

# Organic food market development

**A data compilation for : NEOMP**

Leuven, 10/10/2019, Burkhard Schaer



# Content

- Ecozept
- Recent development
- Extrapolation: horizon 2030
- Organic milk in the food market - aspects
- Conclusion

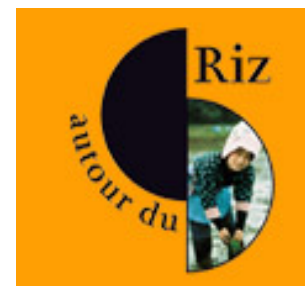
Data sources: FiBL / Organic world, Agence bio, AMI, Ecozept

# ECOZEPT team



- A French-German team of organic market and supply chain specialists
- Market research, marketing and policy consulting, supply chain structuring
- Boosting, stabilizing, enhancing organic processing, distribution and strategy
- More than 300 projects – more than 50 companies

# ECOZEPT projects



ORGANICDATA  
NETWORK

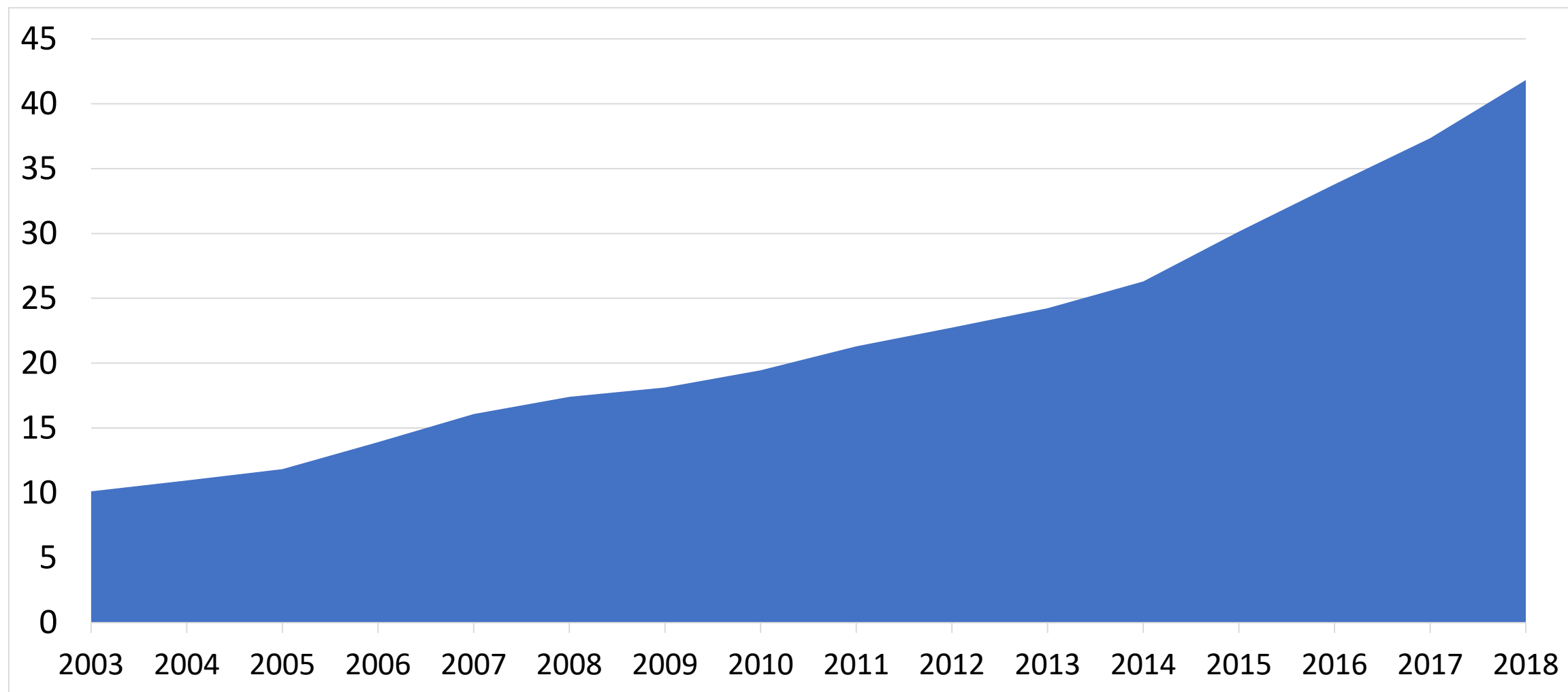


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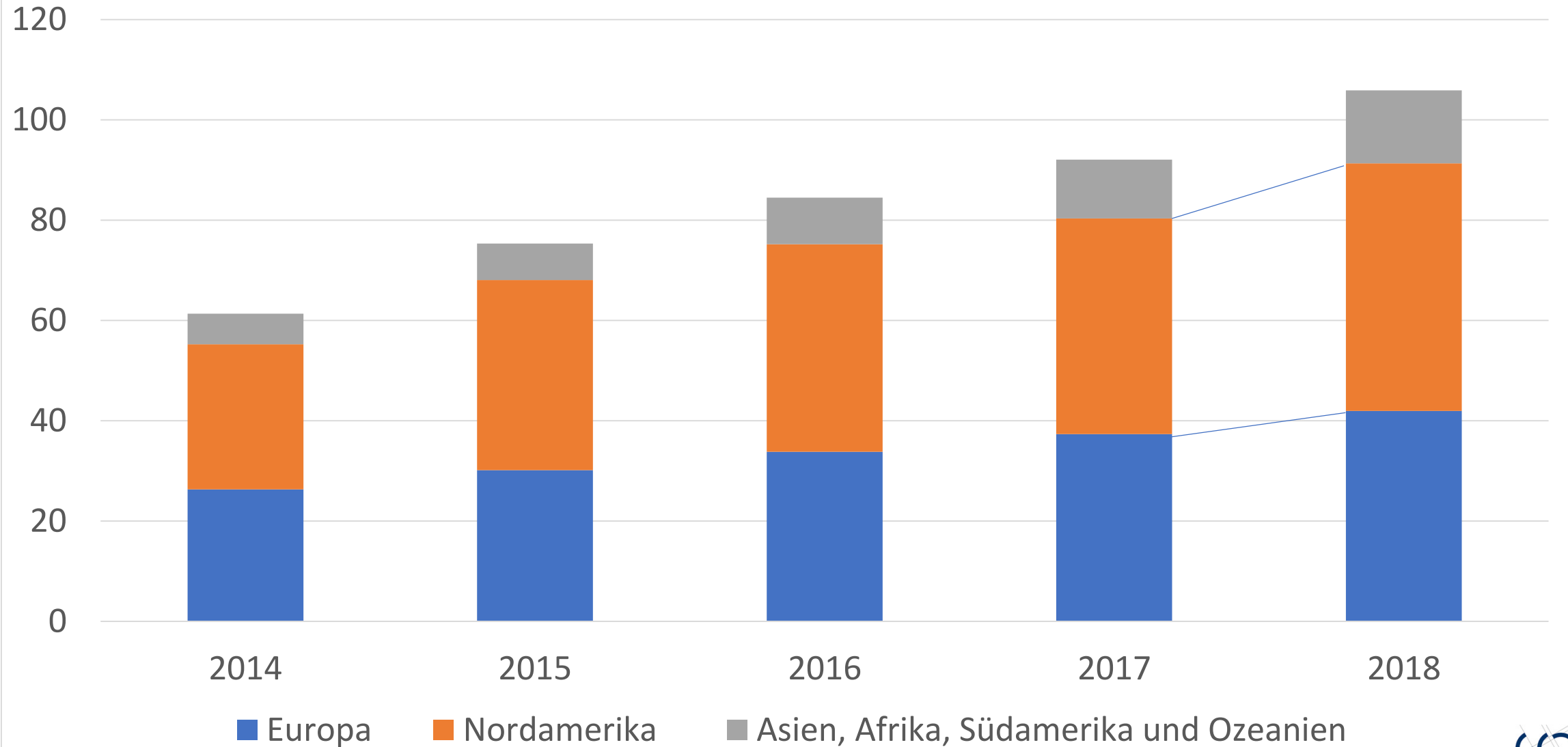
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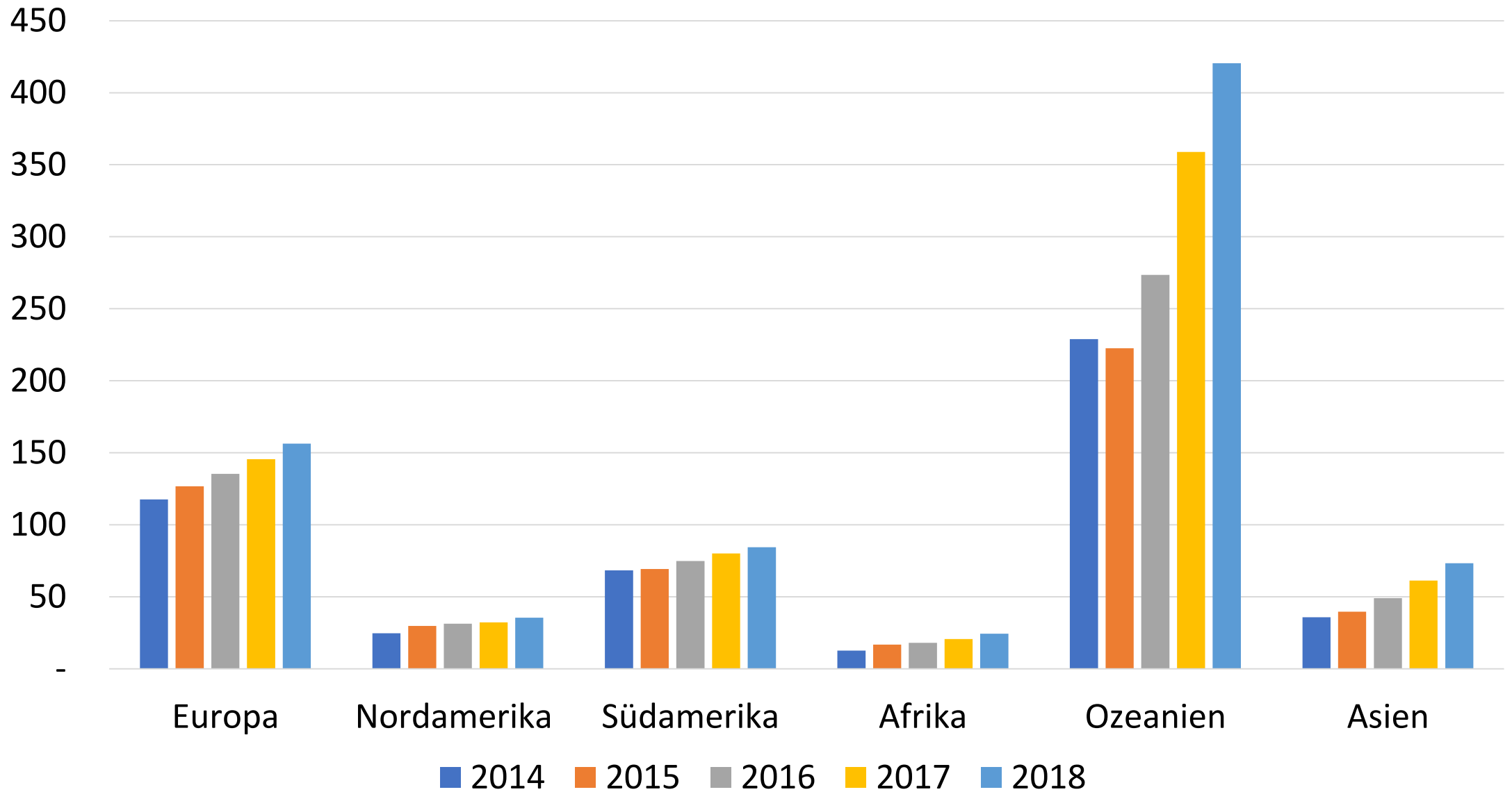
## Europe: Organic food turnover (billion €)



