



# Organics in Europe

**Alberta Organic Seminar, March 18, 2010**

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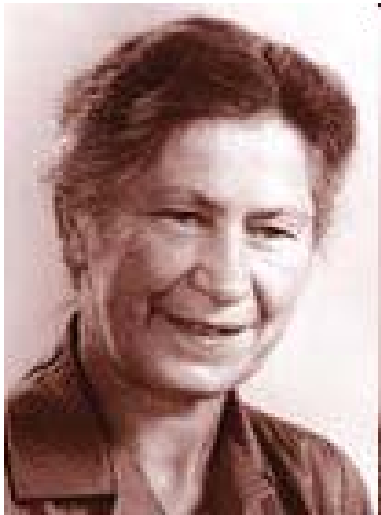
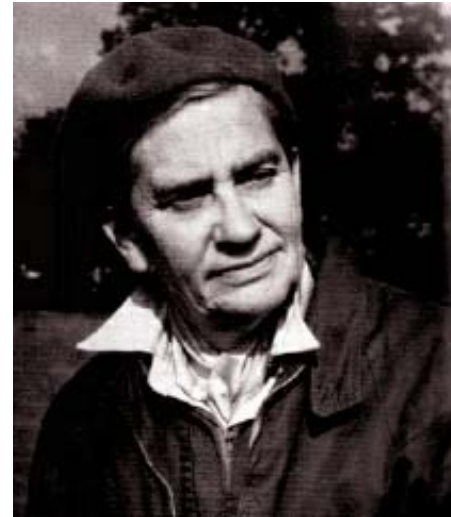
# Who we are



# Content

- 1. Intro**
- 2. The Organic Markets in Europe**
  - Market development
  - Distribution channels and market actors
  - Consumer behavior and trends
- 3. Conclusions**

# A century of Organic



# Founders and pioneers

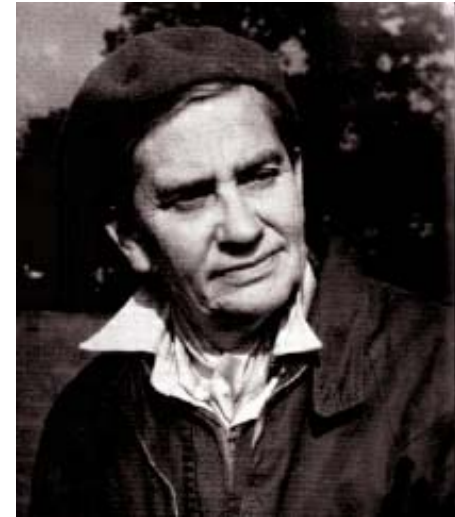


## Rudolf STEINER (Germany, 1924)

- ◆ Anthroposophic “Lectures on Agriculture“
- ◆ Biodynamic Agriculture

***“Harmonize human beings, earth and cosmos”***

# Founders and pioneers



**Eve BALFOUR, Albert HOWARD (United Kingdom, India 1930-40)**

- ◆ Organic Agriculture (compost, permaculture)
- ◆ British Soil Association

***“Nature – The Supreme Farmer” teaches us  
how to do modern agriculture ”***

# Founders and pioneers



**Hans & Maria MUELLER (Switzerland, Germany 1930-50)**

- ◆ Organic Agriculture (closed circuit, nutrient cycling)

***“Keep farmers independent from industrial input”***

# Founders and pioneers



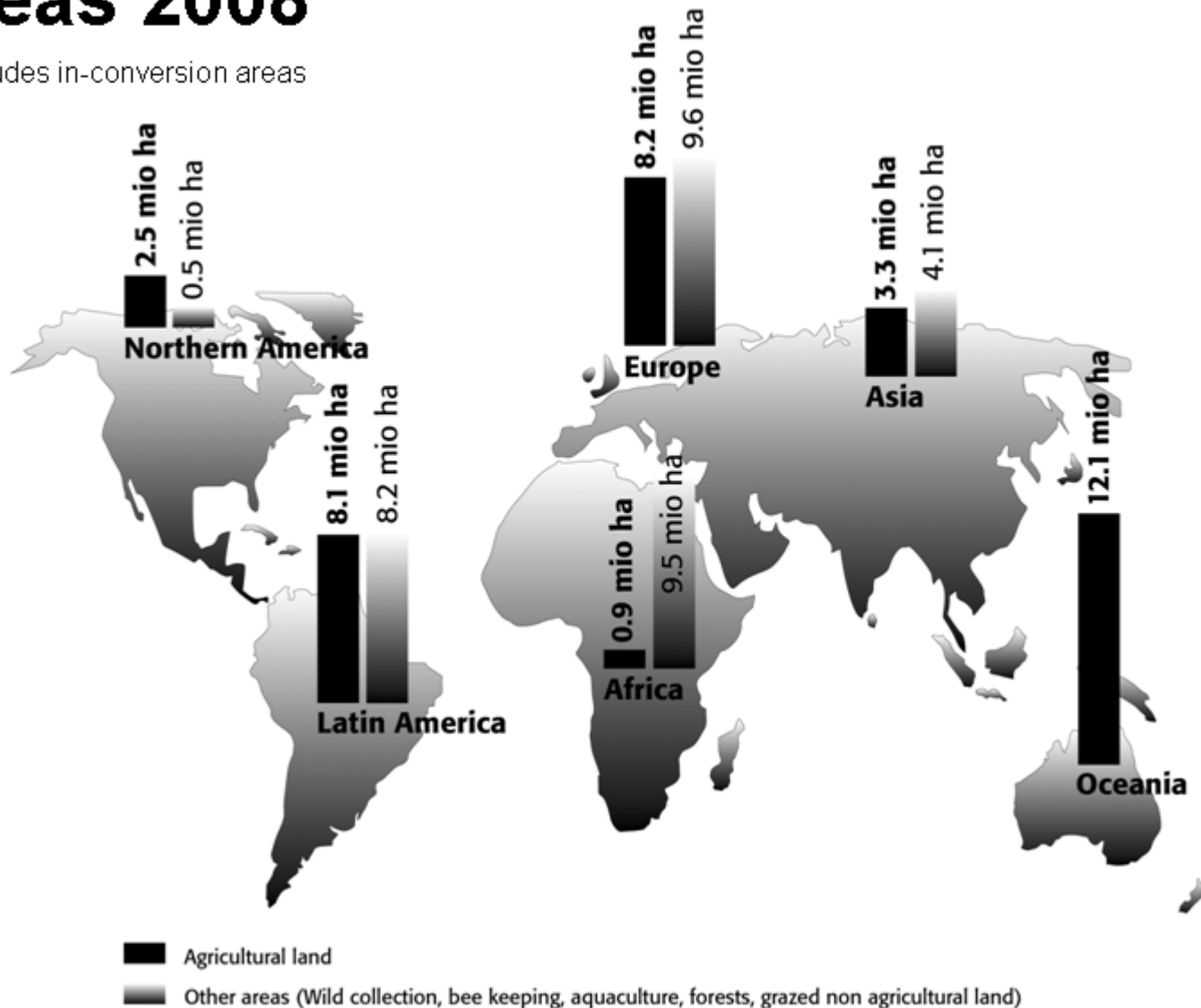
**Raoul LEMAIRE (France 1930-70)**

◆ Organic Agriculture (natural inputs)

***“Nourish people safely and naturally, rely on natural agriculture inputs”***

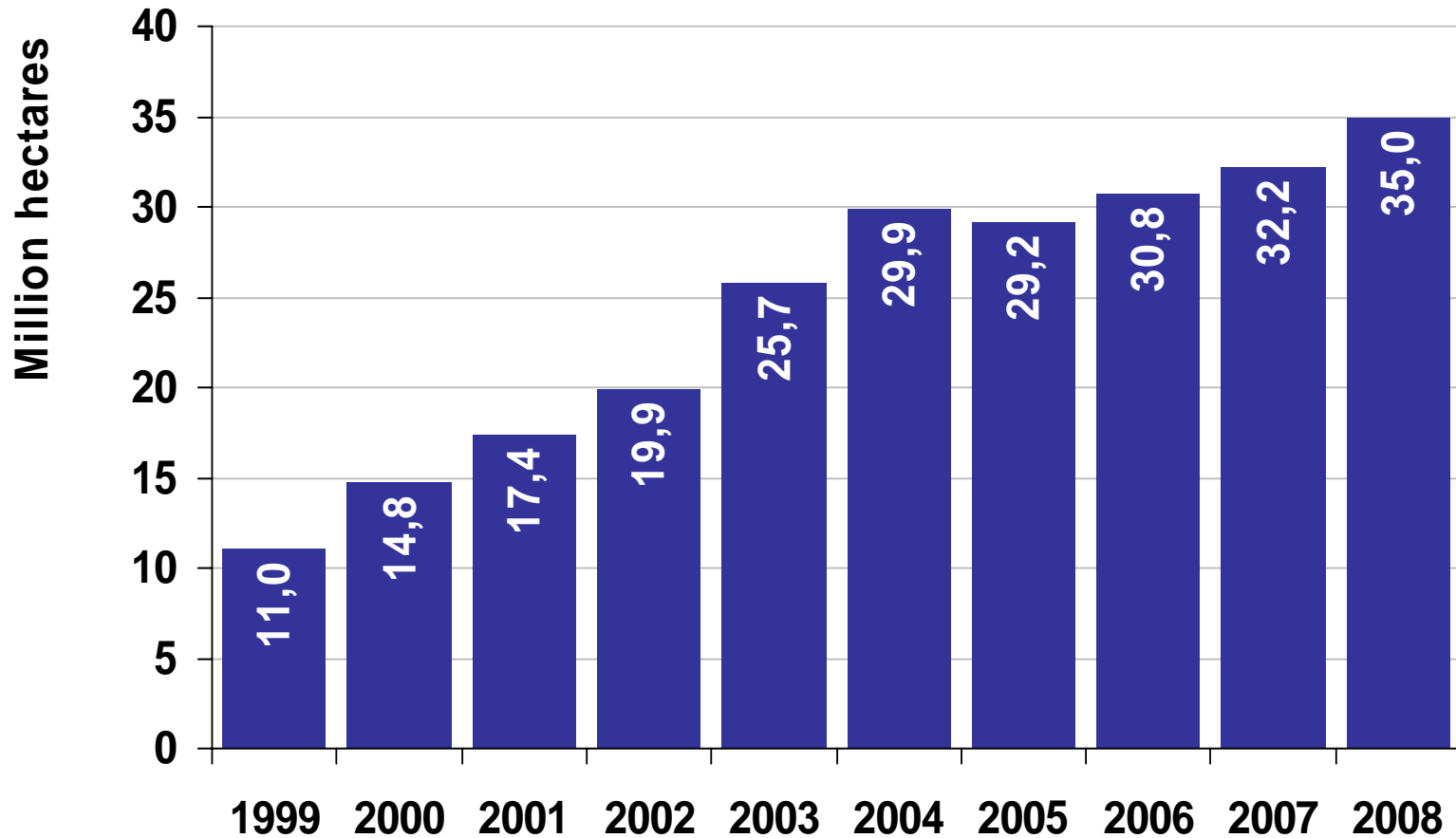
# Organic agricultural\* land and other areas 2008

