

# Focus Organic Market: U.S.A.



## Organic Market Overview

The U.S. is the world's largest organic market by a long way with over 40% share of the global market. In 2020, U.S. organic sales enjoyed a record-breaking year, growing at almost three times the rate of the previous 12 months, at +12.8%.

U.S. organic food sales are worth €49.9 billion, and within this fresh produce is the largest category (€16.1 bn, +11%) – indeed, more than 15% of all fruit and vegetables sold in the U.S. are organic. Other categories enjoying strong growth are Meat, Fish & Poultry (€1.5bn, +25%) and Condiments (€2.1bn, +31%). The U.S. is ranked 8th globally for organic spend per capita at €136 per annum but there is still headroom for growth.



## Organic Channels

31% of organic sales go through the 'Supernaturals' (e.g. Whole Foods, Sprouts Farmers Market). However, 36% of organic sales do go through supermarkets either larger 'Conventional Supermarkets' (e.g. Kroger, Safeway) with 19% share or compact store chains (e.g. Trader Joes, Aldi) with 17%. Most conventional products have an organic equivalent.

Whilst interrupted by the pandemic, the U.S. has also seen more products introduced into food service.



## Drivers of Organic Growth

- The pandemic has reshaped eating habits and attitudes towards food, including more home cooking.
- Food choices that protect the environment are increasingly seen by U.S. consumers as important.
- 84% of U.S. households buy organic products and 45% regularly, with strong share amongst 18-35 year olds.



## Organic Production

Given these market dynamics, U.S. demand is outstripping domestic production and the U.S. is one of the world's largest importers of organic products – 16% of U.S. agricultural imports. Of this, most imports come from South American countries, Spain and Italy.

The U.S. is also the largest organic exporter, focused on fruit and vegetables with 65% of these going to their immediate neighbours, Canada and Mexico. Exports to other markets are increasing.



## Regulatory Landscape

Federal Standards are operated by the USDA and NOSB under The National Organic Program (NOP). An organic products equivalence agreement between the U.S. and EU was established after Brexit. Whilst the majority of UK certified organic food products can enter without additional certification, livestock products need additional checks for antibiotic use and product not packed or processed in the UK, but traded through the UK, may not be accepted. There are only minor additional labelling requirements for the majority of organic products, which have the option to apply the USDA seal.



## Future Prospects

- Sales of organic products are forecast to remain strong beyond 2021 as consumers look to balance home working and retain an increased focus on health.
- The U.S. has been increasing its number of organic farms and is 2nd worldwide for transitioning land to organic.
- As demand is outstripping supply, and per capita purchases have further opportunity for growth, there are opportunities to import targeted products to the U.S.



# #1

World's largest organic market showing strong year-on-year growth  
**+12.8%**

# 45%

of U.S. households buy organic products regularly



# Focus Organic Market: Canada



## Organic Market Overview

Canada is a relatively small player in the the global organic market but demand for organic food and beverages is booming amongst Canadian consumers. Between 2017 and 2020, the value of organic sales increased by 33% to €4.35bn.

Fruit & vegetables account for 41% of organic sales. In addition, artisanal organic brands also perform well with 5.6% share.

Canada ranks 9th worldwide for per capita spend on organic; in 2019 spend was €93 per person.



## Organic Channels

Supermarkets account for half of all organic food and beverage sales. Real Canadian Superstore is the most popular supermarket for organic products. Internet retailing however is also increasing. A number of companies have been gaining share through a local, sustainable and organic grocery offer often complemented by focused organic private label lines.



## Drivers of Organic Growth

- COVID-19 has accelerated organic growth in Canada, with increased interest in where food has come from and how it is grown.
- Health and climate consciousness overlap and are a significant driver of growth; more consumers are looking to avoid pesticides and align with the values around animal welfare.
- Whilst there is growth in organic amongst all life stages and demographics, amongst young adults, organic accounts for up to 46% of their weekly shop.



## Organic Production

As in the U.S., domestic organic supply is struggling to keep up with consumer demand. The market is reliant on imports, of which the most important is the U.S. Commodities such as coffee, as well as fresh fruit and vegetables are the main Canadian imports.

Canada does export however, indeed it is ranked 11th worldwide for organic exporters – the main products being cereals, oil seeds and processed products.



## Regulatory Landscape

Canada requires mandatory certification for food, feed or seed products whether it is import, export or internal trade. Certification is to the revised Canadian Organic Standards overseen by the Canadian Organic Regime (COR). Local labelling requirements can also differ from UK rules (for example: additives considered in the non-organic allowance)

The UK has agreed on-going equivalency with Canada, but certain products / ingredients (e.g from aquaculture) and those not subject to final process in the UK may fall outside the agreement. Soil Association Certification may be able to offer COR certification for export of these products.