## World: Organic food turnover (billion €)



## World: Organic agriculture surfaces (in 1.000 km<sup>2</sup>)





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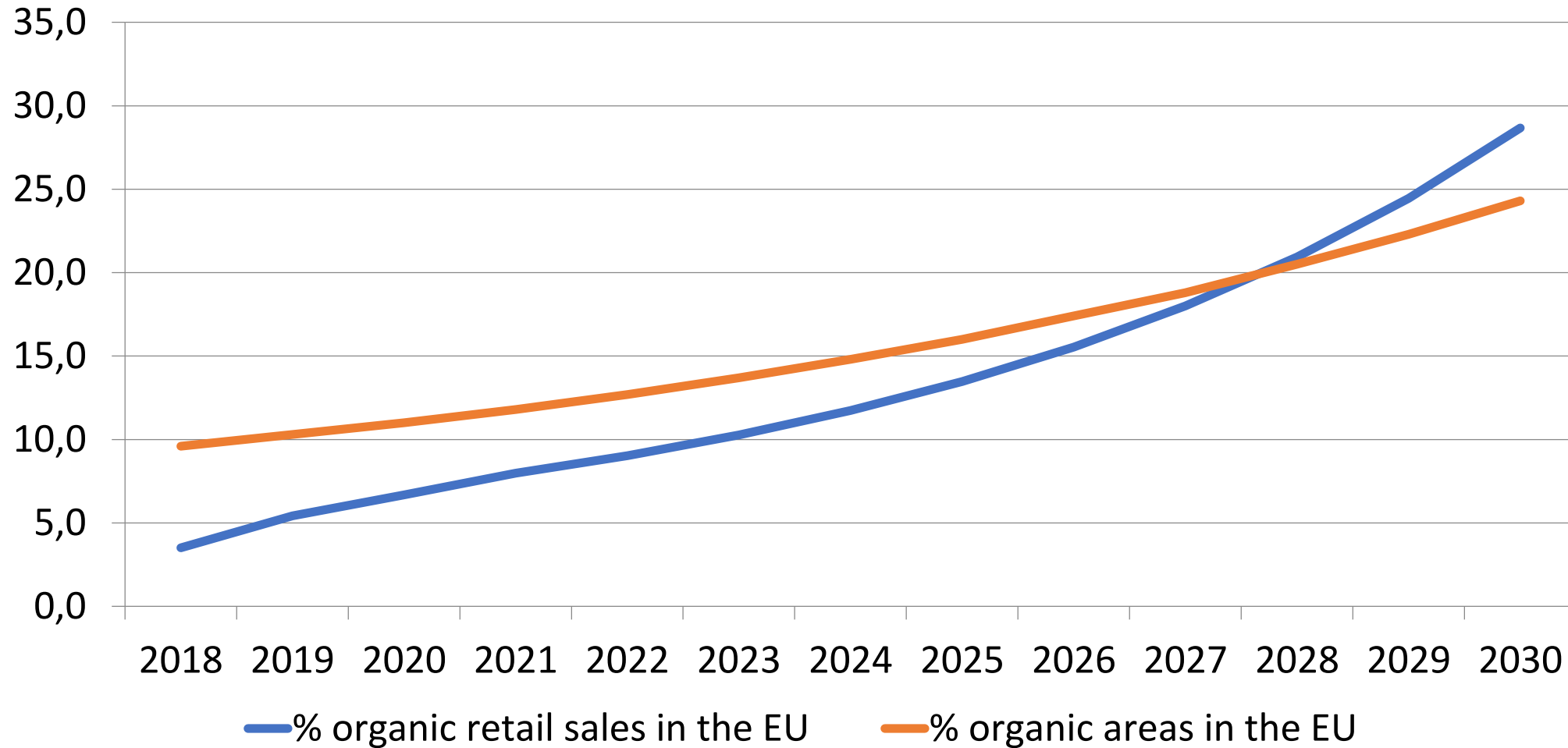
# Extrapolation method