\*Includes in-conversion areas



Total: 35 million ha

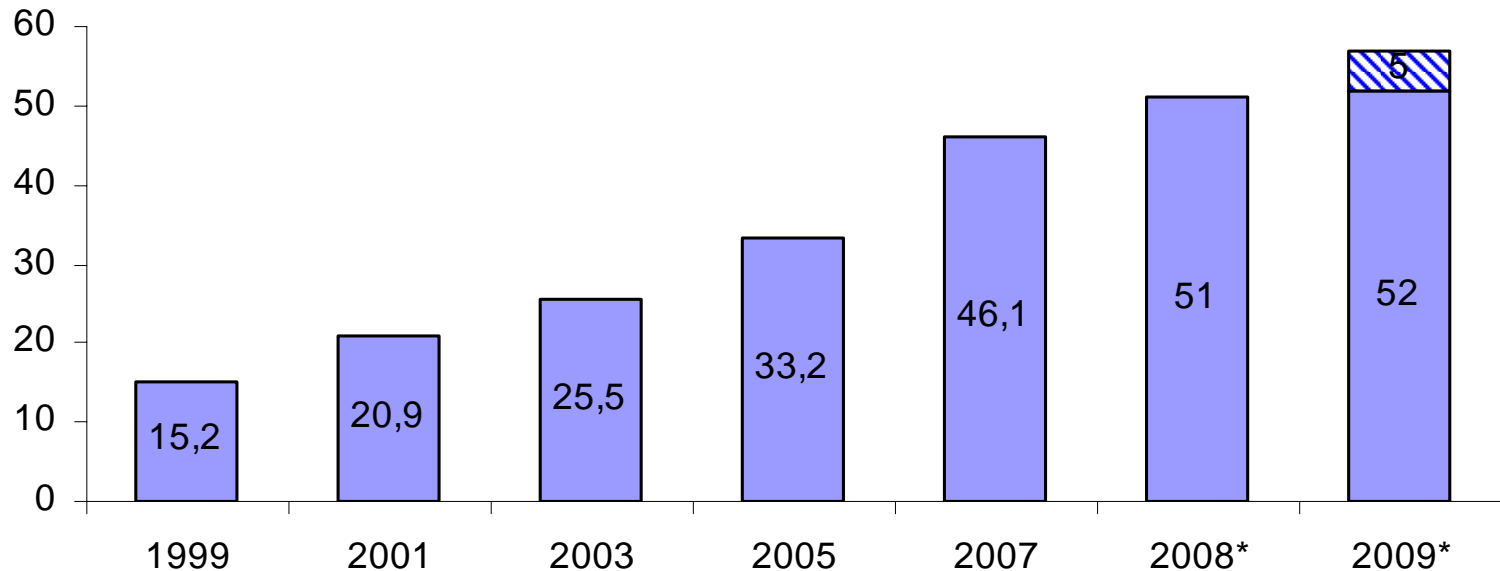
# Development of global organic farm land



Source: FIBL & IFOAM 2010

# Development of the global organic food market

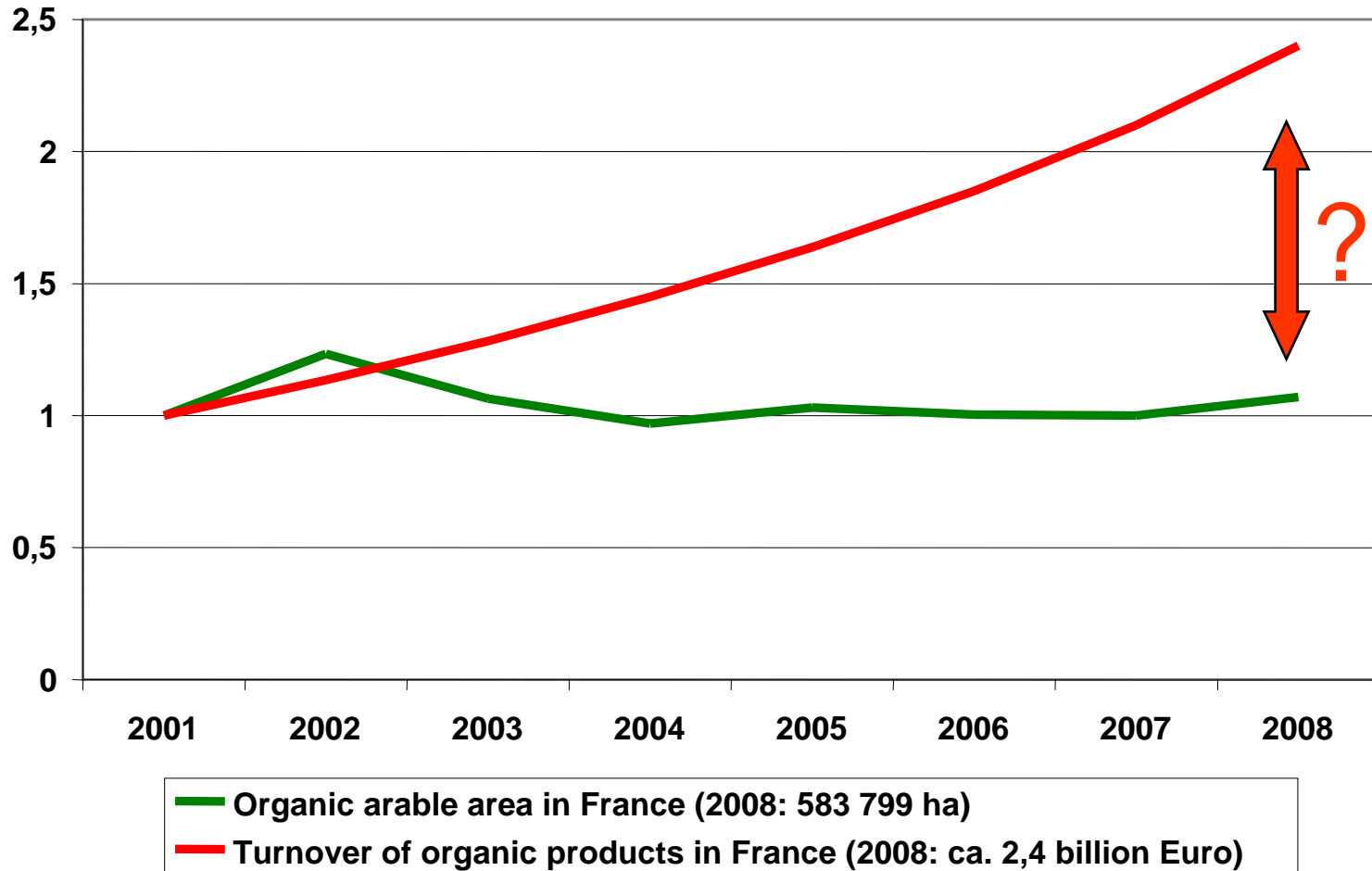
Development of the global market for organic food products  
from 1999 to 2008 (in billion dollars)



Source: Agence Bio, Ökonews

\*Estimation

# The Challenge for Western Europe

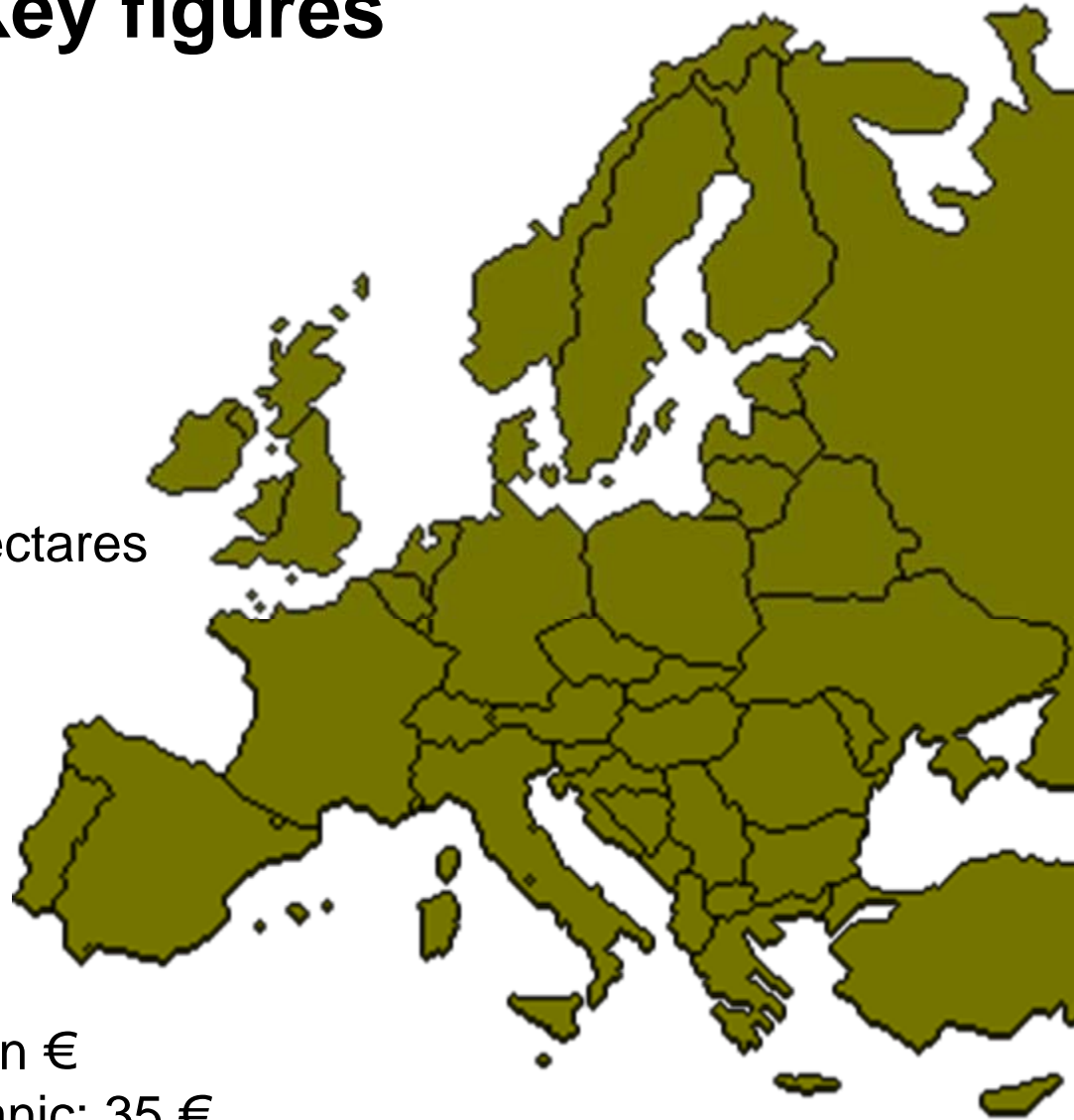


# Key figures

Inhabitants: > 700 million  
Inhabitants EU (27): 500 million

Organic farm land: 8.2 million hectares  
Organic farmers: 223.000

Organic market volume: 17 billion €  
Per capita expenditures for Organic: 35 €



# Content

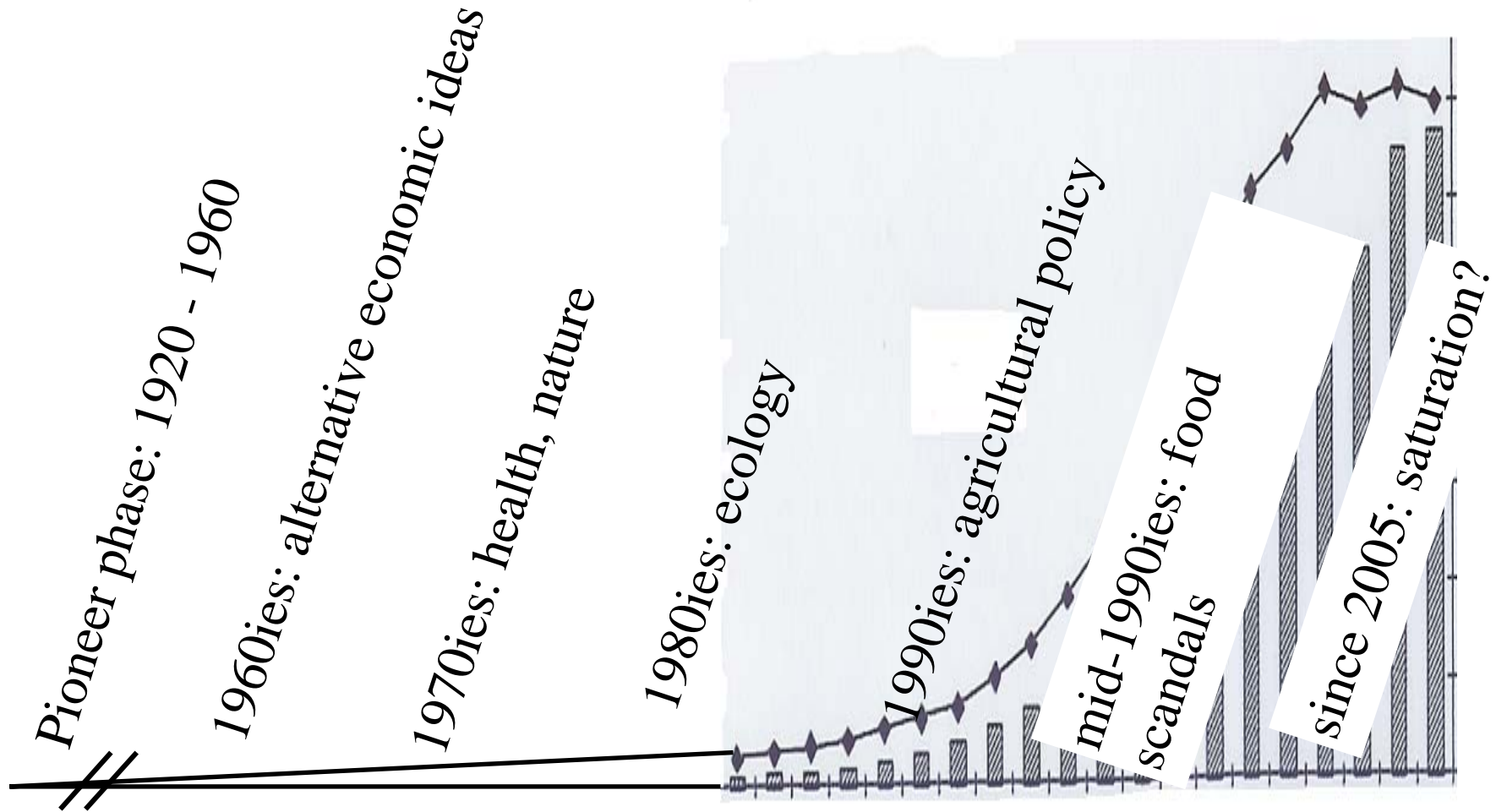
## 1. Intro

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- Market development
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- Consumer behavior and trends

