



# Overview of Irish Retail Organic Market



€110m

+9%

+€9m

# Five Key Takeaways

- 1. Organic is back in growth**
- 2. Shopper numbers are up, and those shoppers are making more trips & buying more items**
- 3. The top 5 growth categories are Veg, Fruit, Cereals, Cooking Oils & Bread**
- 4. The Organic shopper is younger or older – the sector is weaker with families**
- 5. SuperValu is the new no.1 retailer for Organics but Dunnes and Aldi are leading market growth**



# Today's agenda

## Shopper & Market

- > What is happening with shoppers?
- > What does it mean for the Organic market?
- > Which sectors are benefitting most?
- > Who is the Organic shopper?

## Retailers

- > What is happening in the bigger picture?
- > What does this mean for Organic retail in Ireland?
- > What does this mean for you?

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# Boom Times are Back!

Irish economic recovery continues with 6.5% growth

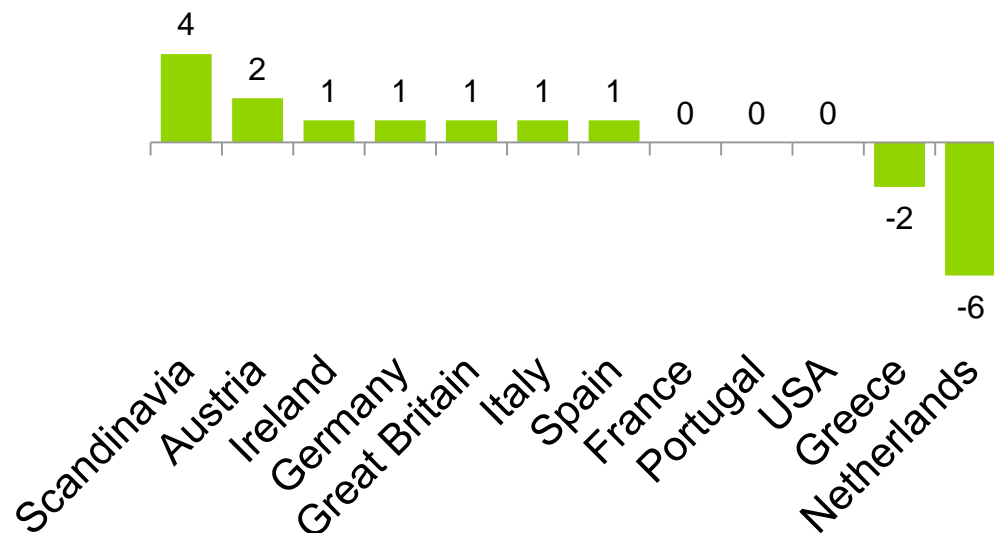
New figures show sharp rise of GDP and GNP in first quarter



Government expects economy to grow by 6% this year



## FMCG Q1 2015 Growth



# Health is in the headlines

Obesity affecting children as young as two, warns doctor

Paediatrician Sinéad Murphy says families are desperate due to lack of services



Ireland's label as future 'fat-man' of Europe comes as shock

Obesity in Europe: Ireland and Greece Lead the Way

The obesity epidemic: why we need an independent agency to tackle it

Ireland should be spending €15-20 million annually on a top-down and bottom-up approach to obesity



Majority unaware of factors leading to obesity

Government is failing children on obesity, says athletics coach

Karl Henry: 'Why I'm calling for our government to tax sugar'

Time for a sugar tax?

83%

Of Irish shoppers say they try to lead a Healthy lifestyle

85%

Of ORGANIC shoppers say they try to lead a Healthy lifestyle



# And retailers are taking note



Source: Bord Bia



**COLD  
PRESSED  
JUICE**

*Fresh ideas*

Introducing our delicious range of cold pressed juices.  
Just one of many fresh new ideas at Dunnes Stores.  
330ml only €4



# Values matter



One Pack=  
One Life-Saving Vaccine


Buy Pampers or Fairy Non-Bio and  
help save lives worldwide



Shopper who buy Organic are more likely than others to agree....