- Data from [www.organic-world.net](http://www.organic-world.net)
- Completed and corrected by data from Agence Bio, AMI, Ecozept
- Observation period of 5 years : 2014-2018
- Deriving of 3 extrapolation factors:
  - Mean over 5 years
  - Lowest growth rate during the observation period
  - Highest growth rate during the observation period
- Country groups (e.g. “Europe”): retail sales weighted by number of inhabitants / size of agriculture surfaces

*Extrapolation is not « reading the future » - it's just more or less likely scenarios as long as circumstances are more or less the unchanged*

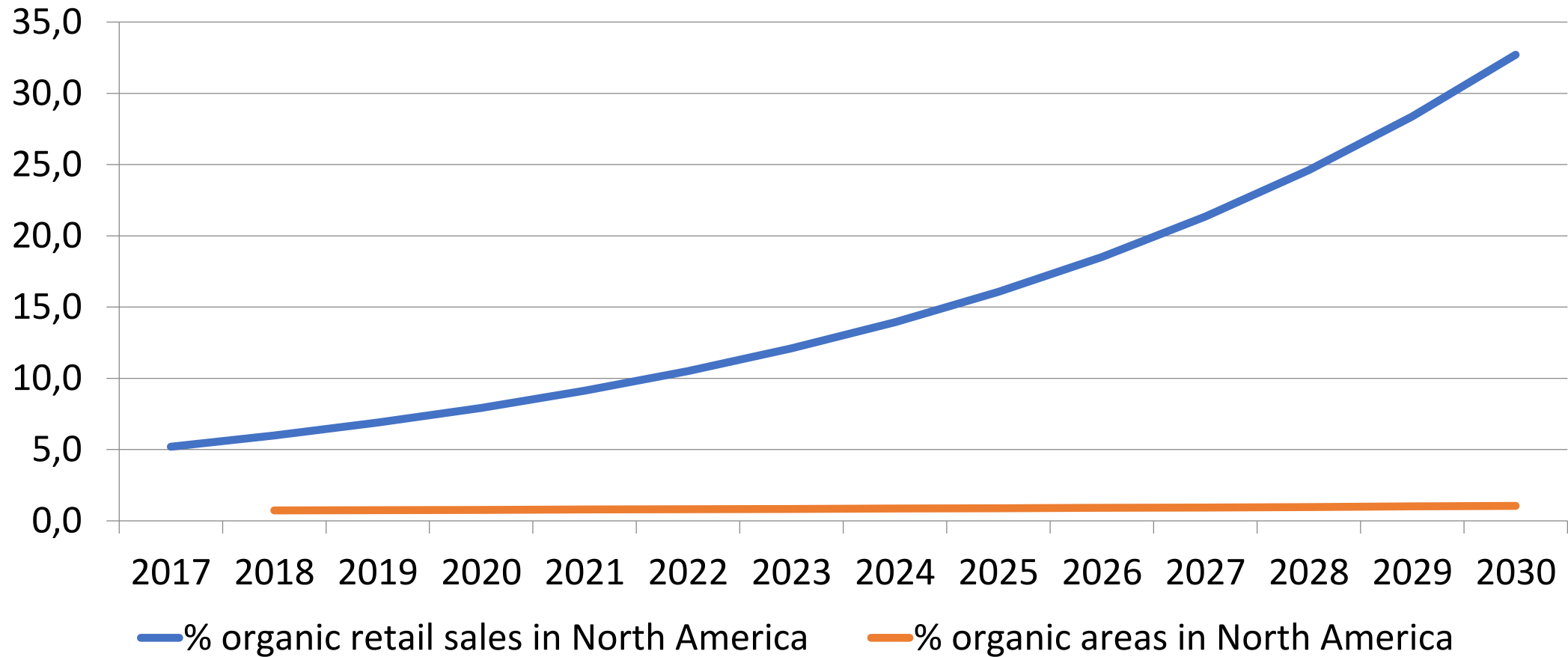
	Market share of organic in the food market in the case of ...		
Country	... weak growth scenario	... strong growth scenario	...average growth scenario
Germany	11%	19%	15%
France	27%	54%*	39%
Italy	9%	28%	16%
Austria	19%	39%	27%
Switzerland	19%	85%*	35%
Denmark	36%	100%*	100%*