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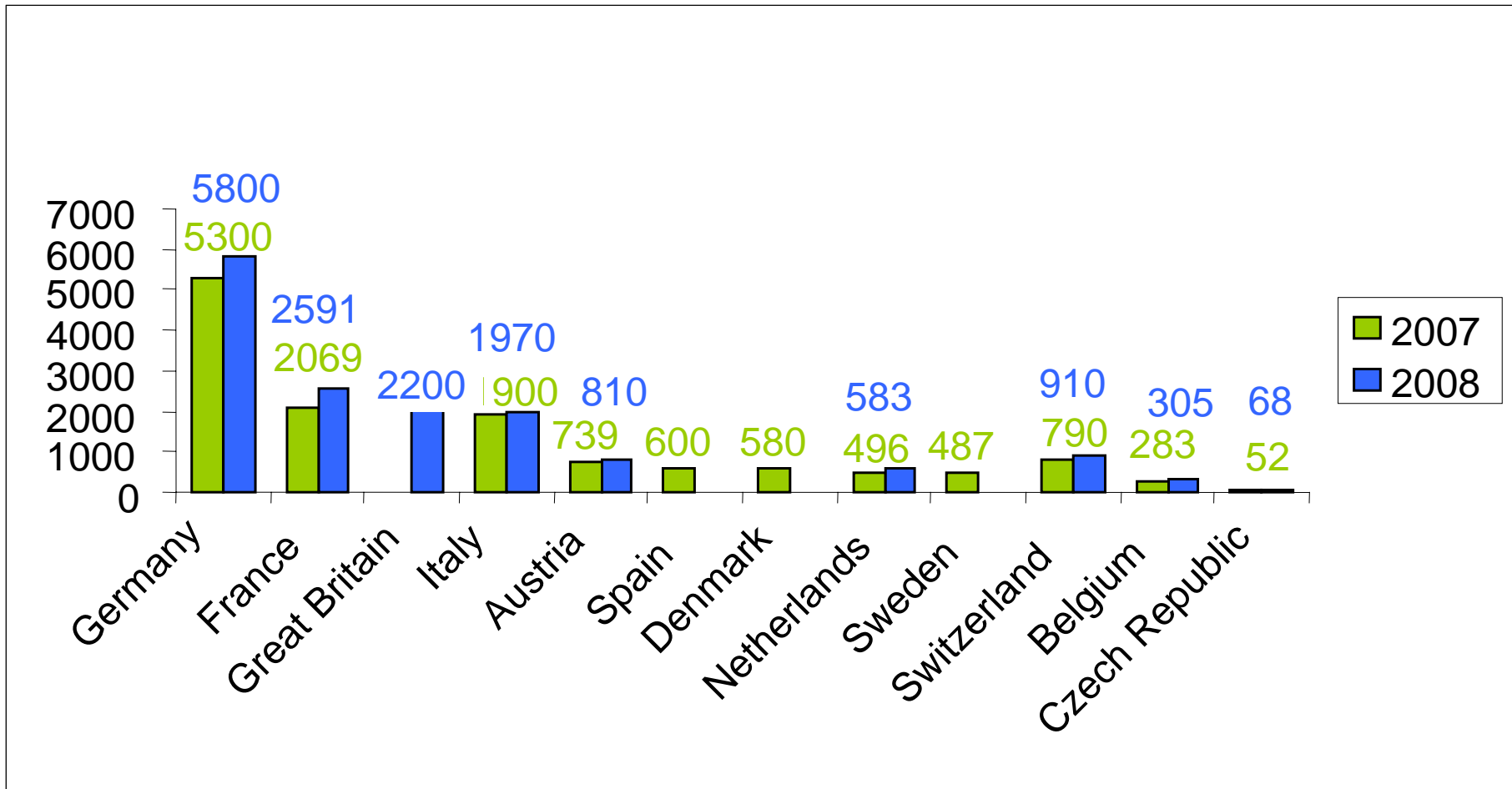
# A short history of organic farming & markets



# A short history of organic farming & markets

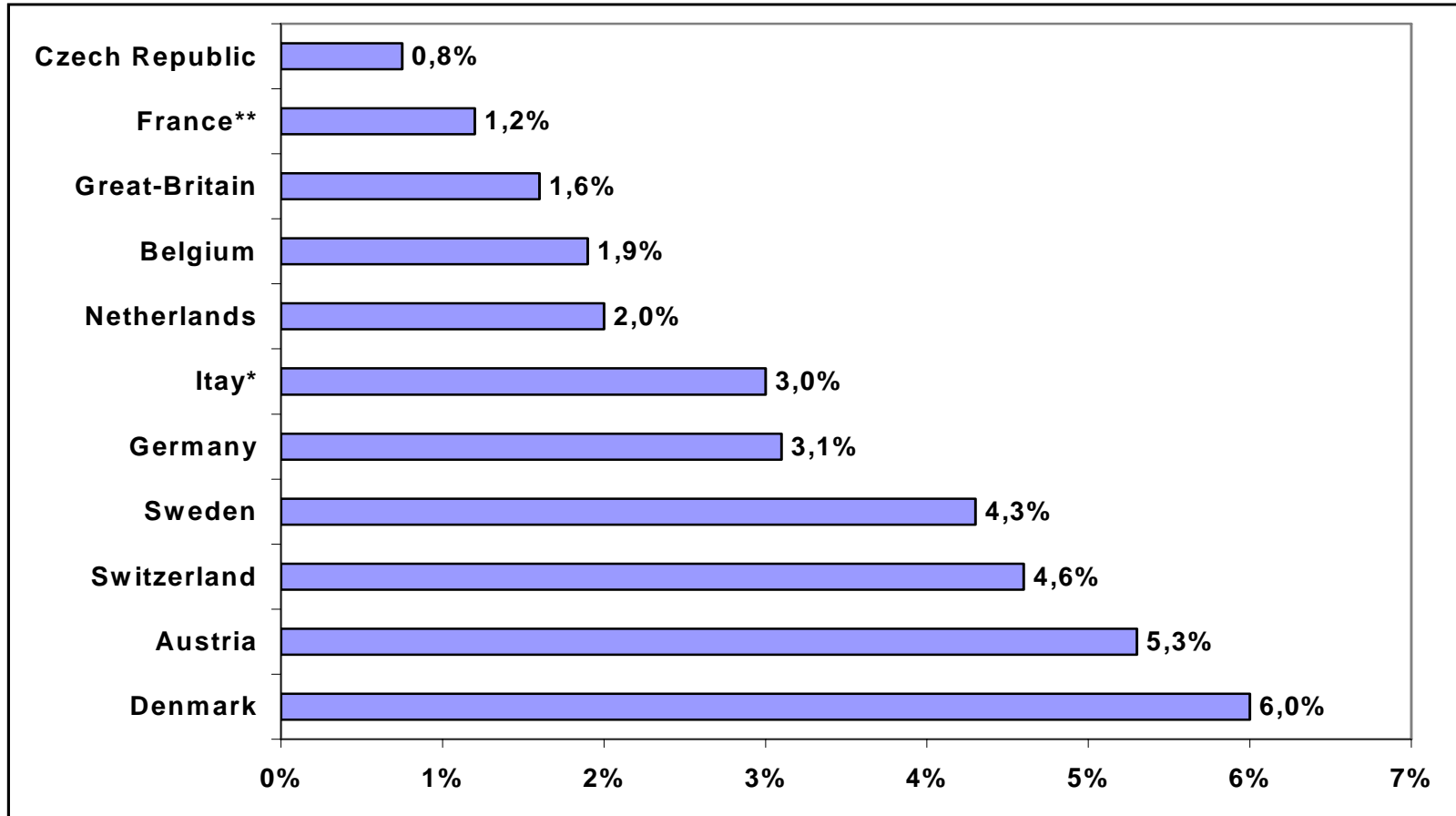
- 1924: foundation of “biodynamic” farmers’ association
- 1920ies: first “organic” food stores in Vienna and Berlin
- 1947: first “organic” retail chain in Paris
- 1960ies: foundation of organic farmers associations
- 1980: first public laws on organic farming
- 1986: first public labels on organic products
- 1980ies: conventional retail chains discover organic
- 1991: first EU law on organic farming
- 1990ies: first TV commercials on organic products
- 2000: agrofood industry takes up organic