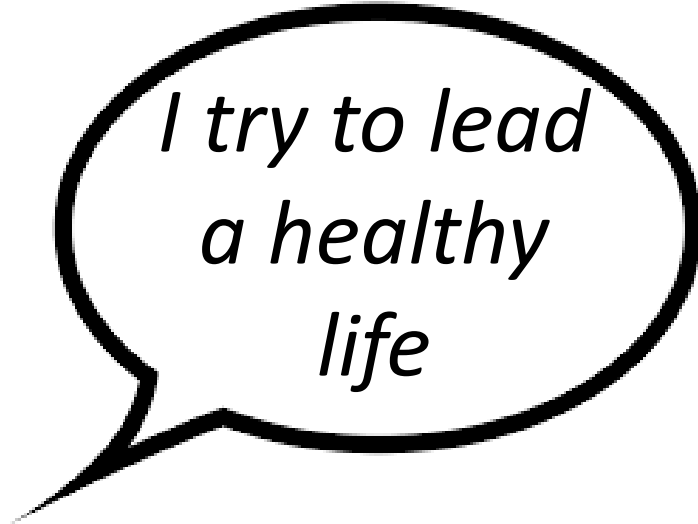
*I prefer to  
buy Irish*



*I like to buy  
Local when  
I can*



*I look for  
Fairtrade*



*I try to lead  
a healthy  
life*

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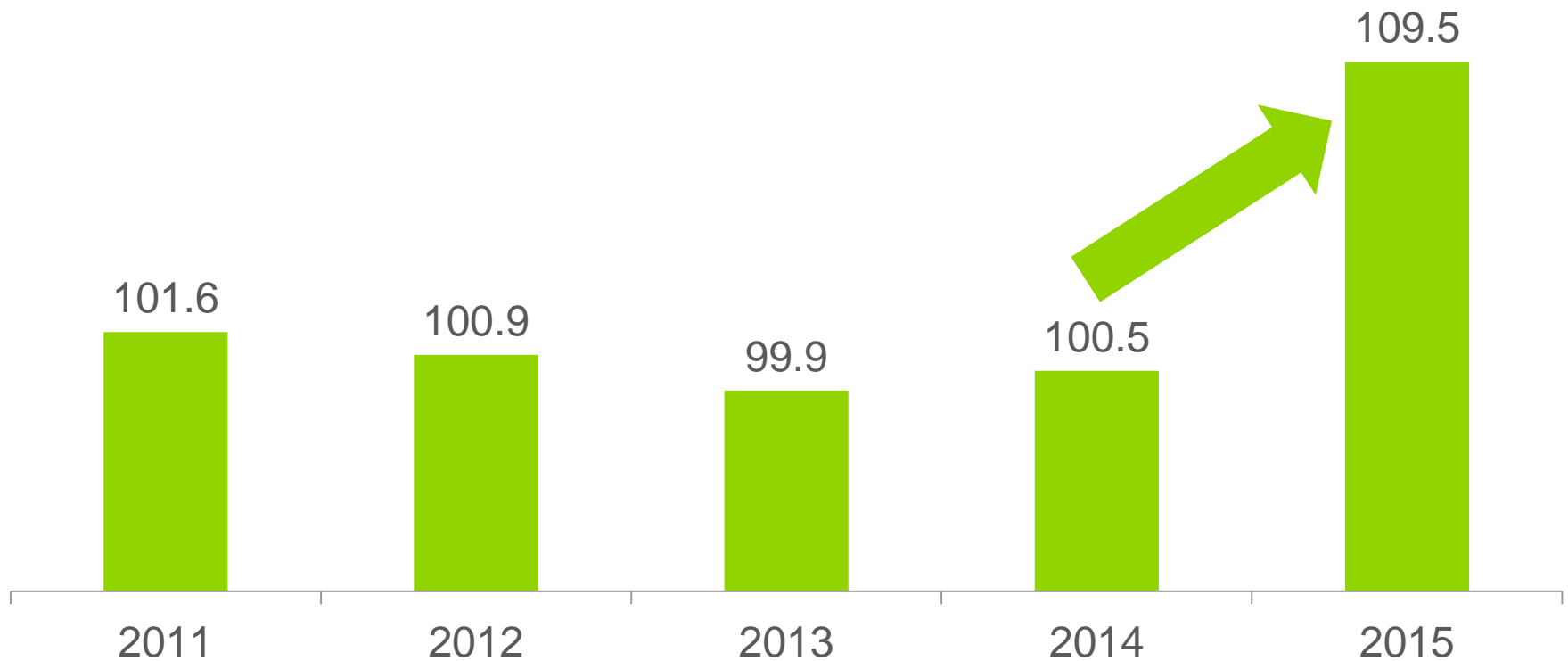
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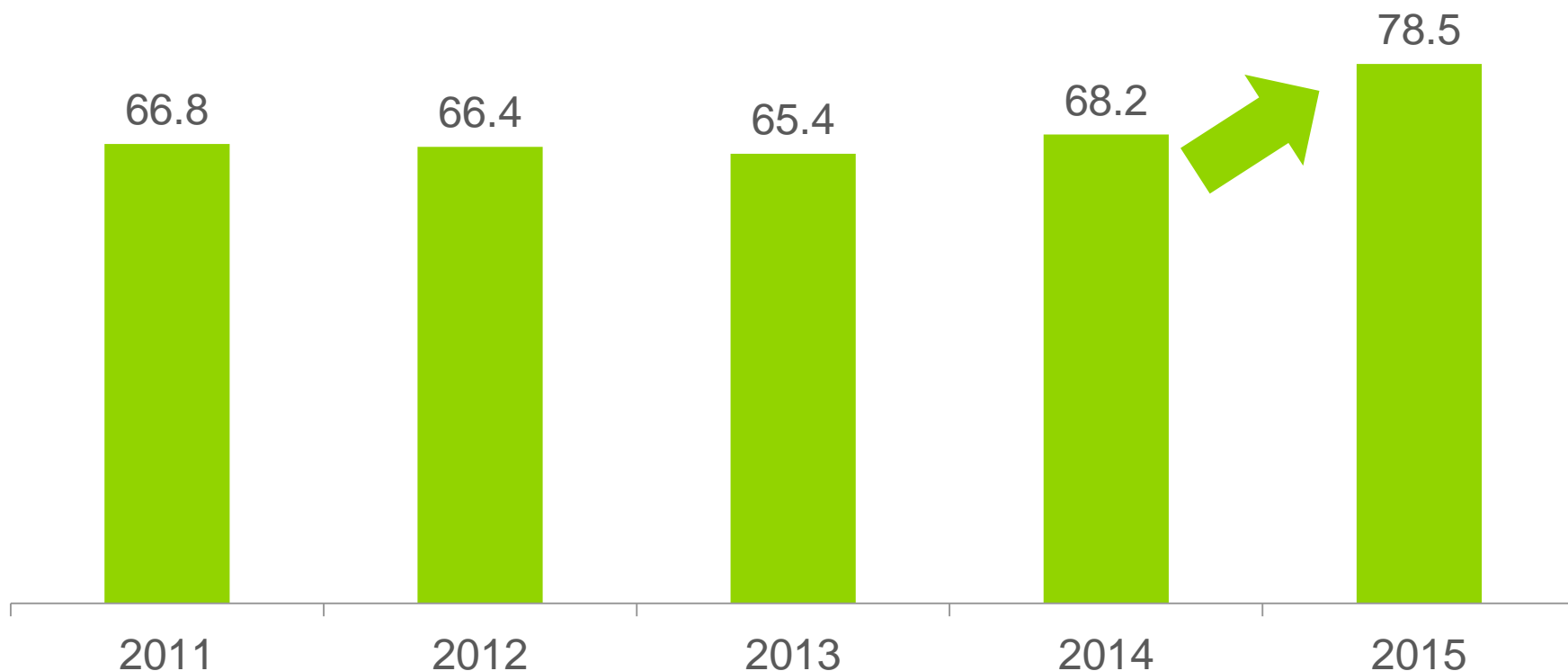
The Organic Grocery market is in growth +9% in 2015 – a turnaround in performance from a much flatter performance over the last 5 years

## Organic Grocery Sales € m



In pack or volume terms the growth is also evident – with 10 million more packs sold YoY in the Organic sector

## Organic Grocery Sales Packs (millions)



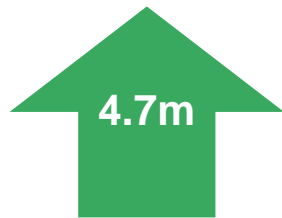
Growth is driven by more shoppers making more trips and picking up more packs on each trip