# Extrapolation of organic market share and organic farmland in Europe (average growth rate)



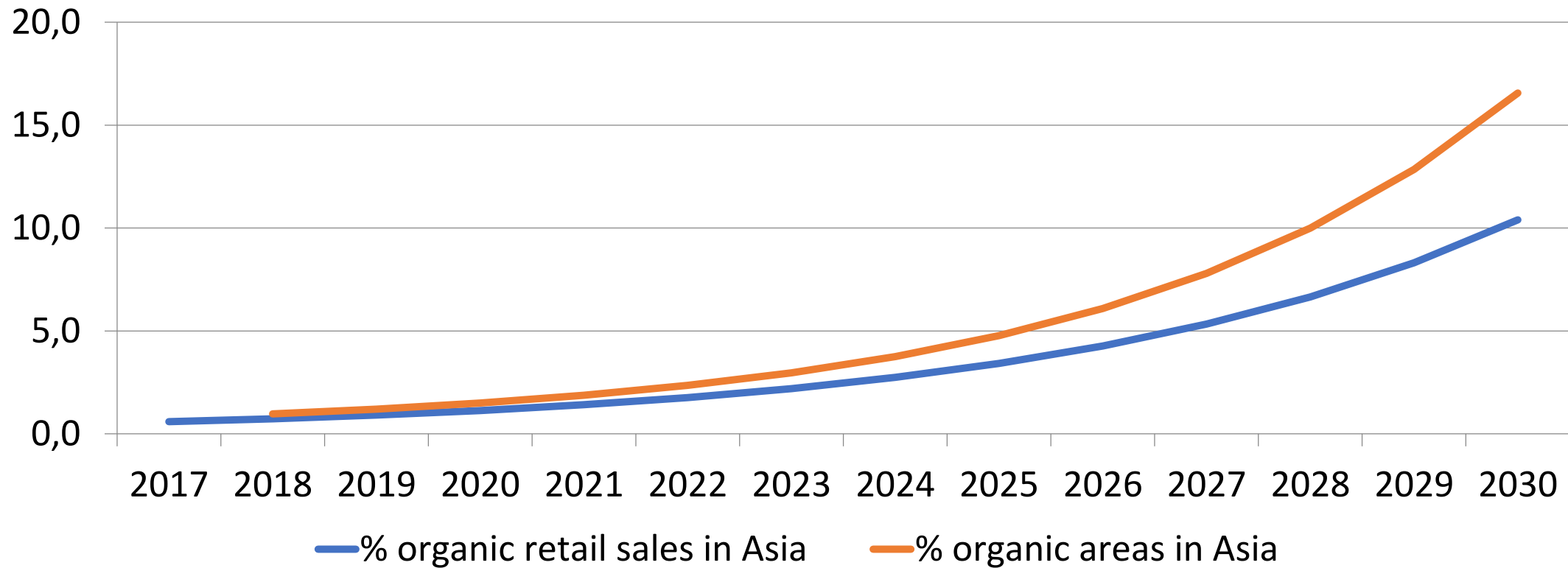
**EU27+Norway, Switzerland**

# Extrapolation of organic market share and organic farmland in North America (average growth rate)



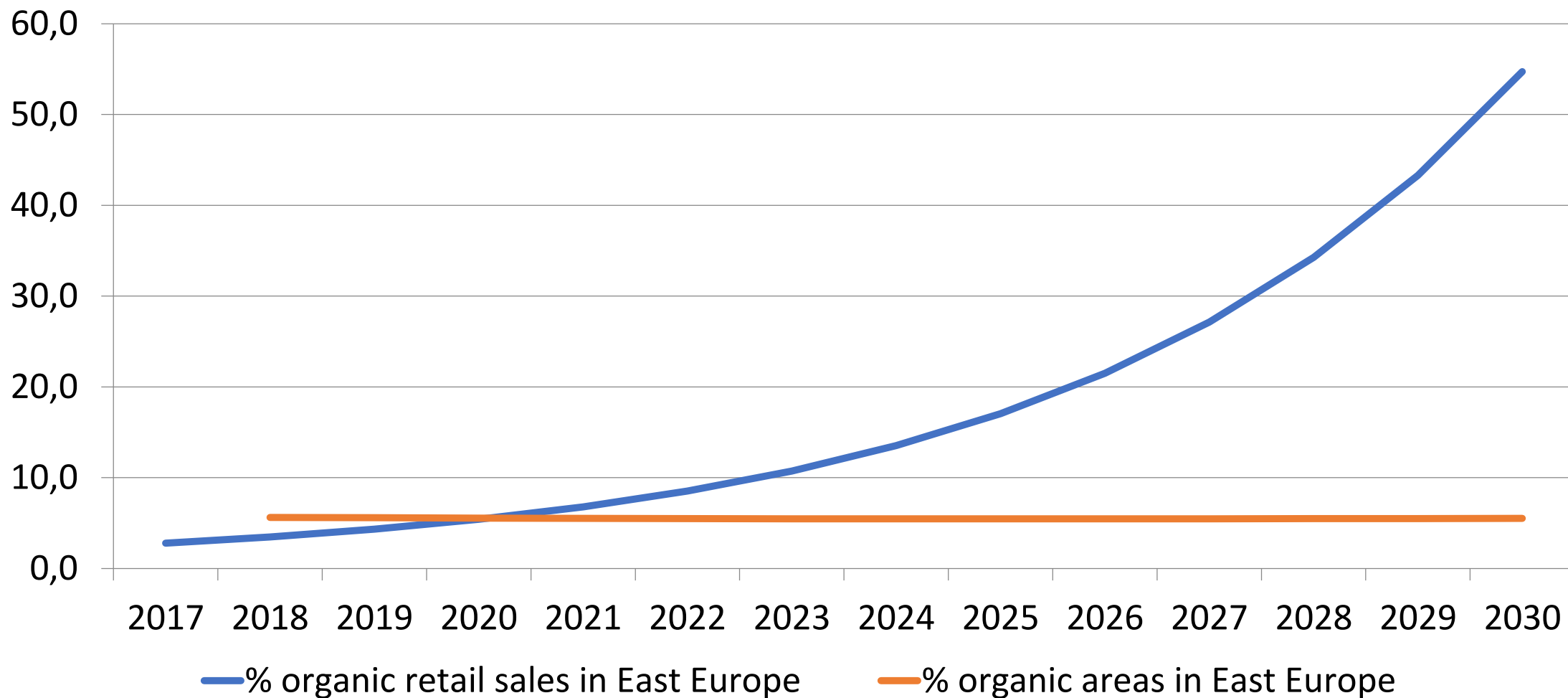
USA and Canada

# Extrapolation of organic market share and organic farmland in Asia (average growth rate)



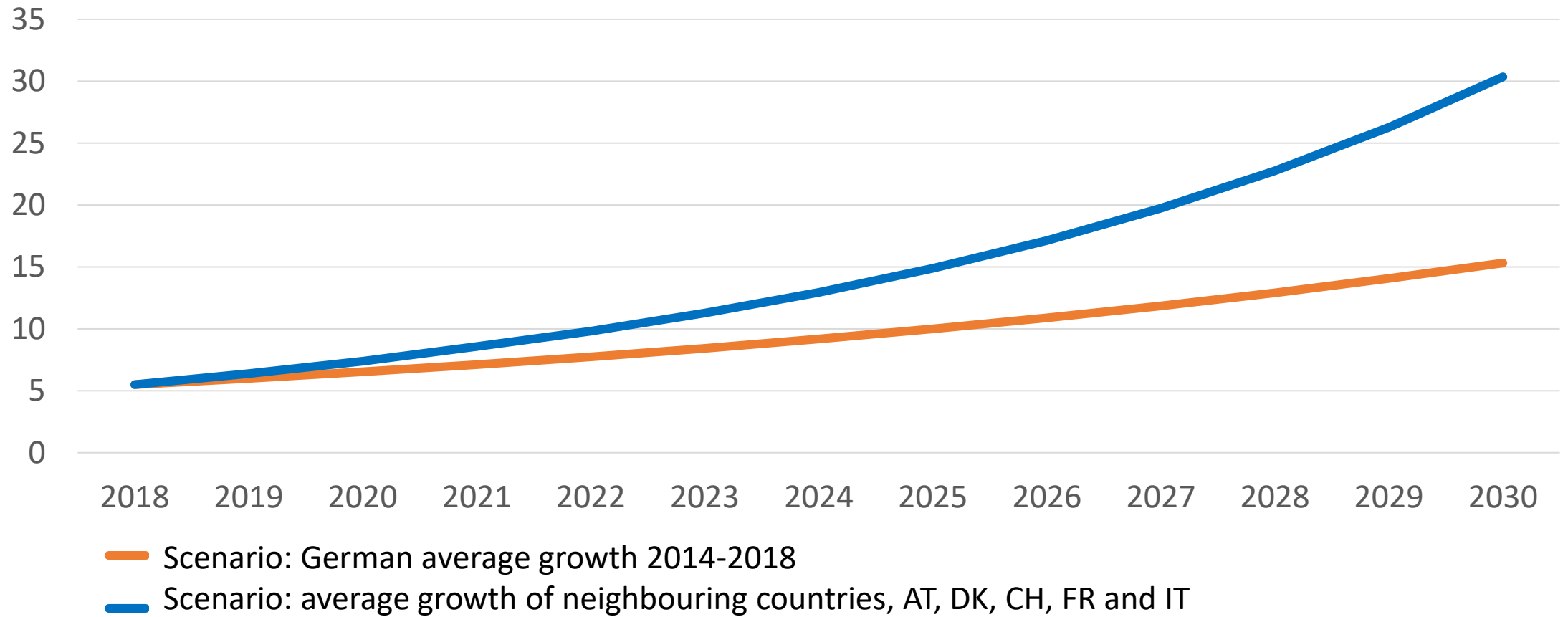
China, Thailand, India