# Consumption of organic products in European countries (in million €)



Source: The world of organic agriculture 2009, Agence Bio

# Market share of organic products

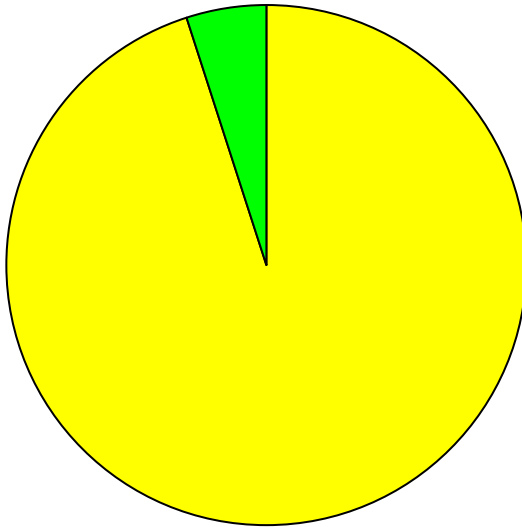


Source: Organic Market Report 2009

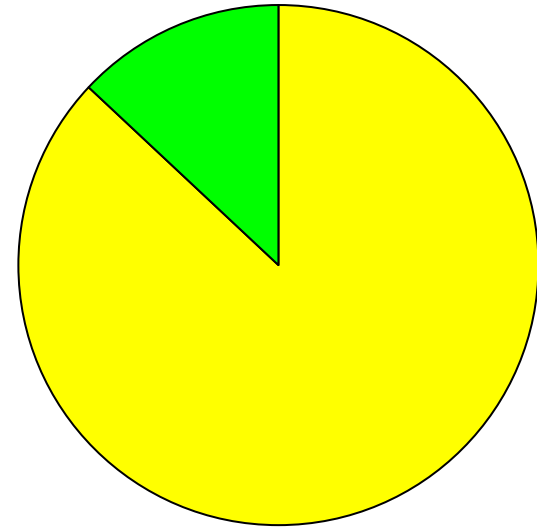
\*Estimation for 2008

\*\* Estimation for 2008 1,7%

# Tomorrow's potential?

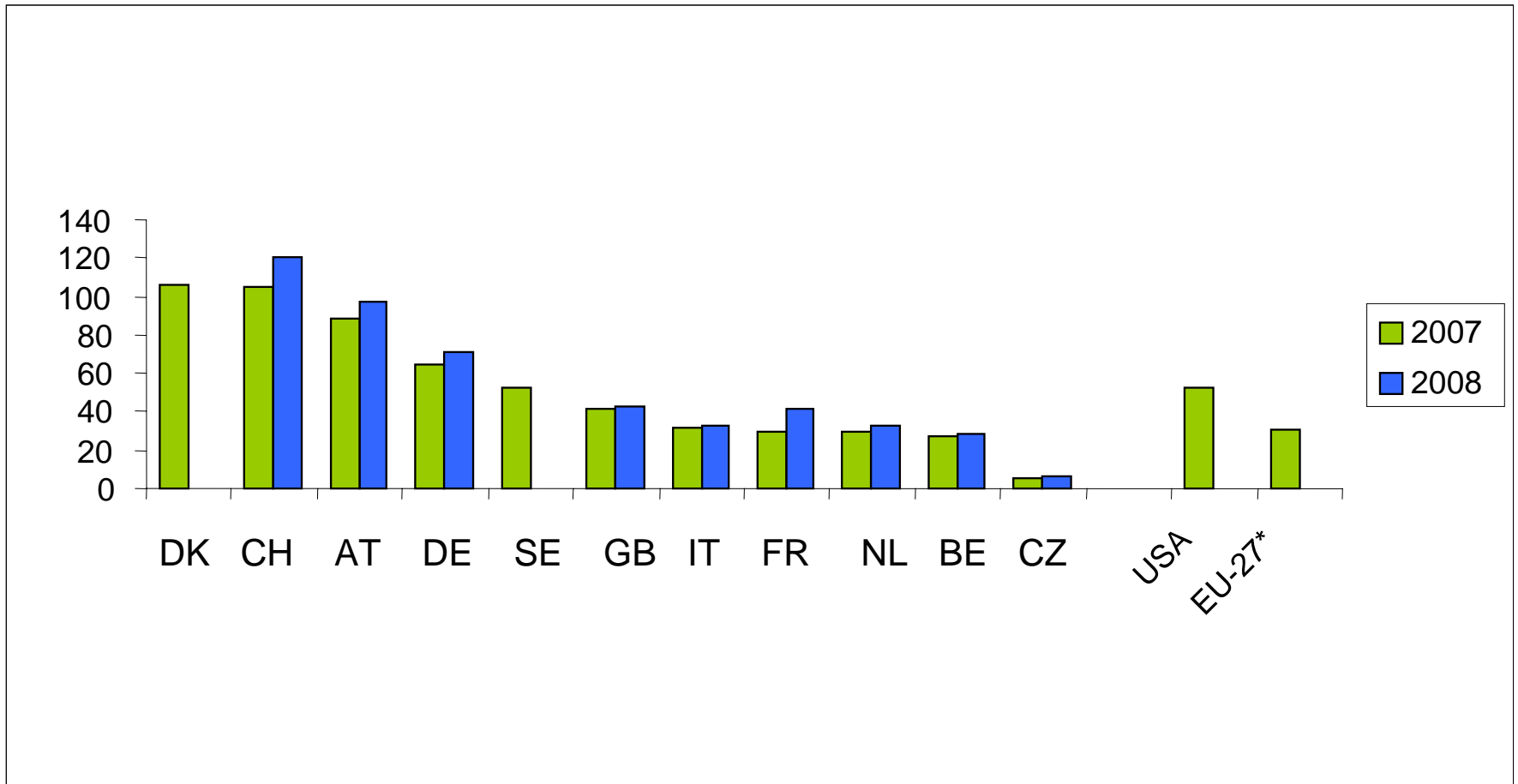


**Organic market share  
in Denmark: 5 %**



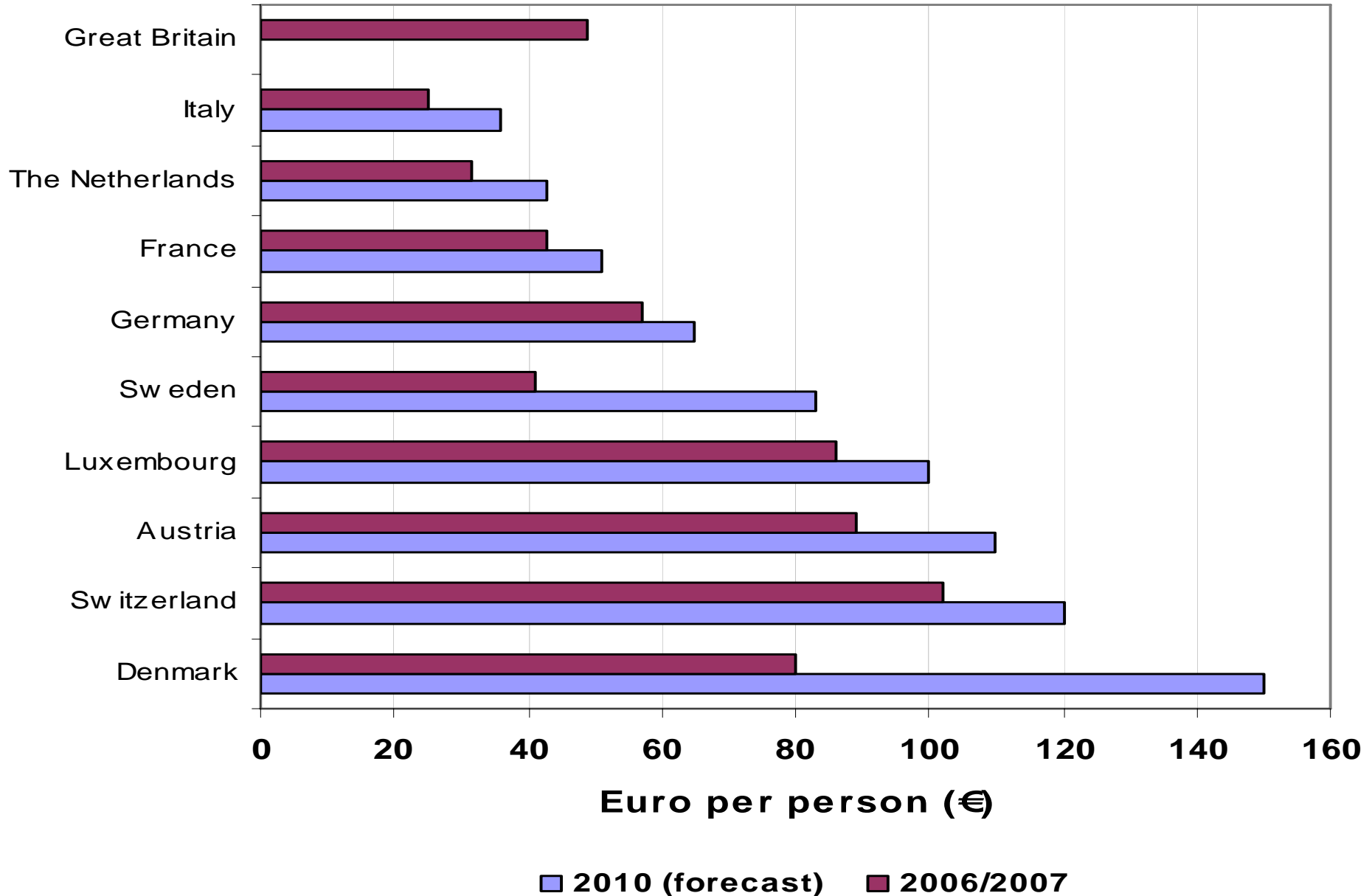
**Organic bananas market share  
in Germany: 13 %**

# Money spent on organic food (per capita)

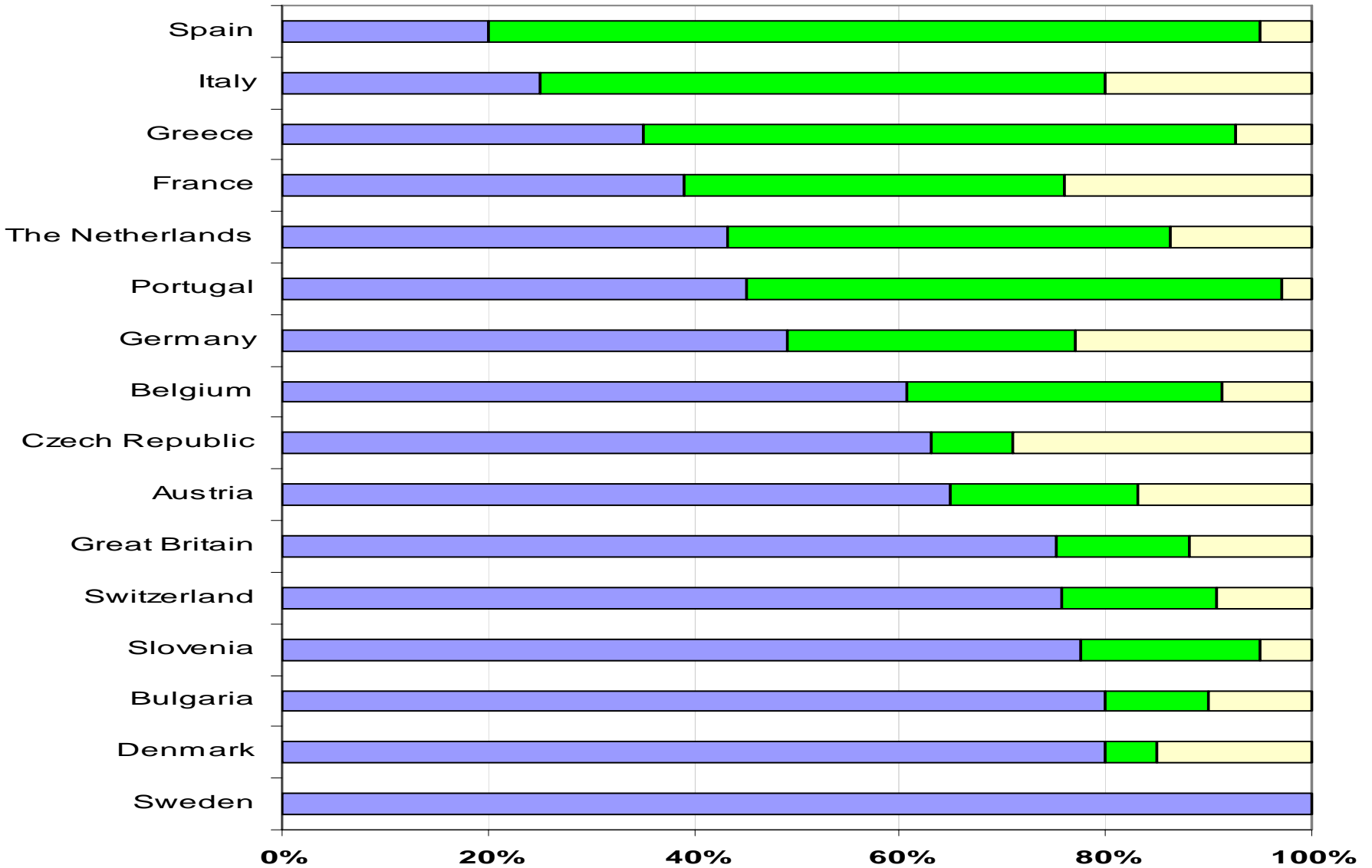


Source: The world of organic agriculture 2009, Agence Bio

# Annual amount per person spent on organic food 2006 and forecast for 2010 (countries with more than 25€/person)

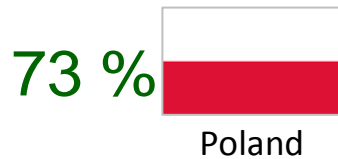
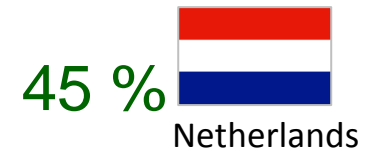
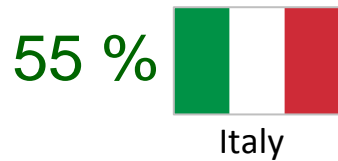


## Market share within the organic market (%)



■ market share of conventional retailers (%) ■ Specialised organic shops (%)  
■ other sales channels (%)

# Countries with high importance of specialised retail



52 %



# Demand exceeding supply



Bulgaria



Denmark



France



Croatia



Malta



Portugal



Sweden



Austria



Rumania



Switzerl  
and



Czech Rep.