Penetration

91.5% of ROI

+3.8%



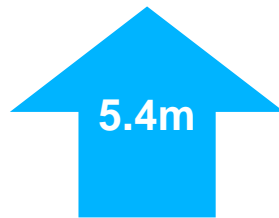
4.7m



Frequency

21 x year

+5.4%



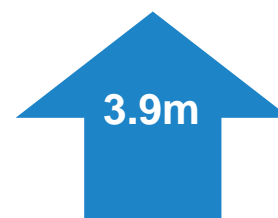
5.4m



Trip Volume

2.4 x trip

+3.9%



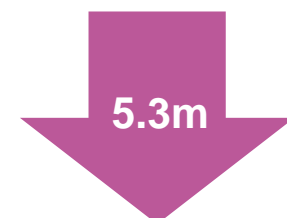
3.9m



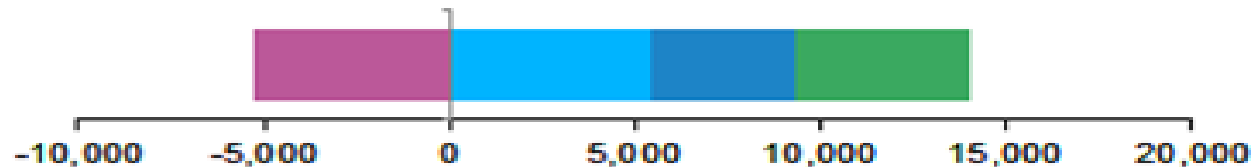
Price per Pack

€1.40

-5.3%



5.3m



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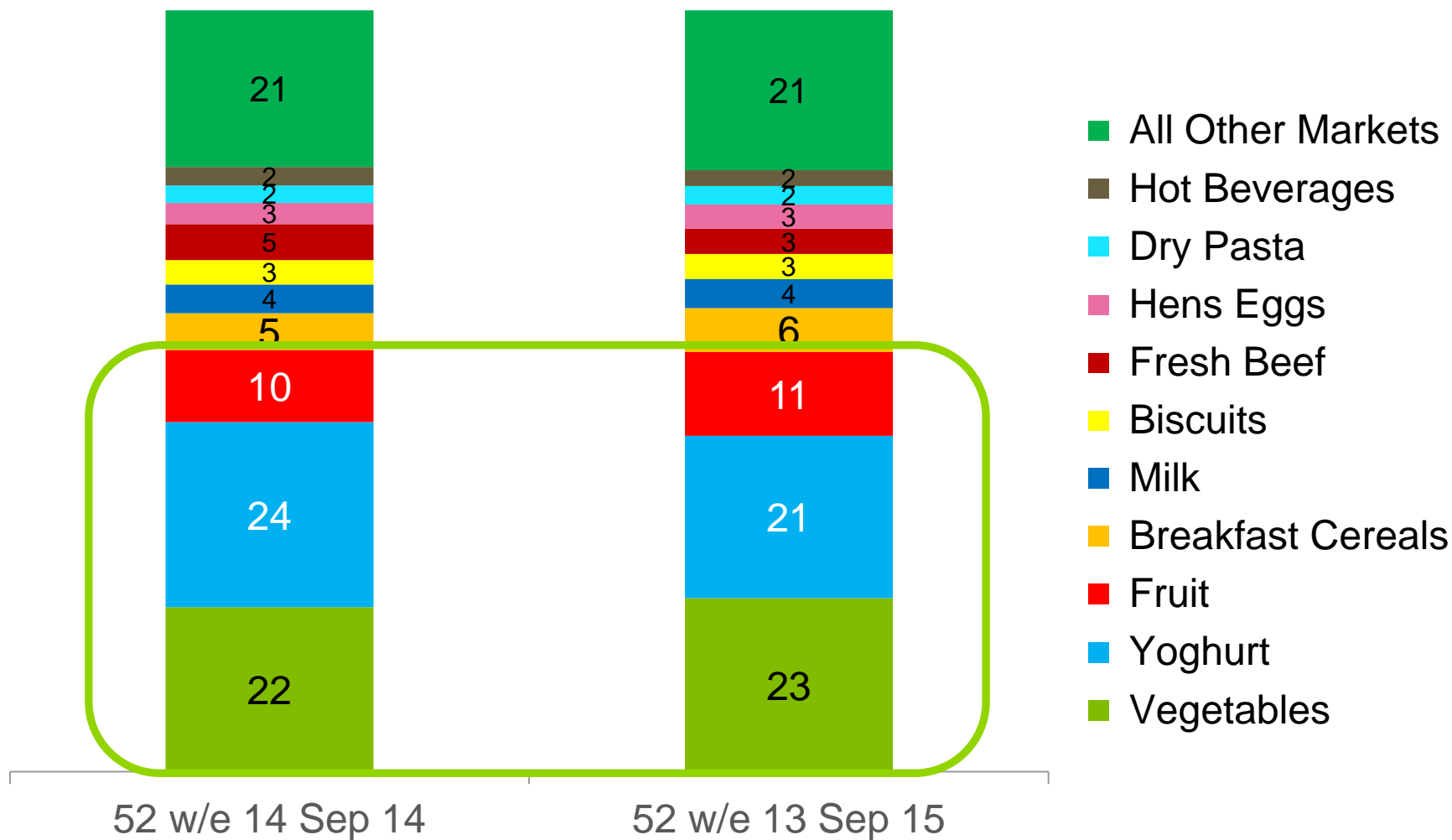
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# Top 10 growth markets for Organic

Vegetables, Yoghurt and Fruit make up over half of the Organic market. Strongest share growth is for Veg, Fruit and Cereals



1.



6.



2.



7.



3.



8.



4.



9.



5.



10.

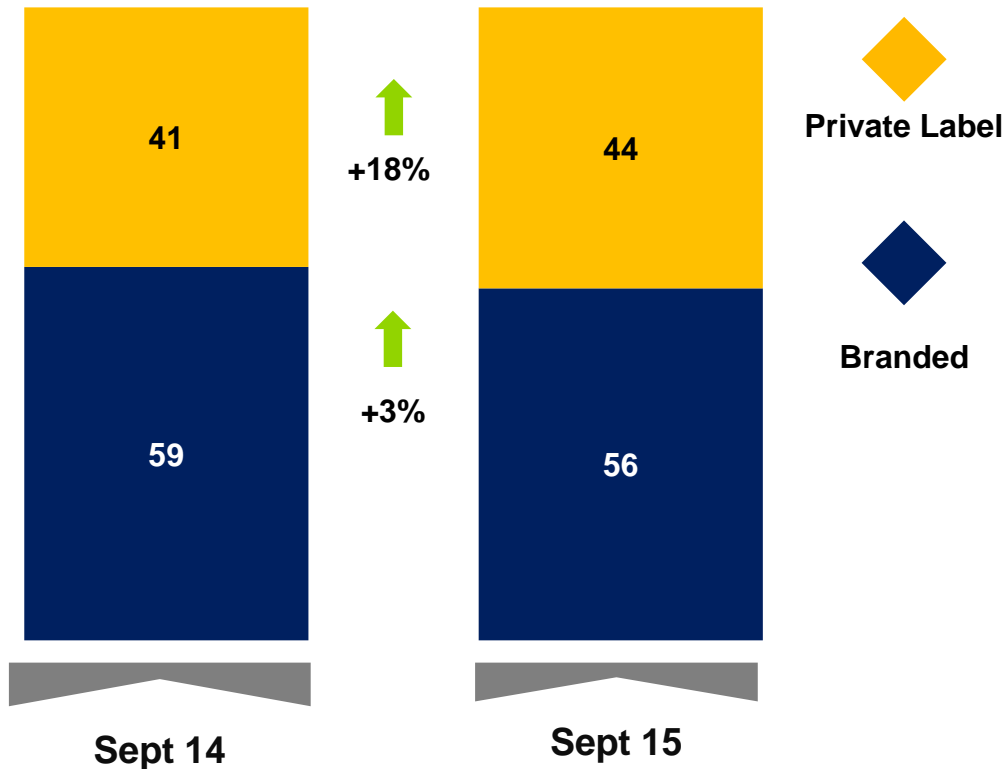


# Top 10 Organic Vegetables

# Branded vs. Private Label

Both branded and PL in growth but PL gaining share as it grows ahead of the market