# Extrapolation of organic market share and organic farmland in Eastern Europe (average growth rate)



Poland, Czech Republic, Slovakia, Slovenia

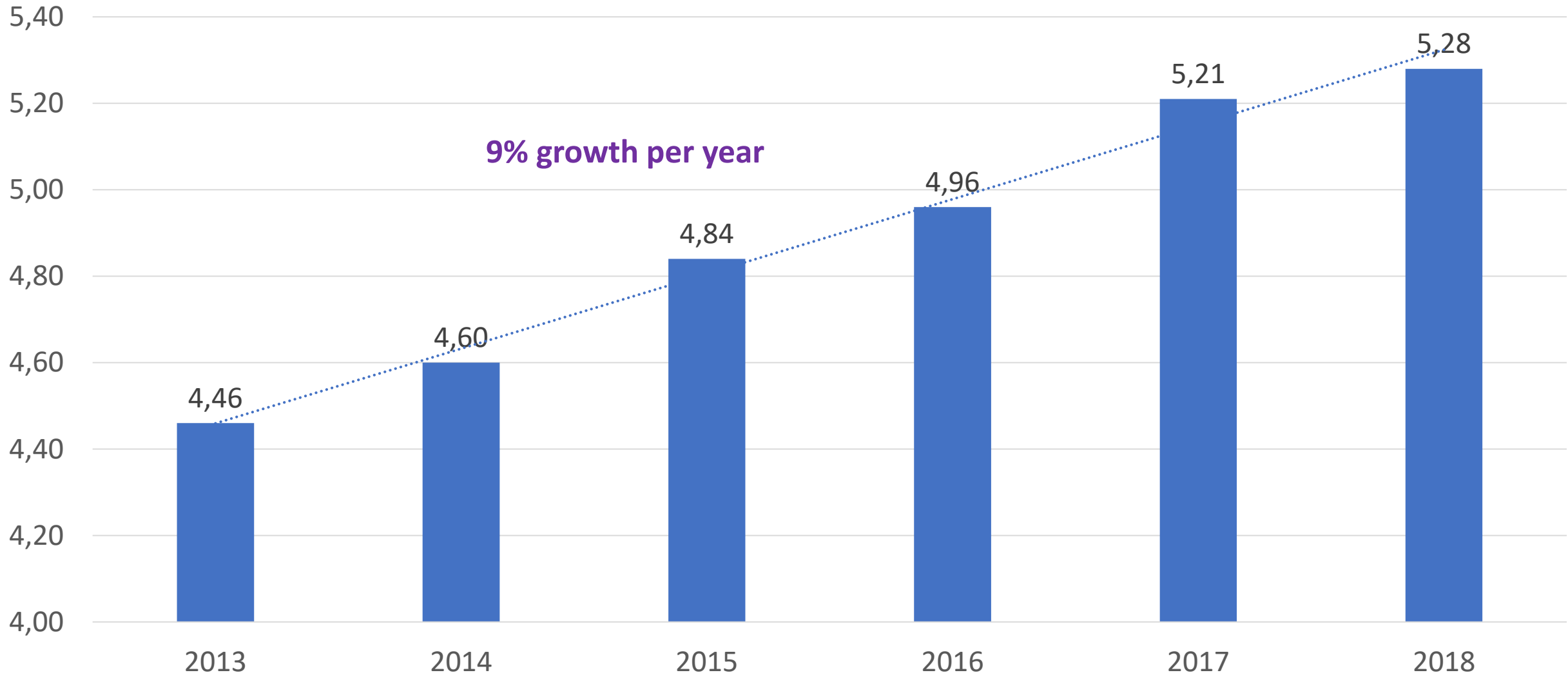
# Scenarios for market development in Germany



