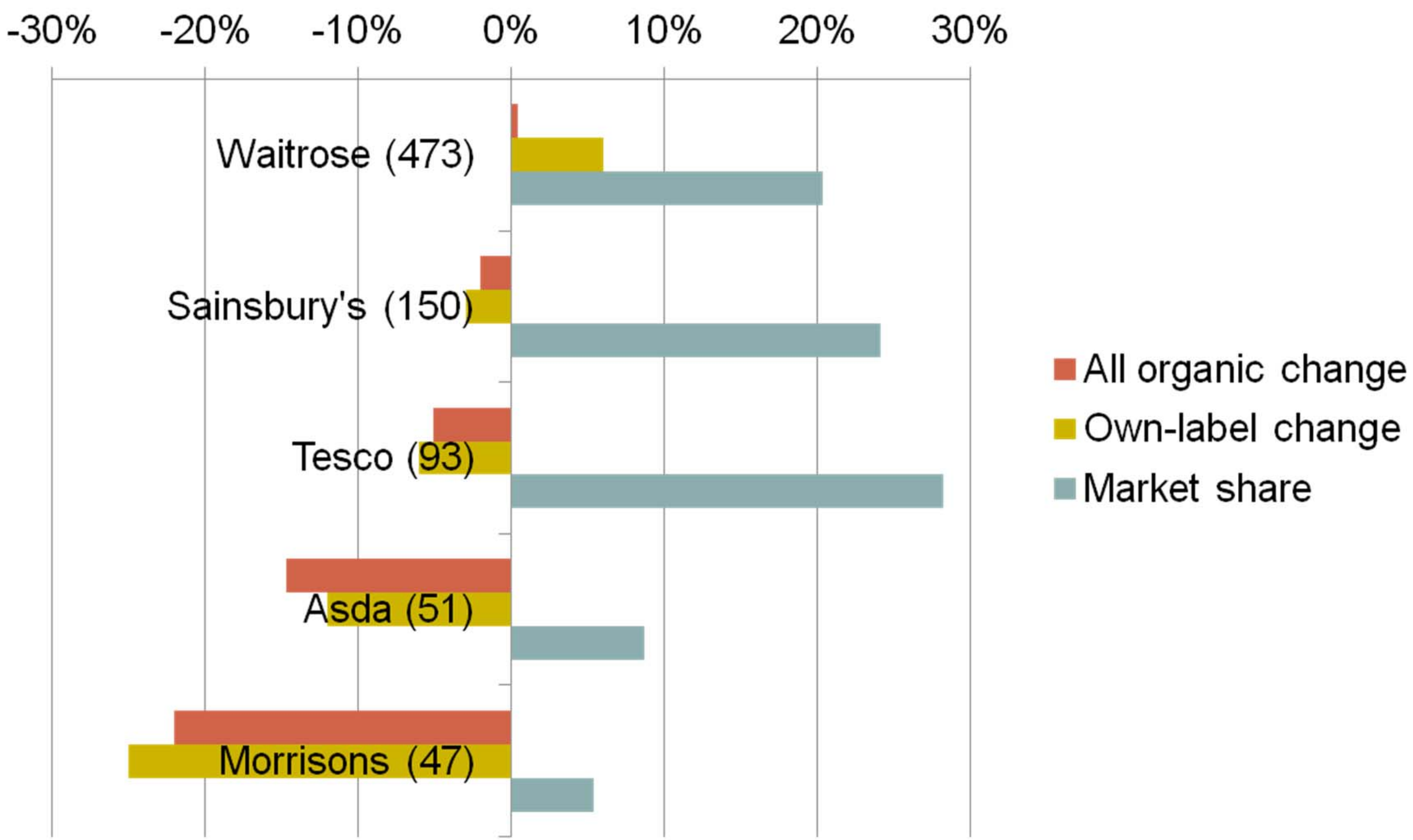

Source: Kantar World Panel 2011

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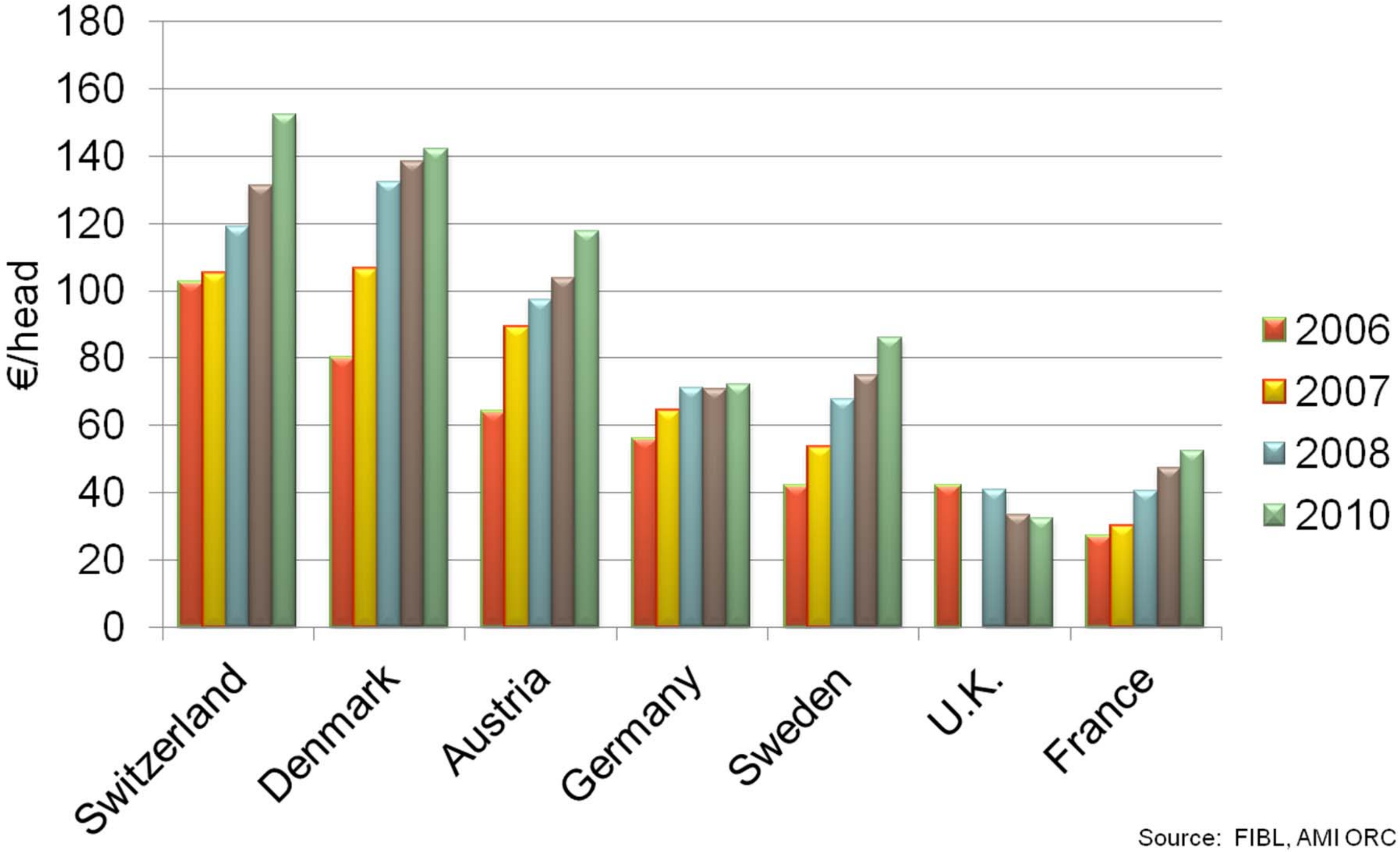
Organic food consumption [€/head]



Source: FIBL, AMI ORC

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Soil Association

There is innovation……..
And brands are outperforming the market

Riverford

Yeo Valley organic

DUCHY ORIGINALS from Waitrose
A PARTNERSHIP PRESERVING OUR HERITAGE

- Ocado have approx 1400 lines of organic
- Added approx 70 items from Daylesford added to range in Sept 2011
- Sales performance is +5.5% v market decline
- Ocado overtrade significantly – they have 0.5% of share of grocery market and approx 5% of the organic grocery market
- 79% of customers buy at least 1 organic item