Value % & Growth





# Today's agenda

## Shopper & Market

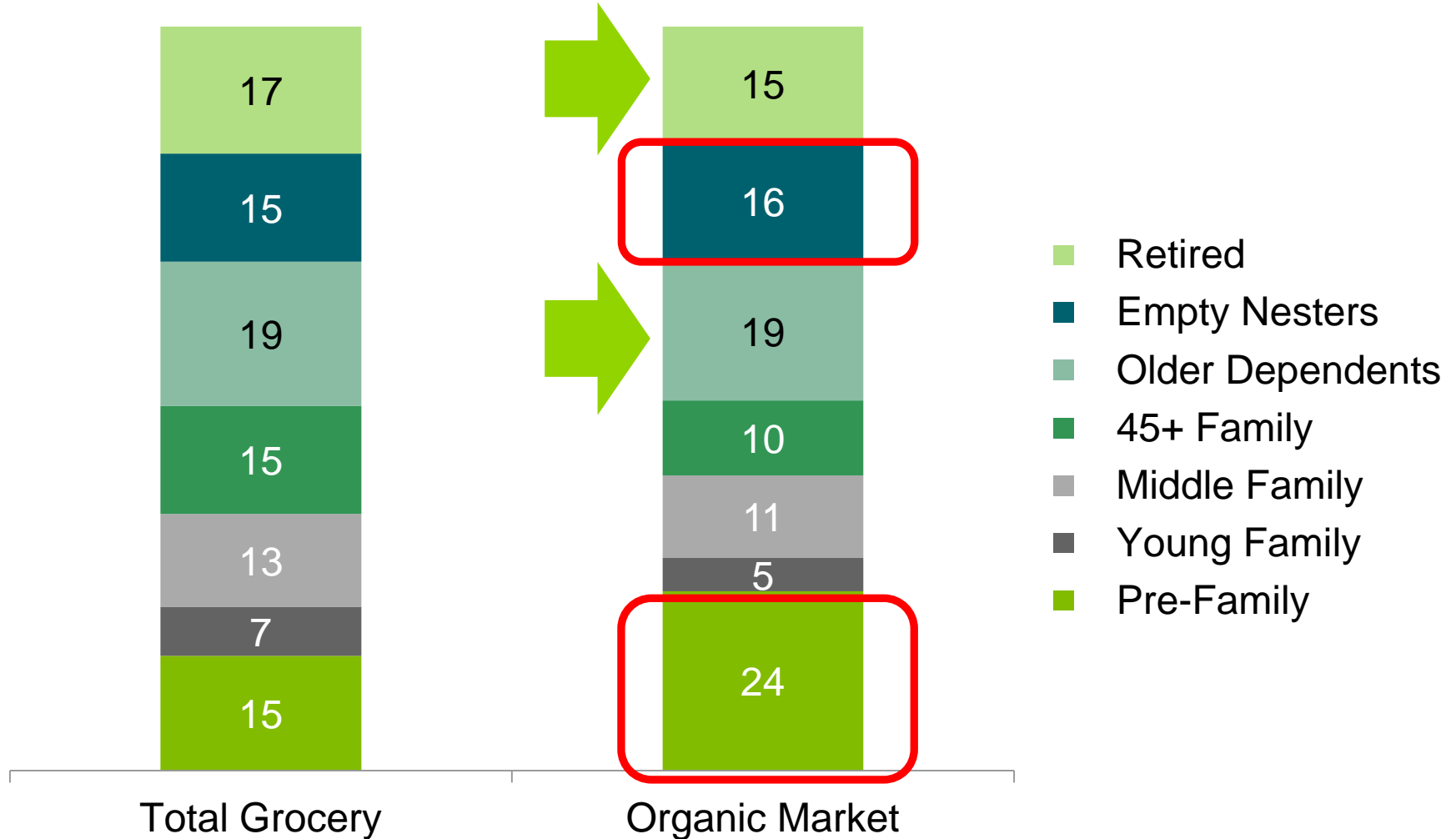
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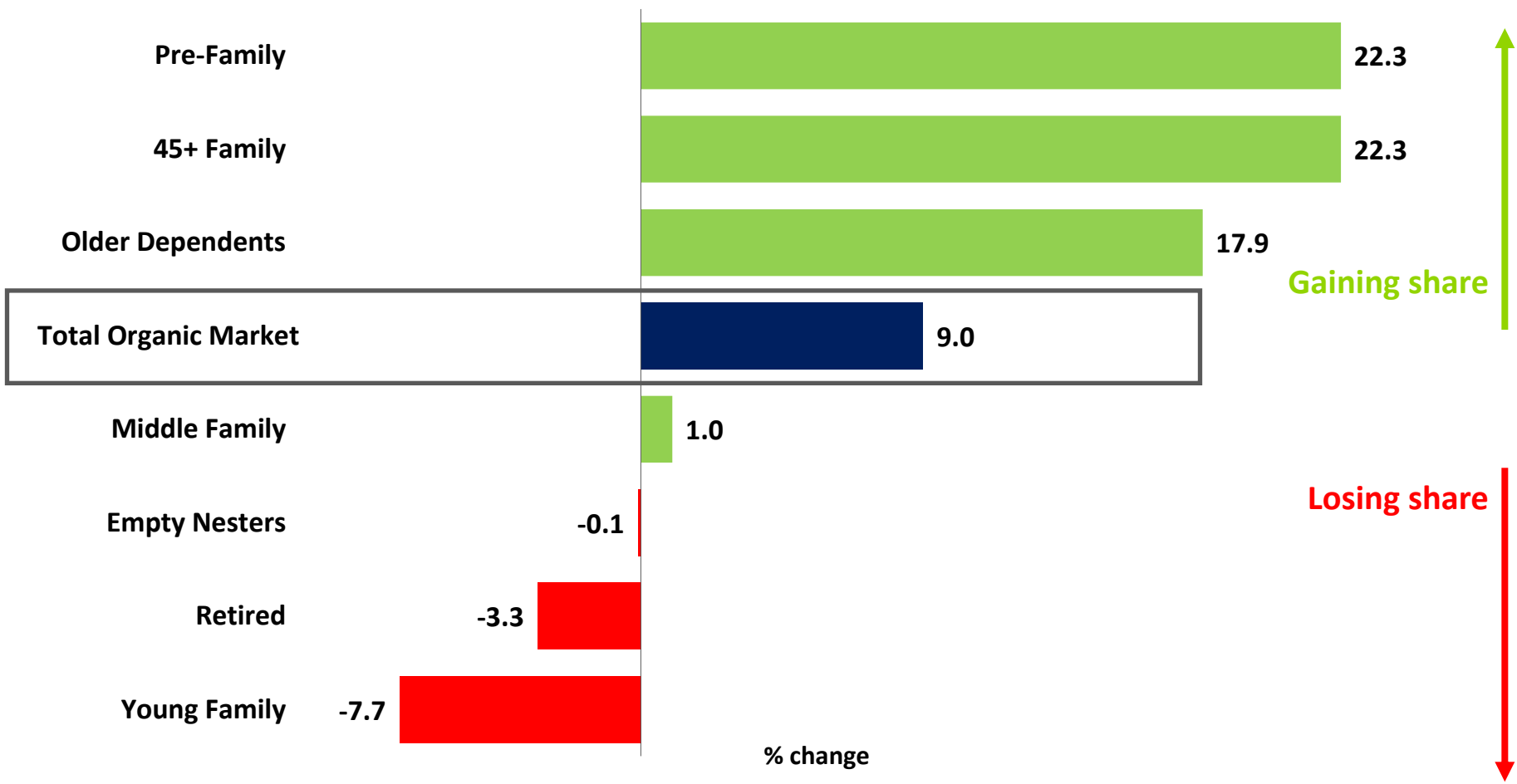
## Who is the Organic Shopper?

