

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.



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World's largest organic market showing strong year-on-year growth

+12.8%

45%

of U.S. households buy organic products regularly