## Future Prospects

- Sales of organic food are forecast to grow in Canada, set against a backdrop of a health-conscious population and stable economics.
- Support from Government and retailers is making organic more accessible as well as the number of brands, large and small, introducing organic offerings.



**46%**

of weekly shop  
of Generation Z  
adults is organic

**+33%**

Value of  
organic sales  
2017-2020



# Focus Organic Market: Australia



## Organic Market Overview

In the decade to the end of 2020, organic sales in Australia have doubled. The value of sales was €1.42bn, a 12% increase in 2019.

As with many markets, the largest category is fresh fruit and vegetables, but nuts and organic dairy are both significant too.

There are significant organic growth opportunities, per capita consumption of organic is €49 per head, and the organic share in retail channels is just under 6%.



## Organic Channels

Reflecting the nature of the retail market, there is a broad distribution base for organic food and drink across both supermarkets and local stores such as butchers or greengrocers. Sales through farmers markets and stores or focused organic food stores are also growing.

During COVID-19 however, the narrowing of channels meant that more organic sales moved into supermarkets and especially online channels.



## Drivers of Organic Growth

- The pandemic has created reappraisal of food choices, with more consumers considering food provenance, health and food production and sustainability (benefits of organic including chemical free, environmentally friendly and no additives).
- Almost 60% of Australian shoppers bought some organic in the last 12 months and the pandemic accelerated adoption, with over 500,000 new organic consumers during this time.
- Over 50% of Australian consumers check for certification marques when choosing organic.



## Organic Production

Australia has the largest amount of land given over to organic, of which the vast majority is for grazing. However, the increase in extreme weather events due to climate change is impacting on farming land for organic production.

Exports from Australia are significant, ranking 8th worldwide with exports worth almost €500m including organic beef, lamb, dairy, soy products and wine.



## Regulatory Landscape

- Post Brexit, EU organic regulations were retained in UK law so Australia currently accepts products certified by registered UK control bodies.
- There is no mandatory requirement for certification of organic products sold domestically. Certifiers may therefore recognise the organic status of products or ingredients under Section 8 of the National Standard for Organic and Bio-Dynamic Produce ('Imported Products').
- The majority of organic products sold in Australia carry the Australian Certified Organic BUD logo.



## Future Prospects

- Organic sales momentum is such that organic food sales are forecast to double by 2026. Much of this will be driven by online players as the number of operators selling organic grows.
- Lobbying of the Government to bring in an organic standard will further aid exports and offer reassurance in the domestic market for locally produced and imported organic products.



**x2**  
organic sales  
2012-2020

**50%**  
of Australian  
consumers check  
for organic  
marques



# Focus Organic Market: New Zealand



## Organic Market Overview

New Zealand is a market showing strong organic growth. Domestic organic sales from 2017 to 2020 were €0.17bn, +23% in three years. Whilst organic sales are dominated by fresh produce (50%) there is a broad range of growing categories including pasta, nuts, snacks, packaged food and organic beverages. Per capita spend on organic is €33 (end 2017).



## Organic Channels

Being a smaller market there is less fragmentation of the customer base and supermarkets enjoy over 69% share of organic sales with growth of 13.8% in the year to Nov 2020.



## Drivers of Organic Growth

- New Zealand consumers are increasingly considering how healthy and safe their food is and how it is produced. Organic gives a strong foundation off which to both build sales but also identify product opportunities and develop new products.
- As in Australia, New Zealand consumers are more likely to actively use and consider an organic certification marque, with almost three quarters of consumers saying they use a marque when making their choice.



## Organic Production

With hilly and mountainous terrain, New Zealand has a relatively small amount of both organic land and producers, yet it is still a notable global exporter. Exports have traditionally been to Europe and North America, with Asia-Pacific growing and focused on dairy, fruit and increasingly wine.



## Regulatory Landscape

- The Fair Trading Act, 1986, controls how the term 'organic' is used. Claims or representation about food must therefore be truthful and not mislead a consumer. Importers must be able to demonstrate that products labelled as 'organic' are produced organically.
- As the result of EU organic regulations being retained in UK law, certain foods that are certified as organic in Great Britain are recognised by New Zealand, but products must still meet all domestic regulations relevant to food and be labelled organic.