# Demand exceeding supply

## Example: Czech Republic

- Czech consumers appreciate high quality food
- Growing demand for organic food
- High growth rates foremost in conventional retail (Billa, Interspar, Tesco, DM)



- Domestic production is accelerating since two years
- To their bigger part, raw materials are still imported

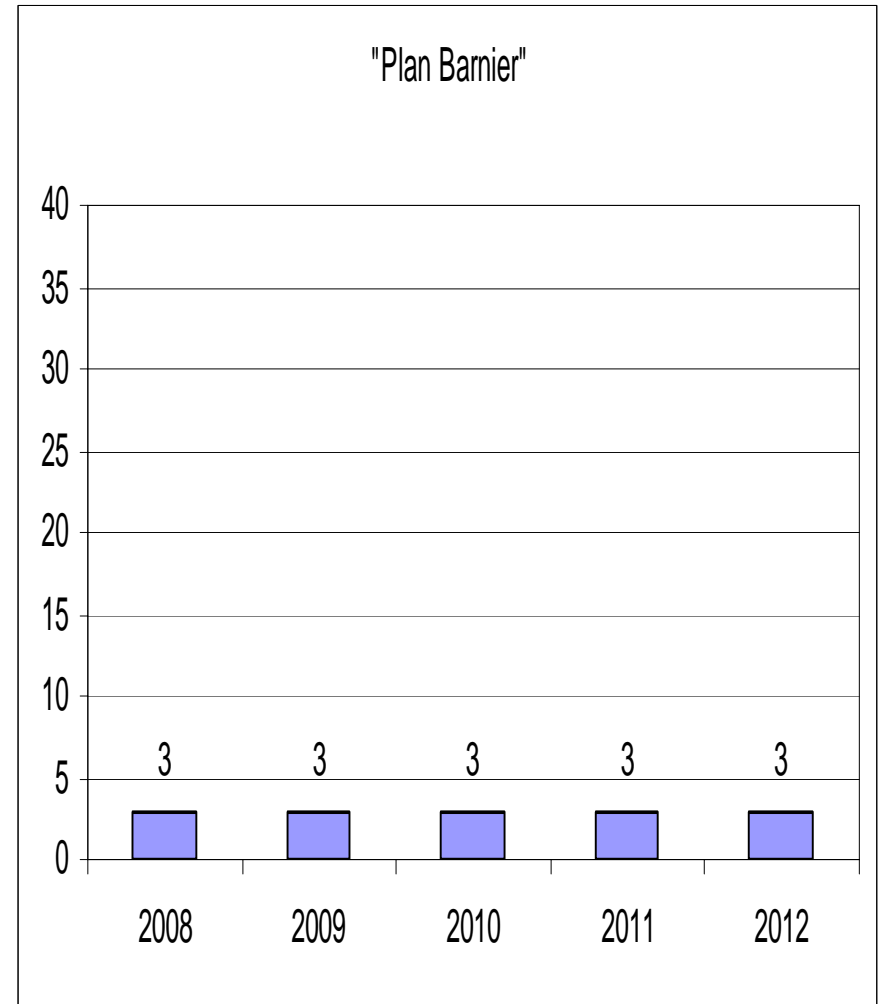
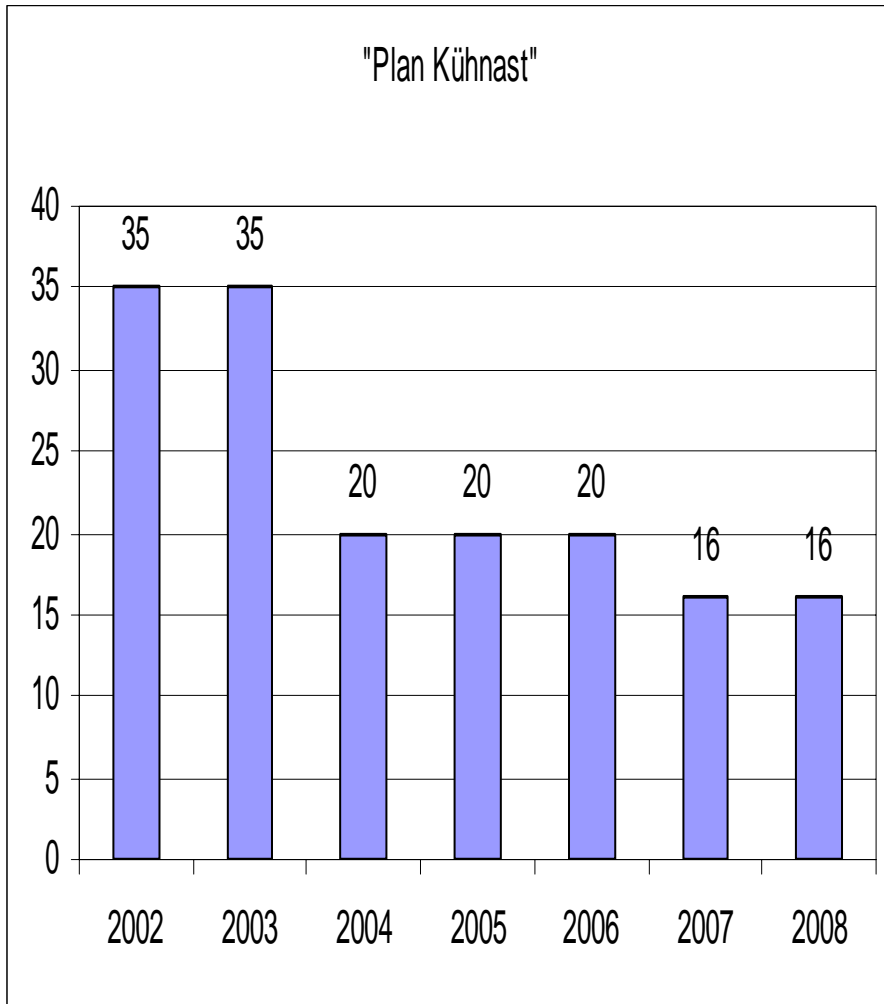
# Demand exceeding supply

## Example: France



- Deficient supply in domestic fruit & vegetables, meat & beef and dairy products
- Stagnating surfaces since 2003
- Rapid market growth in all retail channels
- Dynamic and innovative actors in processing and in specialised retail
- Quality-committed consumers
- High price levels

# The role of policy



# The role of policy

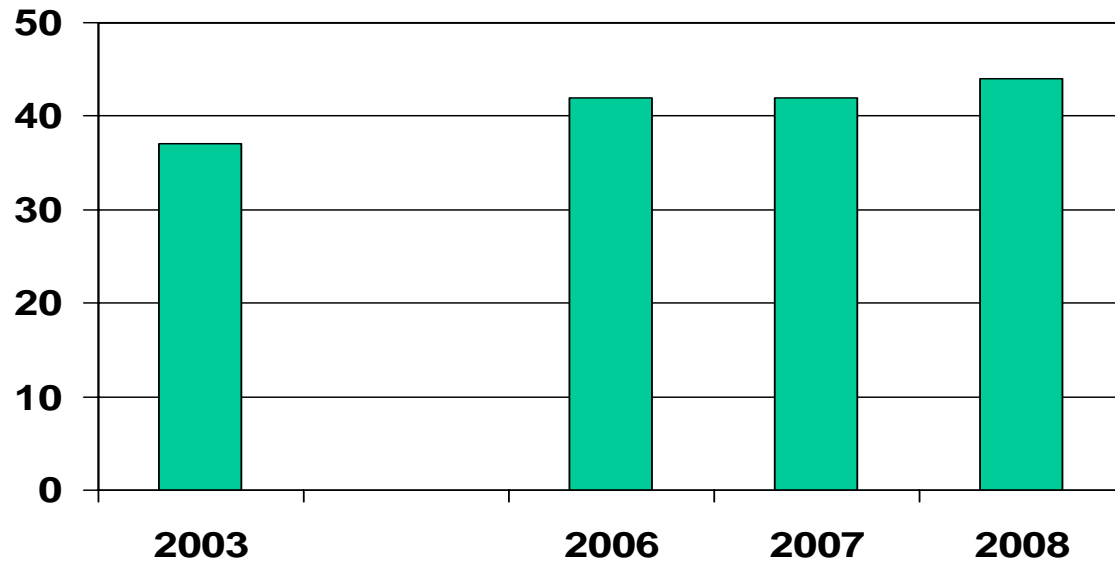


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# Trend in consumption

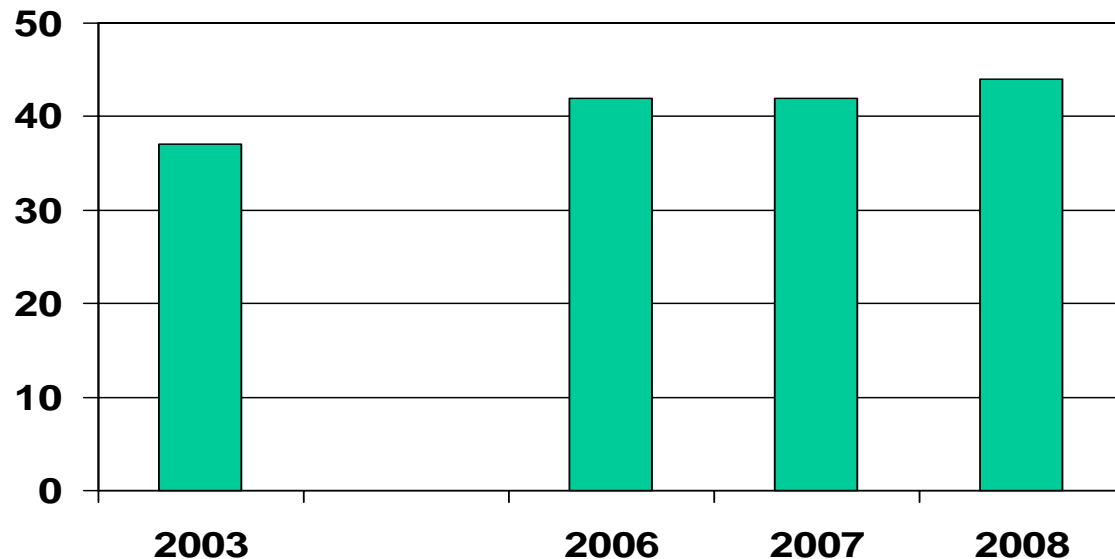
**Percentage of french consumers who purchased an organic product during the month preceding the survey**