There are two main groups where Organic Shoppers over-index – Pre Family and Empty Nesters – these shoppers are 40% of Organic sales



Growth in Organics is through Pre, 45+ and Older Dependent Family groups spending more YoY

52w Total Organic market – sales value % chg YoY



# Today's agenda

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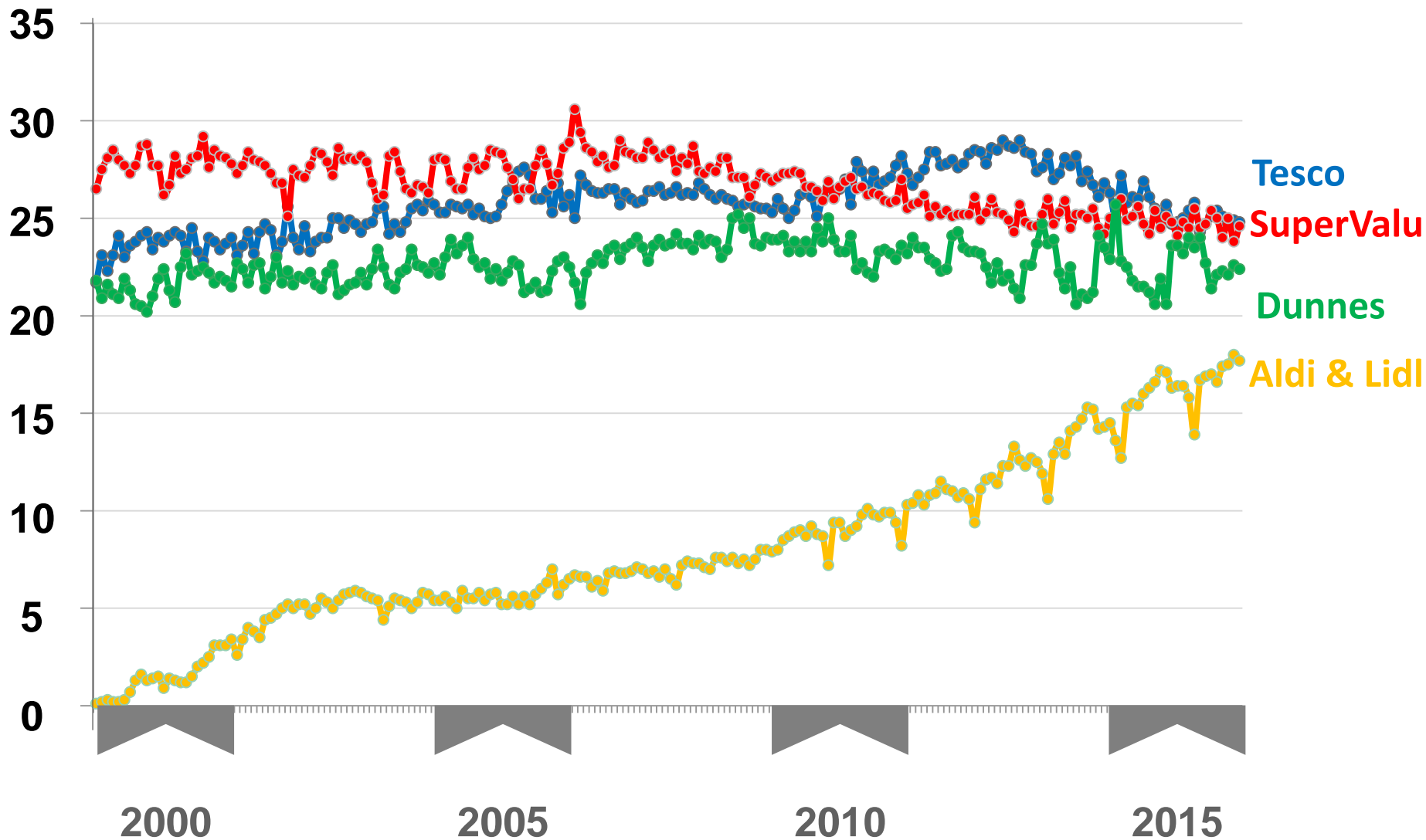
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Looking at the big picture we can see the increasingly competitive nature of Grocery retailing in Ireland



# SHOP & SAVE

It pays to shop at Dunnes Stores, you get a €10 voucher for every €50 you spend on groceries... every time you shop this Autumn.

SPEND  
€50\* = GET €10 OFF YOUR NEXT €50 GROCERY SHOP

SPEND  
€100\*\* = GET €20 OFF YOUR NEXT €100 GROCERY SHOP

SPEND  
€150\*\*\* = GET €30 OFF YOUR NEXT €150 GROCERY SHOP

SPEND  
€200\*\*\*\* = GET €40 OFF YOUR NEXT €200 GROCERY SHOP

*Always Better Value*

\* Spend €50 and receive (1) €10 off €50 voucher. \*\* Spend €100 and receive (2) €10 off €50 vouchers. \*\*\* Spend €150 and receive (3) €10 off €50 Voucher. \*\*\*\* Spend €200 and receive (4) €10 off €50 Voucher. Max of 4 Vouchers are issued in one transaction. Multiple vouchers can be used once the sum of the voucher threshold spend is met. Offer excludes timepiece, restaurants, clothing, homeware, tobacco products, medicines, lottery products, infant milk formula, checkout bags, gift vouchers, gift cards, saving stamps or mobile top-up. Present your till voucher at the checkout at the beginning of your transaction. Voucher can only be accepted at time of transaction. Vouchers can only be used provided the specified minimum amount has been spent in items from the department(s) specified and in a single transaction. If qualifying items are returned, thereby reducing the value of the original transaction to below the qualifying threshold the value of the corresponding voucher(s) will be deducted from the refund unless the voucher is returned at the same time. Copied, damaged or defaced coupons will not be accepted. This voucher is and shall remain at all times the property of DUNNES STORES. Voucher cannot be used in conjunction with any other promotional voucher offer. Valid dates are displayed on voucher and cannot be honoured once expired. No change given.



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at Lidl for every reader\*

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SEE MORE ▶

IRISH DAILY **STAR**

Terms and conditions apply

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Vouchers inside tomorrow's Sunday Independent

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ALDI

**Your €10 voucher for Aldi.\***

when you spend €50 or more in store

Irish Independent  **THE IRISH Sun** **Irish Examiner**

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at Lidl  
for every reader

Don't miss out on your €10 voucher in Saturday's **Irish Examiner**\*

Choose to live a little

You won't lose out at Tesco

We now accept our competitors' Spend & Save coupons

Simply bring a Spend & Save coupon in to any Tesco store in Dublin and we'll be more than happy to honour it.

TESCO Every little helps

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*Christmas*

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A gift from us to you.

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**€10 off\***  
at Aldi for Easter

Voucher inside tomorrow's Sunday Independent

€10 off at Aldi for Easter

find us on facebook.com/aldireland or on www.aldi.ie \*Terms and conditions apply. For full details, see tomorrow's Sunday Independent.