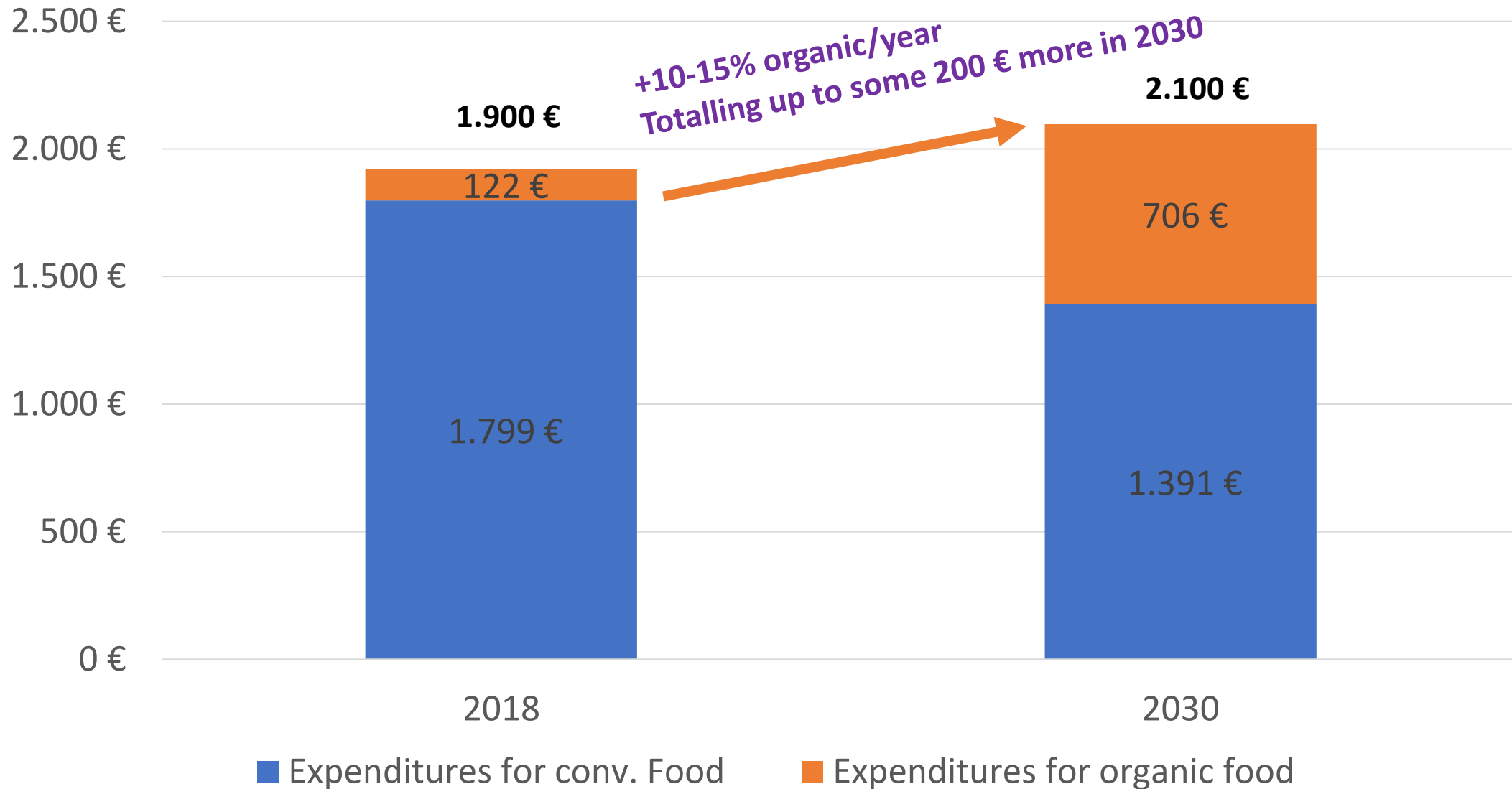
**EU27+Norway, Switzerland**



# Market share of organic in the German food market (in %)



# What does 30% of organic imply on consumer level (DE)?



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# Organic milk market aspects

- France: 30% volume growth in 2018/2017 and another + 15% in 2019
  - prices stable on farm level,
  - slightly rising on consumer level for milk products
  - slightly falling on consumer level for liquid milk
- DK, SE: recent slowdown of market development, falling prices and sinking incomes for farmer
- Germany: considerable potential in big conventional brands (Zotter, Meggle, Weihenstephaner (...): cheeses soft and hard, desserts...
- Converting to organic accelerates in Europe (pressure on cereal prices)
- The beef market is changing: smaller, lighter animals

# What's happening in the food market and in the organic sector in general?

- The food market is in structural crisis
  - Hypermarkets are a dead-end concept (but were the cash cow in retail!)
  - Online, drive-in, home-delivery, small-scale, down-town are new concepts, but all are more or less “trouble child”
  - Too many outlets and too much sales area in Europe
  - “regional origin” and “ethic consumption” are driving important (costly) changes
  - Hard discount is squeezing everybody's margins
- Conventional retail is (generally) pushing organic as one of the key-stones in the re-positioning strategy (back to quality)
- Organic specialised retail is mid-stream in an „evolution-crisis“, in DE, FR, IT, BE, NL ...

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# Conclusions

- Organic has definitely left the “niche” (imagine a 30% organic market!)
- Good mid-term and long term perspectives
- Short term trouble ahead in some countries // sectors
- More than ever, sound supply chains
- Stability in distribution by addressing several channels
- Product **differentiation** & innovation
  - Further completing the assortment
  - Climate friendly milk
  - Calf & cow rearing
- Have your arguments ready with regard to climate change and animal well-being
- Prospective look on upcoming changes (CAP, sugar market regulation...)

# Conclusions

Whatever ...

tomorrow's organic market will be radically different from today's organic market.

Thank you!