Source: Baromètre 2008, Agence Bio; Basis 2008 n=1050

# Trend in consumption

**Percentage of french consumers who purchased an organic product during the month preceding the survey**

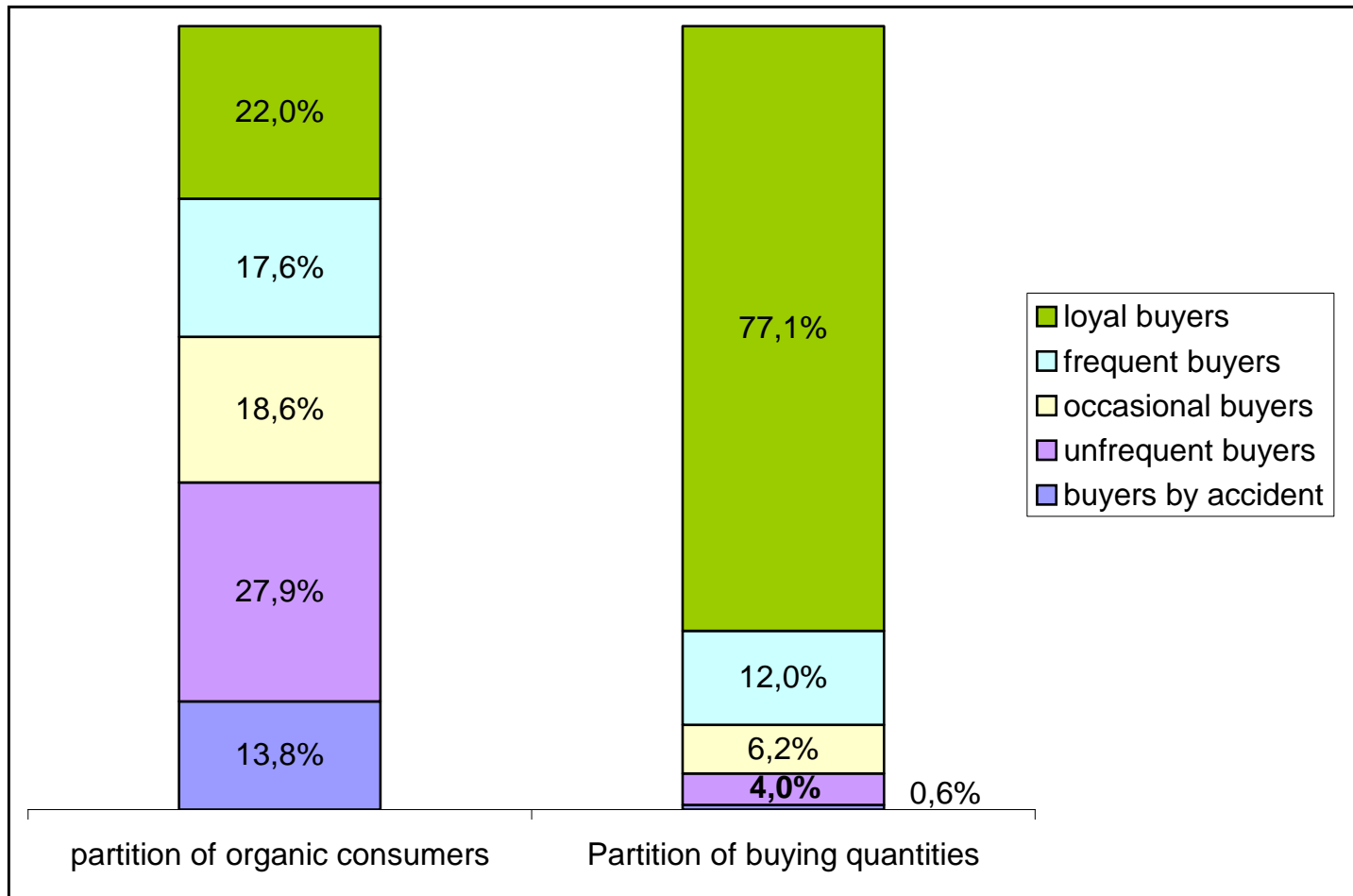


⇒ **23 % of french consumers purchase organic products at least once a week**

⇒ **8 % of french consumers purchase organic products every day**

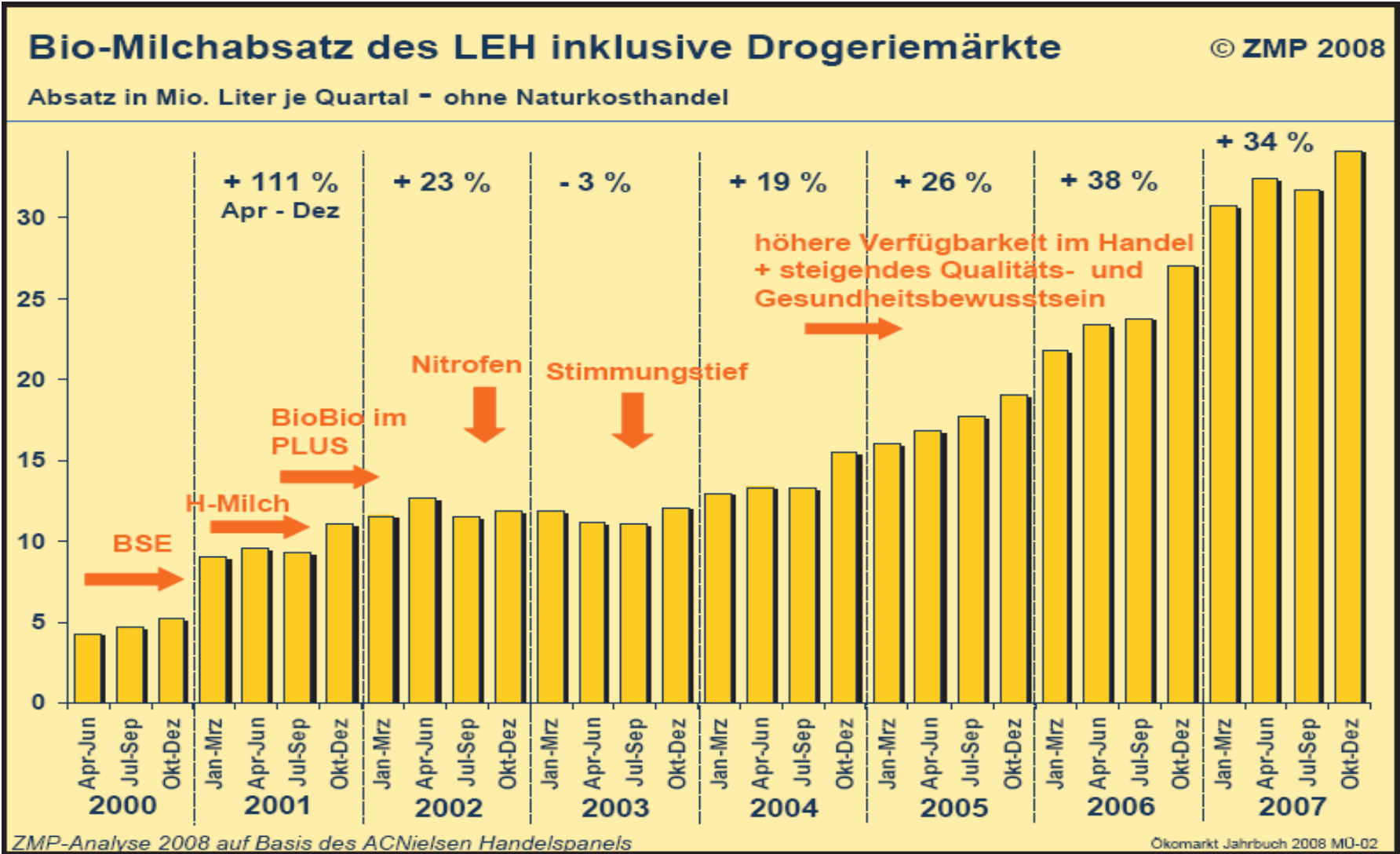
Source: Baromètre 2008, Agence Bio; Basis 2008 n=1050