**€10 OFF**  
when you spend €50 at LIDL

Sunday Independent

APPROVED BY YOU

Take the main shop challenge with Lidl this Summer & Choose to live a little!

**€10 OFF**

10 ways to beat the heat

Sinn Féin on the run as IRA makes return

ALDI

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**Irish Independent**

**€10 OFF**

10 ways to beat the heat

Sinn Féin on the run as IRA makes return

ALDI

**SPEND €50 AND ENJOY €10 OFF ONLY WHEN YOU SHOP AT**

**SUNDAY WORLD**  
THE PEOPLE'S PAPER

SAVE CHILDLINE 24/7

**FAT-CAT BOSS IS NET TEEN PREDATOR**

**STAR** **€10 OFF AT**

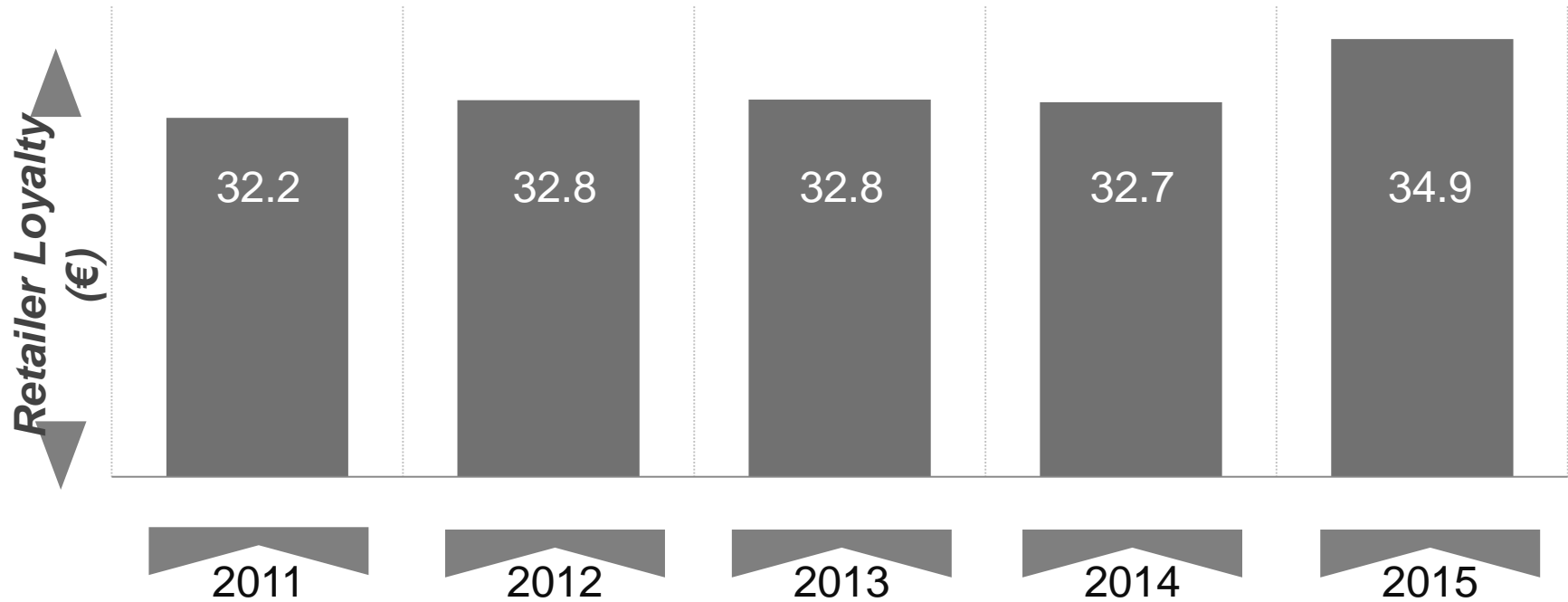
**WHEN YOU SPEND €50!**

EXCLUSIVE: FAI KEEP O'NEILL

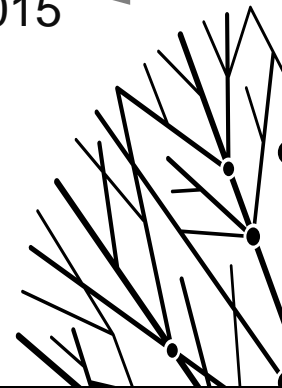
**MARTIN NO DEAL**

Leicester target boss but Irish still in driving seat

This has led to a noticeable increase in loyalty this year



***Average Loyalty Across Big 5 Multiples***



# With bigger trips increasing in popularity

N/C