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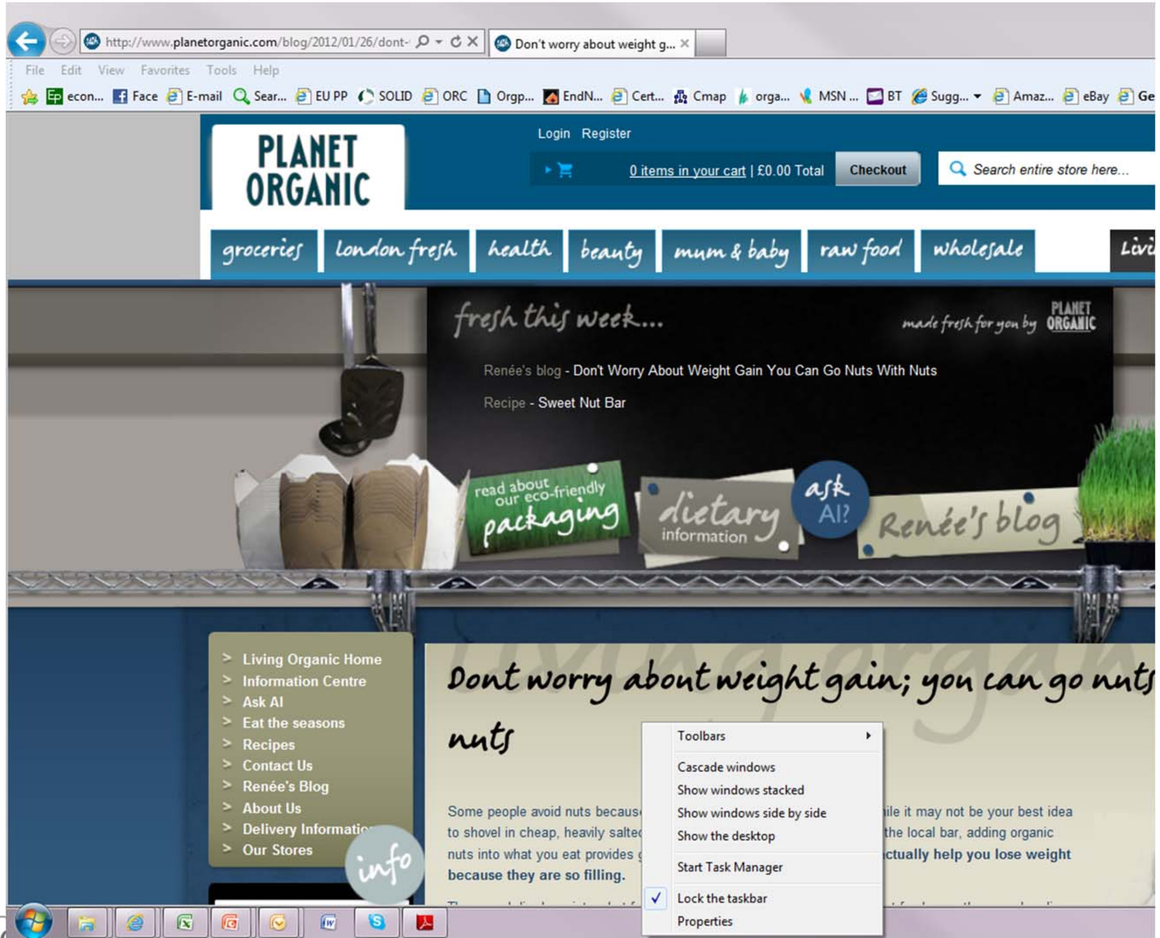
For example



Started in 1995 first organic and natural supermarket in the UK

Strong relationship with consumers, suppliers and the team

Sales up 12% on last year in Oct 2011

Now 5 stores and planning to open more

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For example Daylesford organics

- Farm shop in Gloustershire
- 3 stores with cafe's in London
- Also in Munich and Japan
- Planning to open new stores

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Conclusions

- Decline in organic land area mainly in Scotland
- Stagnation in land are going into conversion, due to policy and market uncertainty
- Scotland has launched a new Action Plan
  - Supporting organic production,
  - Sustainable economic growth of the food and drinks sector
  - Understanding organics
- No up-to-date data on import/export

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Conclusions continued

- **Negative market development particularly in some of the multiple retailers**
    - **Reduced willingness to stock organic lines**
    - **Consumer confusion with regards to what 'organic' delivers (e.g. Animal welfare)**
- **Positive trends in some sectors**
- **Consumer loyalty and growth expectations**
    - **Specific brands and stores**
    - **Specialist organic shops and**

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