# Who is buying how much?

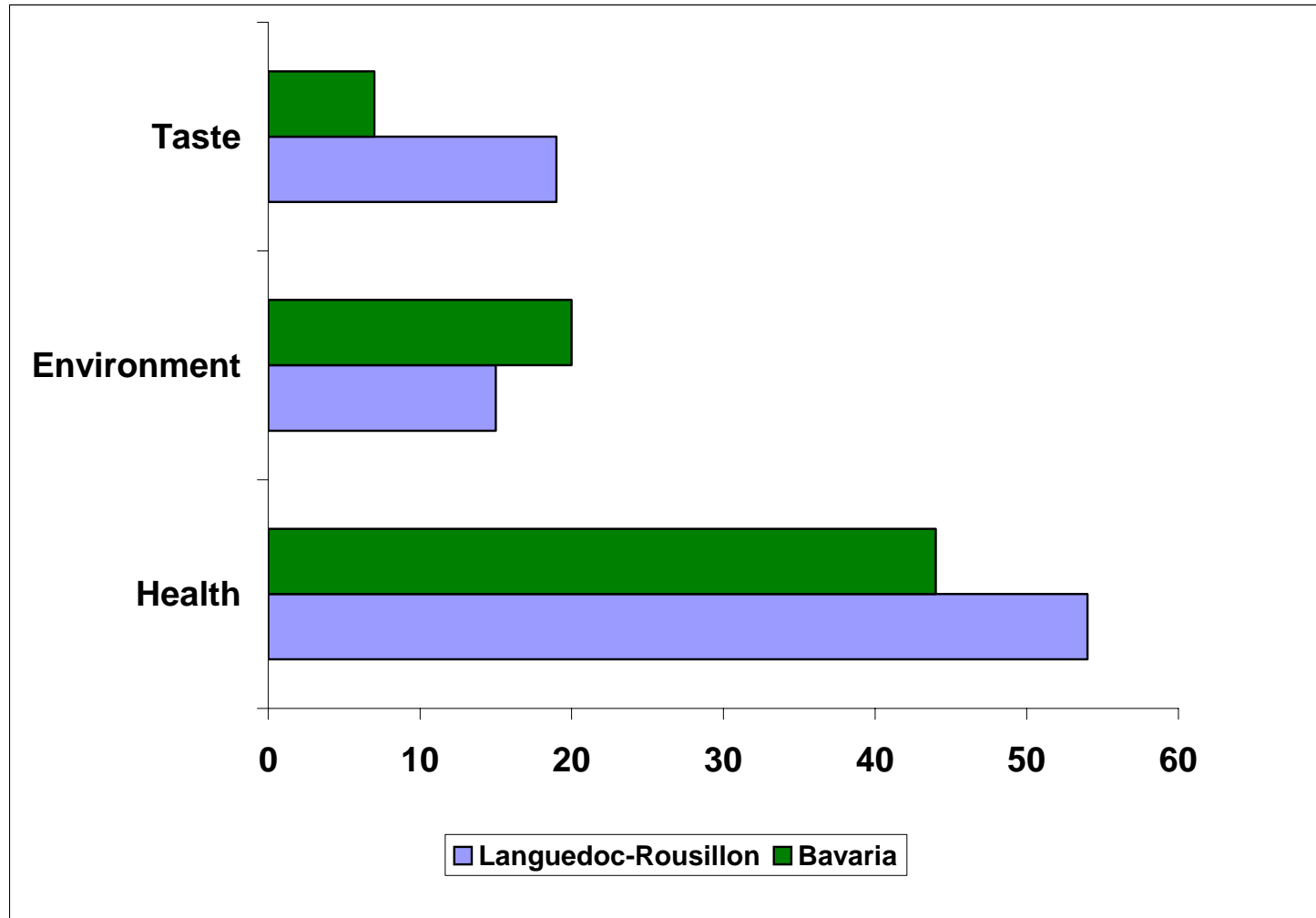


Source: Nielsen Homescan 2009

# Influence on the consumption

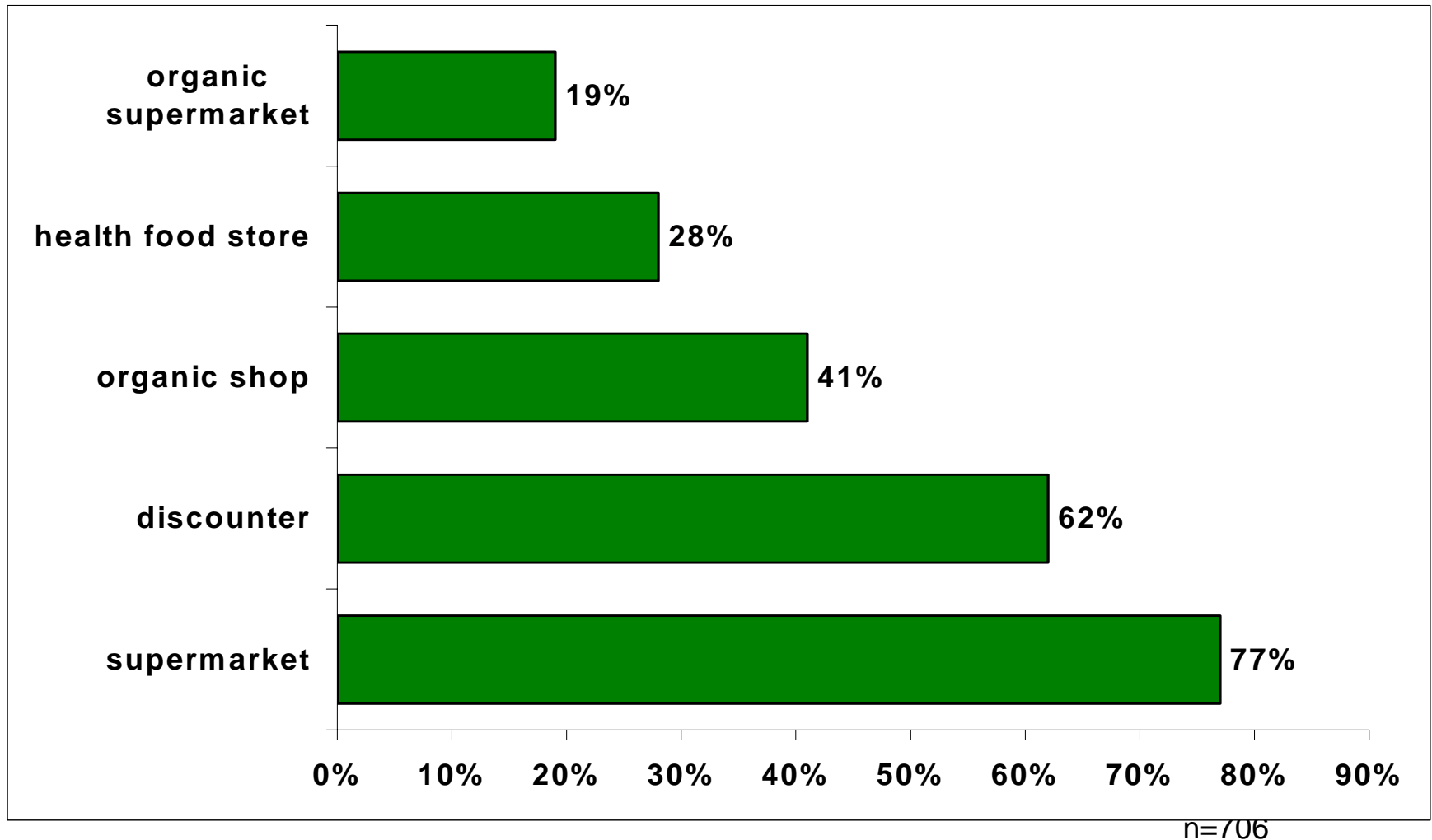


# Buying motives for organic products



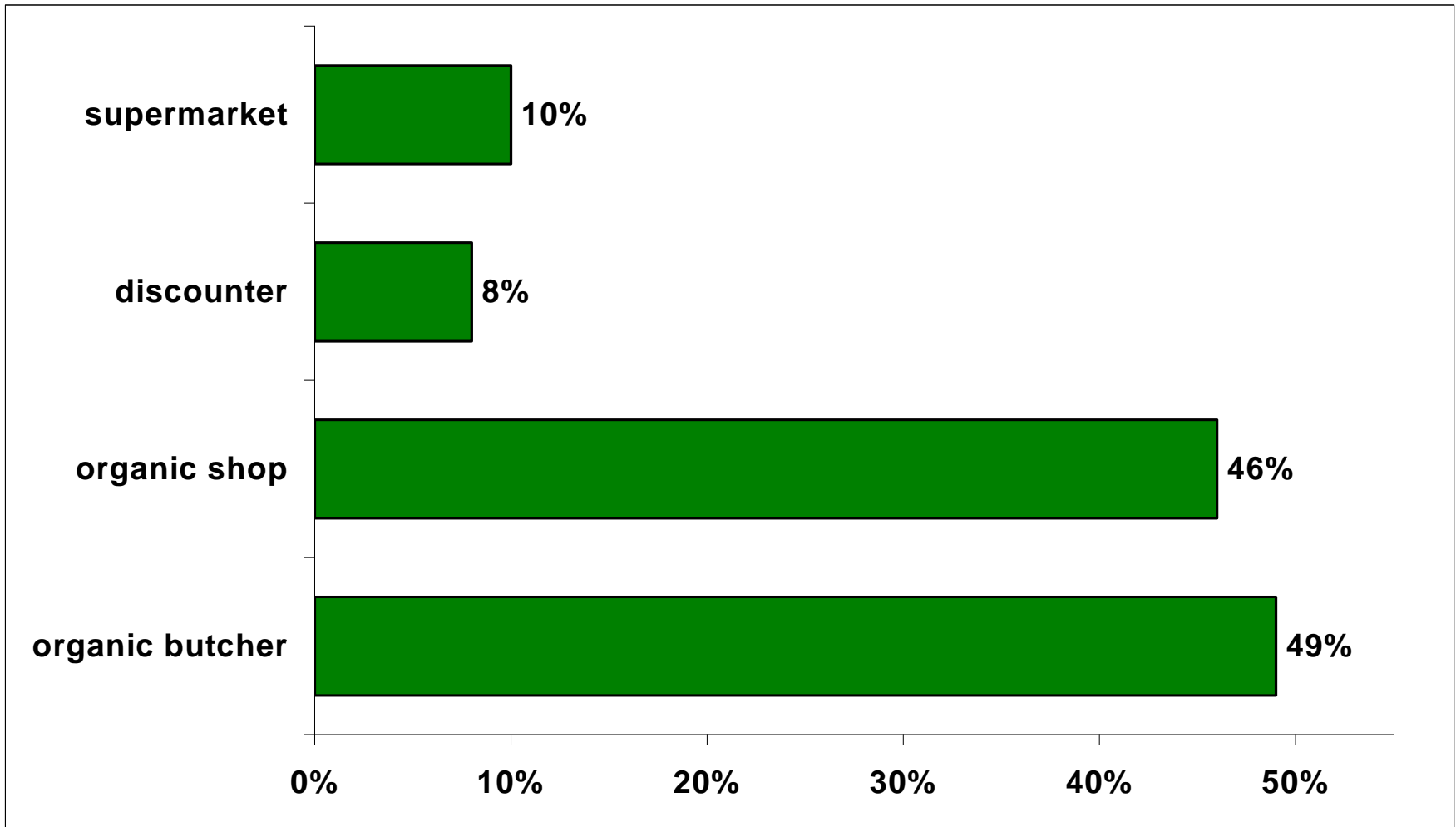
Source: Schaefer / Sinex 1999

# Preferred point of purchase in Germany



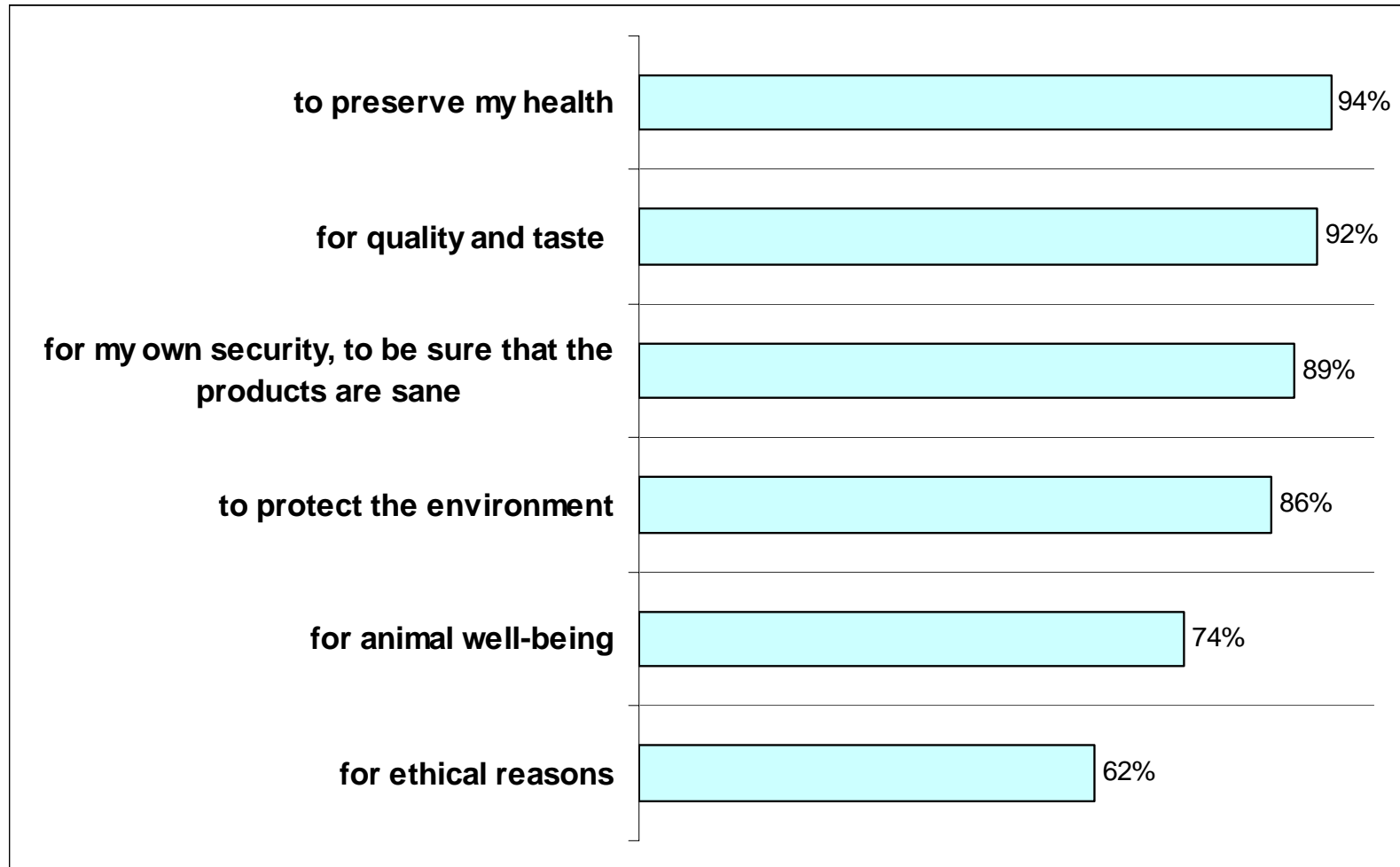
Source: Ökobarometer 2008

# Trust in point of purchase



Source: Ökobarometer 2008

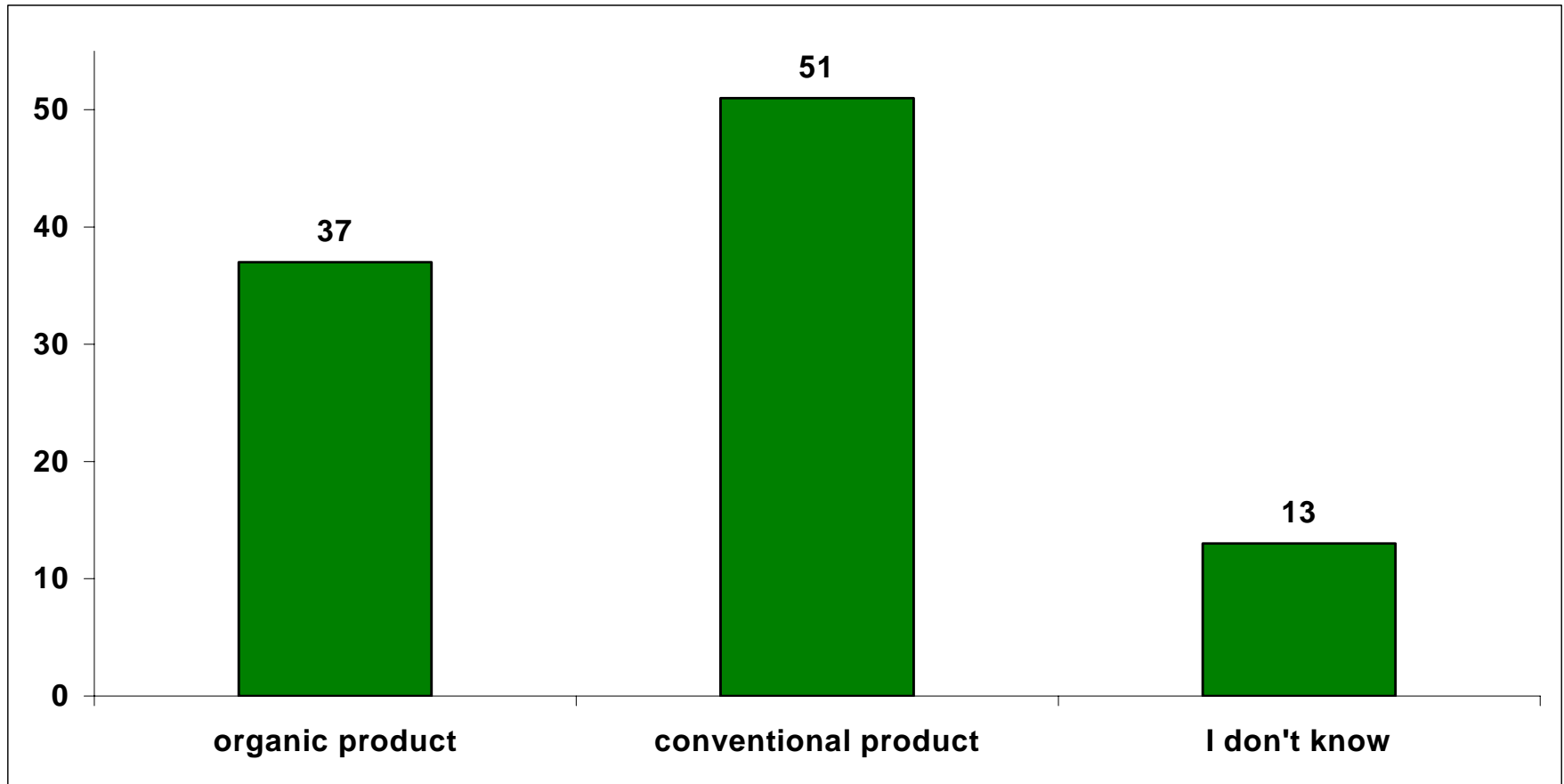
# Reasons for buying organic products (2008)