Under €25  
28% Spend  
n/c

-2%



€25 - €50  
23% Spend  
-2%

+4%



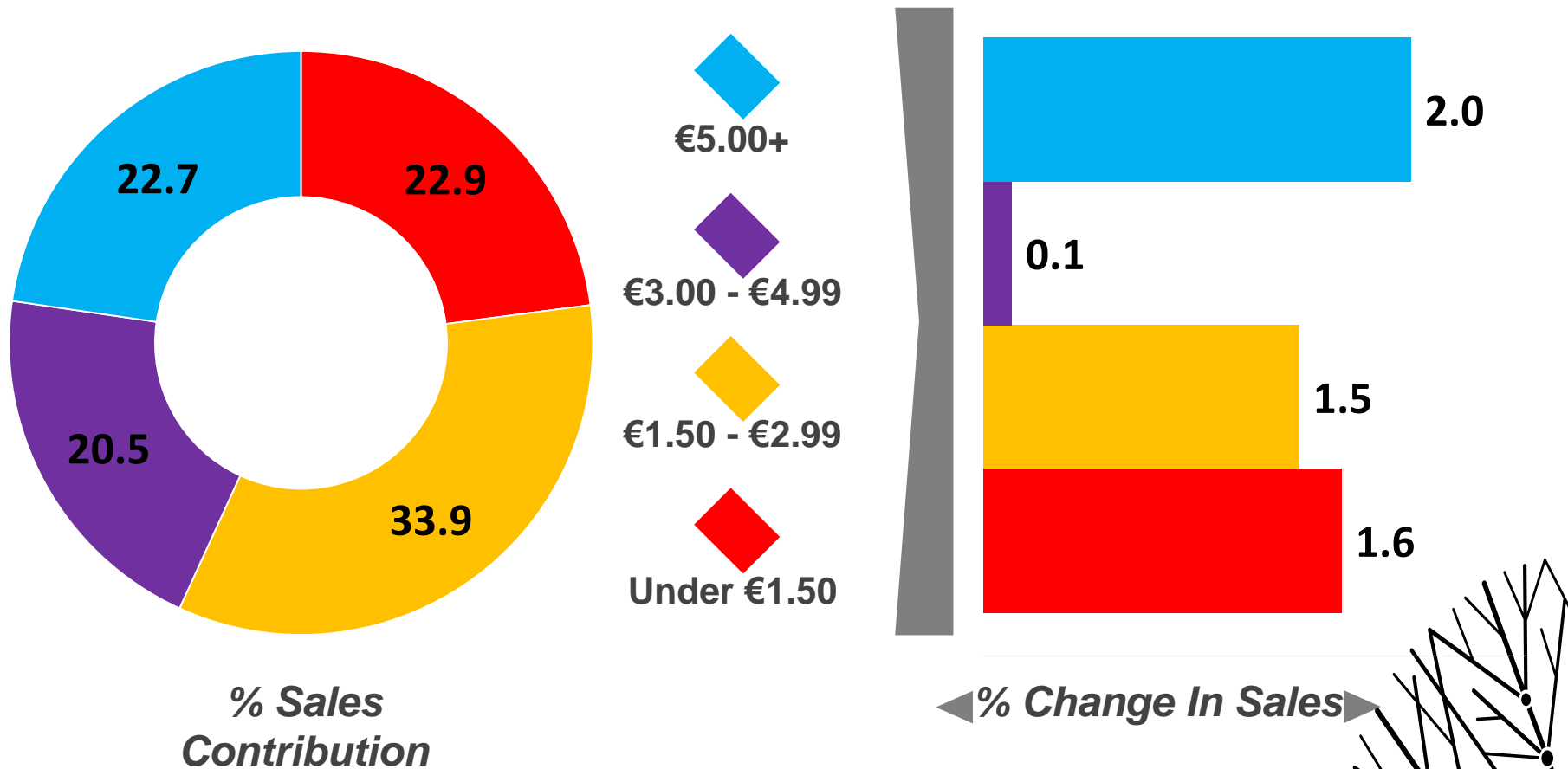
€50 - €100  
29% Spend  
+4%

+2%



€100+  
20% Spend  
+2%

# Higher priced items are posting the strongest growth in sales





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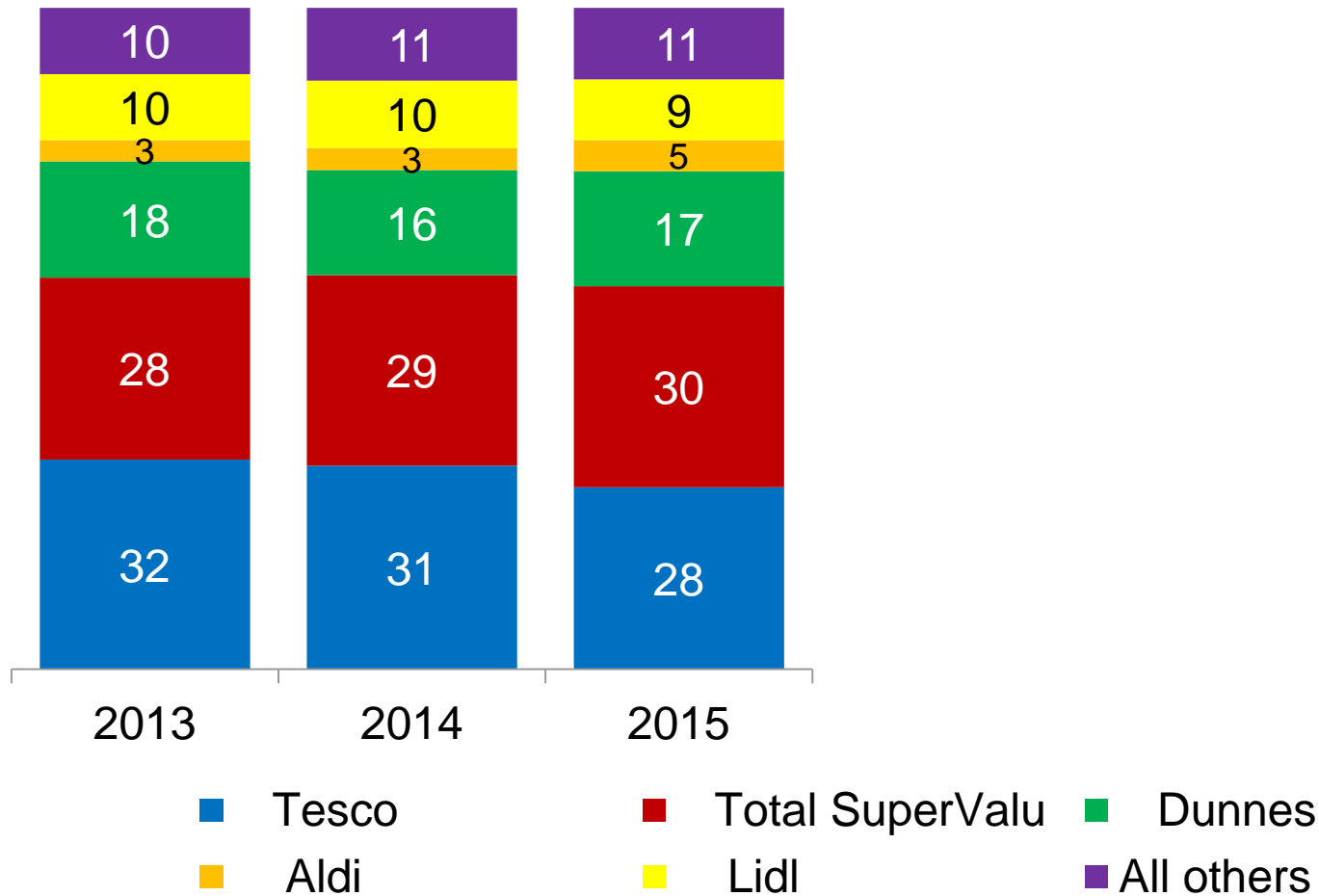
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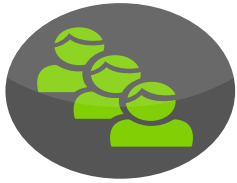
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SuperValu is the no.1 Organic Retailer in value terms but Tesco remains on top in volume terms

### 52we Total Organic market – Value Share



## Key Shopper Metrics 52we:



**Tesco has more Organic shoppers than any other retailer – almost 1m buyers**



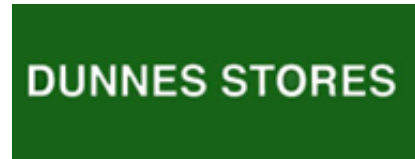
**Shoppers make 14 trips to buy Organic at SuperValu – more than anywhere else**