## Future Prospects

- In 2020, the New Zealand Government introduced The Organics Product Bill aiming to increase consumer confidence in organic, increasing certainty for businesses making claims that their products are organic and enabling international trade in organic with confidence.
- This foundation, and growing consumer demand for healthy, sustainable food, positions organic well to grow in the future.



**+23%**  
organic growth  
2017-2020





# Focus Organic Market: Japan



## Organic Market Overview

Japan is a market with real opportunity. In the past it had been showing little growth, but COVID-19 has changed this and acted as a catalyst to organic which have seen sales jump by 57% over the pandemic, with a step up in product choice available too.

The organic market in Japan is worth €1.4bn and whilst it is the second largest organic market in Asia, it is still only the 15th in the world. Per capita spend on organic is also extremely low at only €4.13.



## Organic Channels

87.4% of organic products are sold through supermarkets in Japan in 2018 and in-store, many supermarkets merchandise in an organic section. Online channels (both general supermarkets and specialists such as Theikei, a box subscription scheme) are very valuable, representing almost 40% value share of organic in 2019. According to government research in 2018, 17.5% of consumers purchase organics more than once weekly.



## Drivers of Organic Growth

- Prior to COVID-19, interest in organic products was developing but low – and there was a degree of confusion over what organic is and how it is different.
- With the pandemic, this has disrupted these attitudes as many Japanese people are driven by the healthiness and safety of food products.



## Organic Production

Relative to its population size, Japan has only a small amount of agricultural land, and is consequently dependent on organic imports. Most of these come from the U.S., accounting for 27% share of imports of non processed ingredients and plants – especially soy bean and 16% of processed products.



## Regulatory Landscape

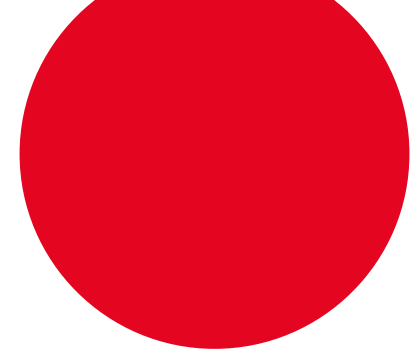
Organic standards in Japan are the responsibility of the Japanese Accreditation Service (JAS), which covers both export and domestic marketing of products making organic claims. Plant products processed in the UK and certified organic can be exported to Japan. Guidance on the application of the JAS seal should be sought from a certified importer in Japan.

Where the importer in Japan is not certified or a UK based operator wishes to market product to more than one certified importer, direct certification to JAS in the UK is possible. Some UK certifiers (e.g. Soil Association Certification) are able to offer inspections to JAS to support this (subject to a final certification in partnership with an accredited JAS certifier). There is no equivalency for livestock products and products must be certified to JAS standards throughout the supply chain, back to farm level.



## Future Prospects

- There is significant head room for growth of organic in Japan, and as consumers focus more on their health and concerns grow about additives or artificial ingredients, this will support the role for organic products.
- In March 2021, Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) announced the Green Food System Strategy which includes the objective to expand organic farmland by 44 times by 2050 - this strategy is also anticipated to grow consumers' awareness and correct understanding of "organic" products as the organic market expands.



**+57%**  
organic growth  
2019-2020



# Focus Organic Market: UAE



## Organic Market Overview

The UAE shows markedly different characteristics to many other organic markets. Like many, it is experiencing growth, +8.5% to the end of 2019. Unlike others however is the product mix: strong growth has been shown from organic formula milk, sweet biscuits, snack bars and fruit. This is a market in the early stages of its growth, and per capita spend on organic is only €2.59 per annum.



## Organic Channels

Grocery retailers are beginning to put more focus on organic. For example, in beverages, a small but fast growing segment, more dedicated organic shelf space is appearing due to increased demand. Consequently, manufacturers are introducing a broader range of products.



## Drivers of Organic Growth

- Traditionally, organic sales were driven by higher income expatriates, but this is changing. Organic sales are now broadening across income groups and nationalities.
- Health considerations are also paramount in the UAE. Obesity rates are high – 38% for 18+ years and so products focused on health and wellness are increasingly sought after.



## Regulatory Landscape

- Organic products must be certified by the Emirates Authority for Standardisation and Metrology (ESMA), and imports must be certified by an organisation approved by ESMA. Imports that aren't certified by an organisation approved by the ESMA will be stopped at the port.



## Future Prospects

- Organic sales are currently low but set to grow. As consumers grow in affluence, choice will widen. This will accelerate as consumers become more active in looking for healthier choices.

**+8.5%**  
organic growth  
2018-2019

**38%**  
USE obesity rates  
for over 18s