Source: Baromètre 2008, Agence Bio

# Regional or organic?

***organic from afar or conventional from my region –  
the choice I would make (organic buyers, N = 700):***

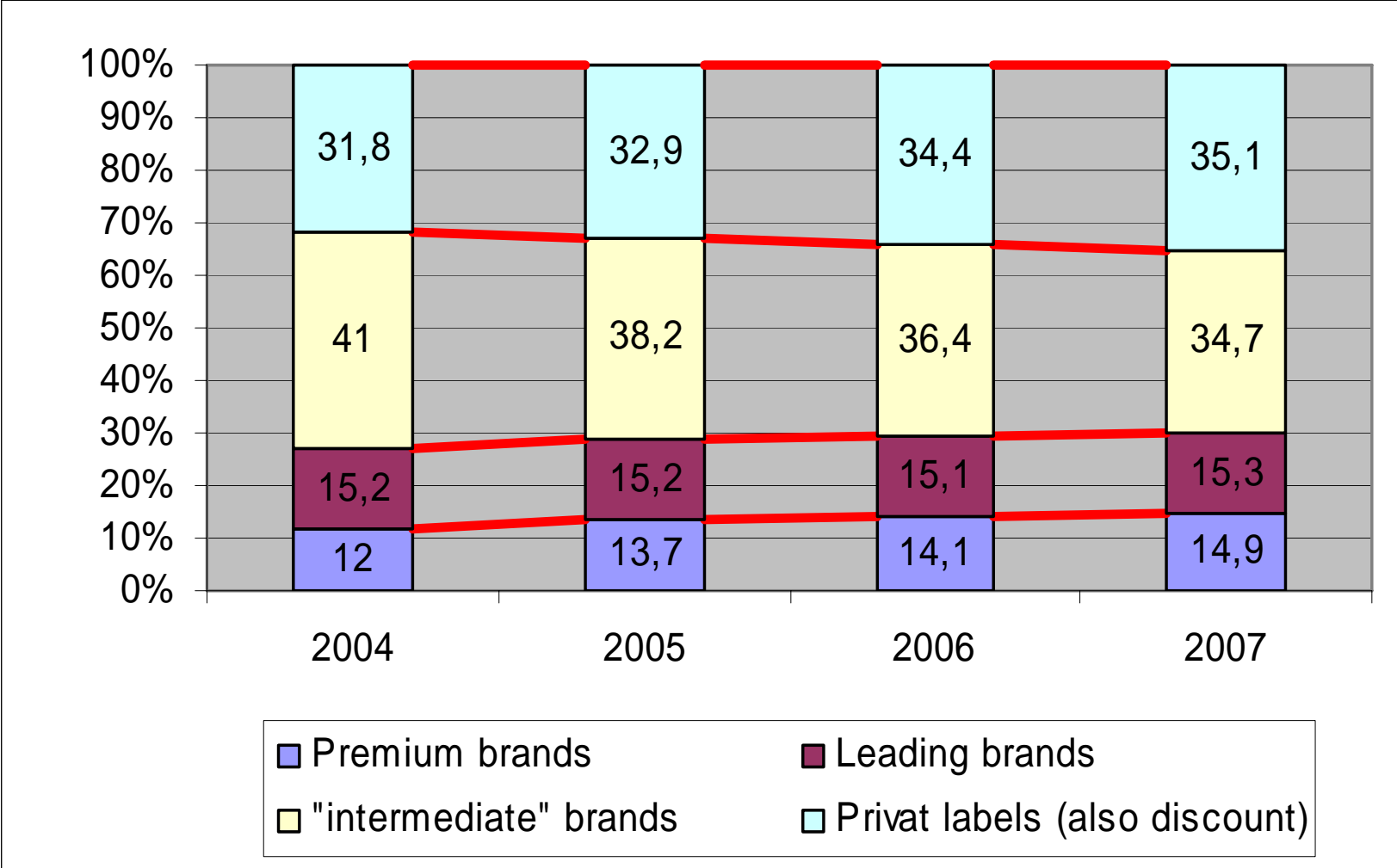


Source: Ecozept, 2007: French Consumers and Organic Consumption. Own research  
[www.ecozept.com](http://www.ecozept.com)

# Trends and perspectives

- Polarisation

# Polarisation



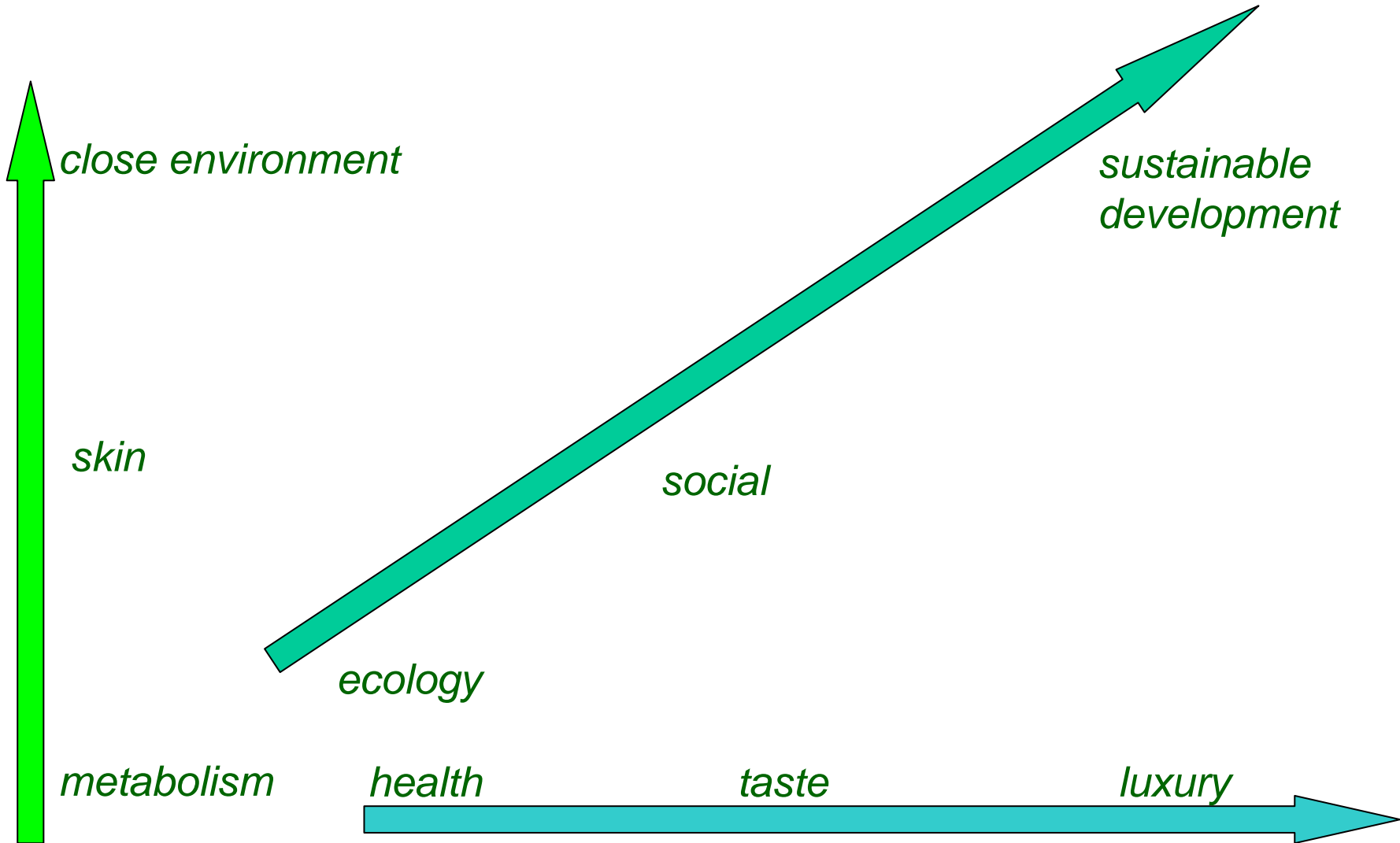
# Trends and perspectives

- Polarisation
- Low – Involvement
- Multi-Optional Consumer
- LOHAS (Lifestyle Of Health And Sustainability)
- « consom-actors »

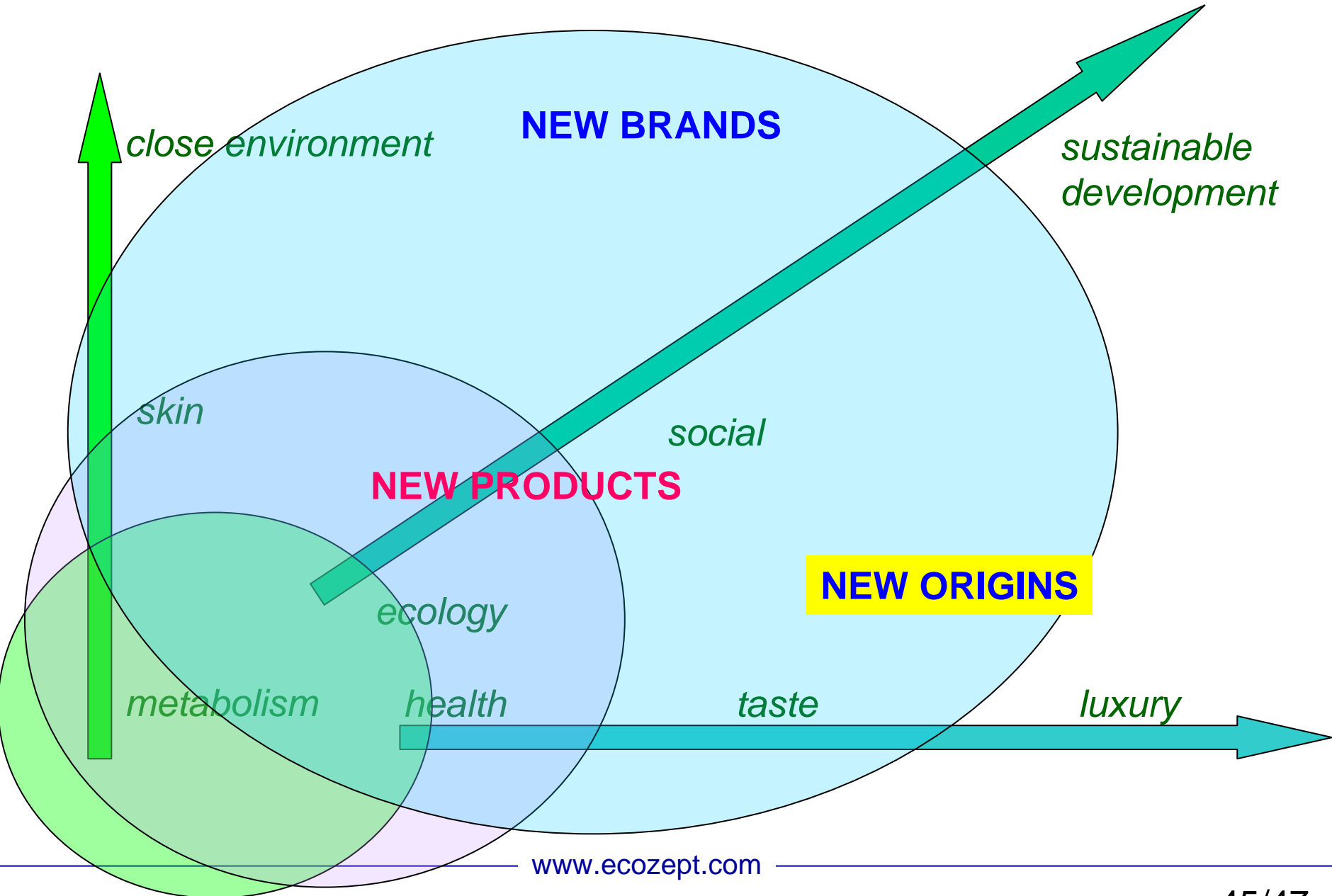
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# Dimensions of organic consumption



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# Tendencies in the organic market

## **Organic goes mainstream - mainstream goes organic**

- structures of the supply chain (concentration)
- product communication and distribution
- outlet forms and product presentation.

## **Organic is re-grounding**

- Organic + fair + regional + specialties ....
- New discussions about old values
- Reorientation of consumers.

## **Organic “cultivates the difference”**

- market actor behavior
- product und supply chain differentiation.

## Strategic options

- Co-operate vertically, horizontally, within and without the sector or branch (and internationally)
- Do not just try to replace one product item by another one
- Get your farmers and your supply chain into your outlet
- „*Create your own difference*“
- Provide strategic guidance, foremost for special assortments
- Provide top quality and professional services

**THANK YOU**