**Aldi has the highest trip volume in the market – almost 3 packs per trip**

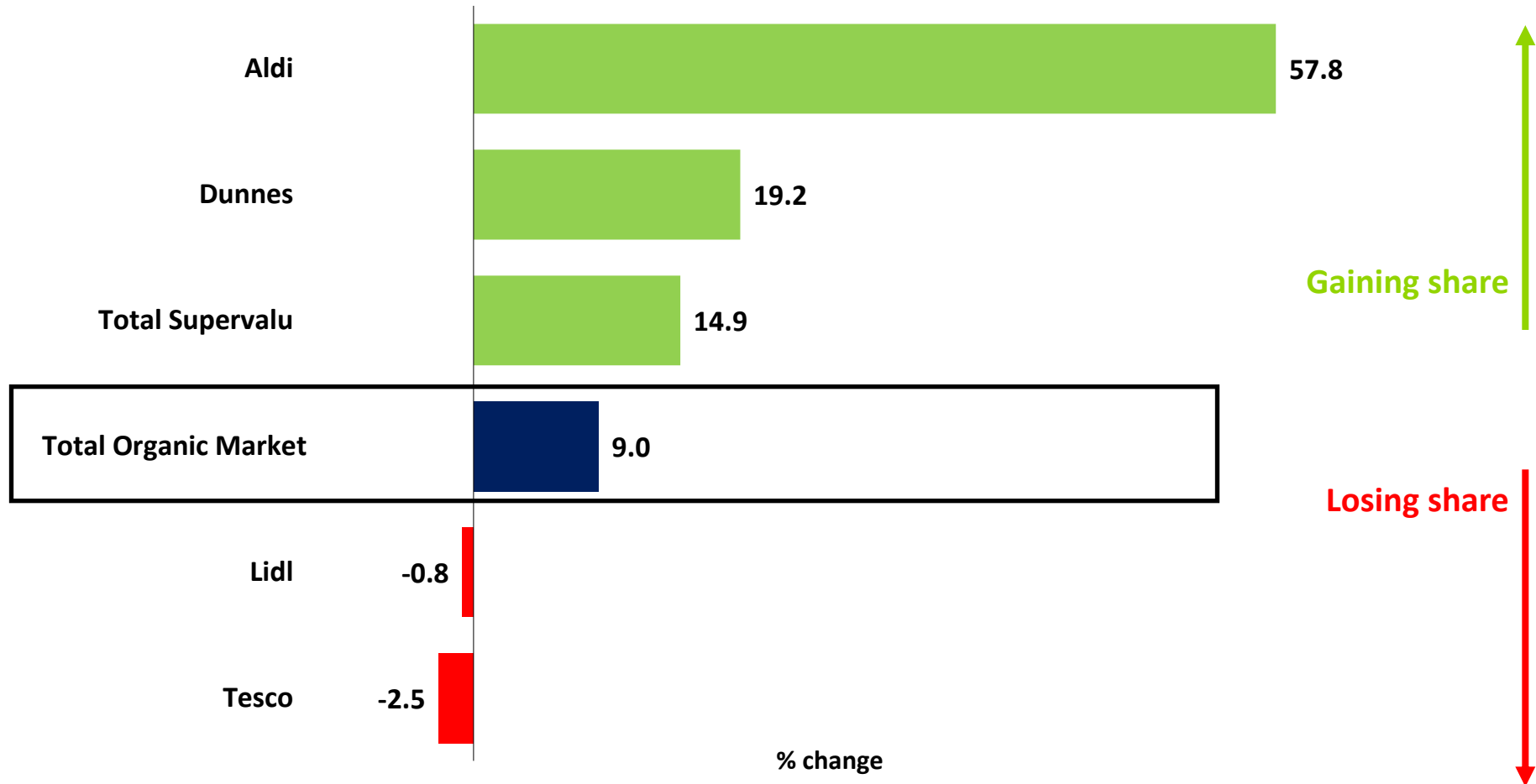


**Spend per trip is highest at Dunnes with €3.60 spent on Organic products**



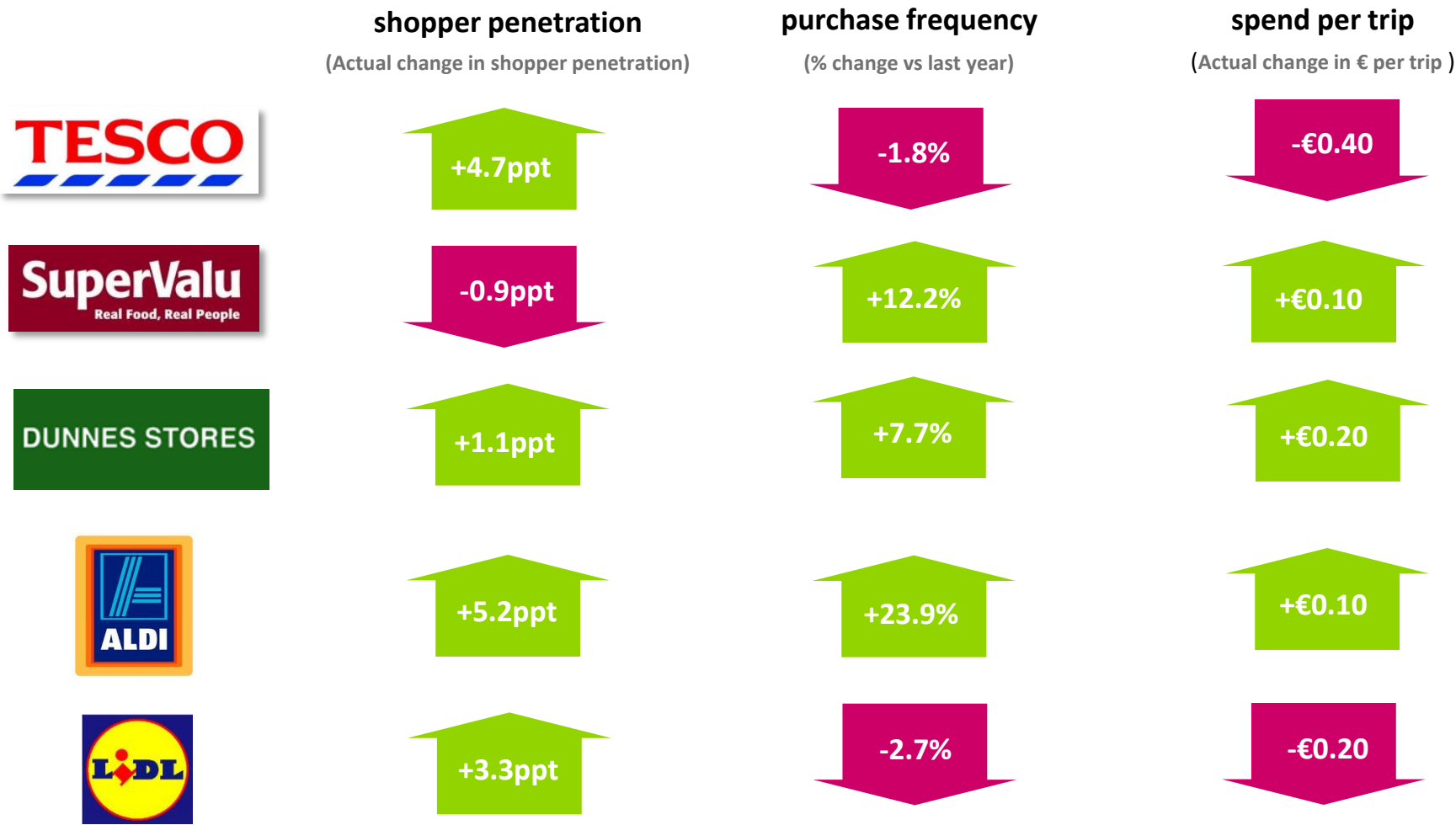
Aldi is posting the strongest growth in the market this year with Dunnes and SuperValu also growing Organic sales in double digits

52we Total Organic market – retailer value % chg YoY



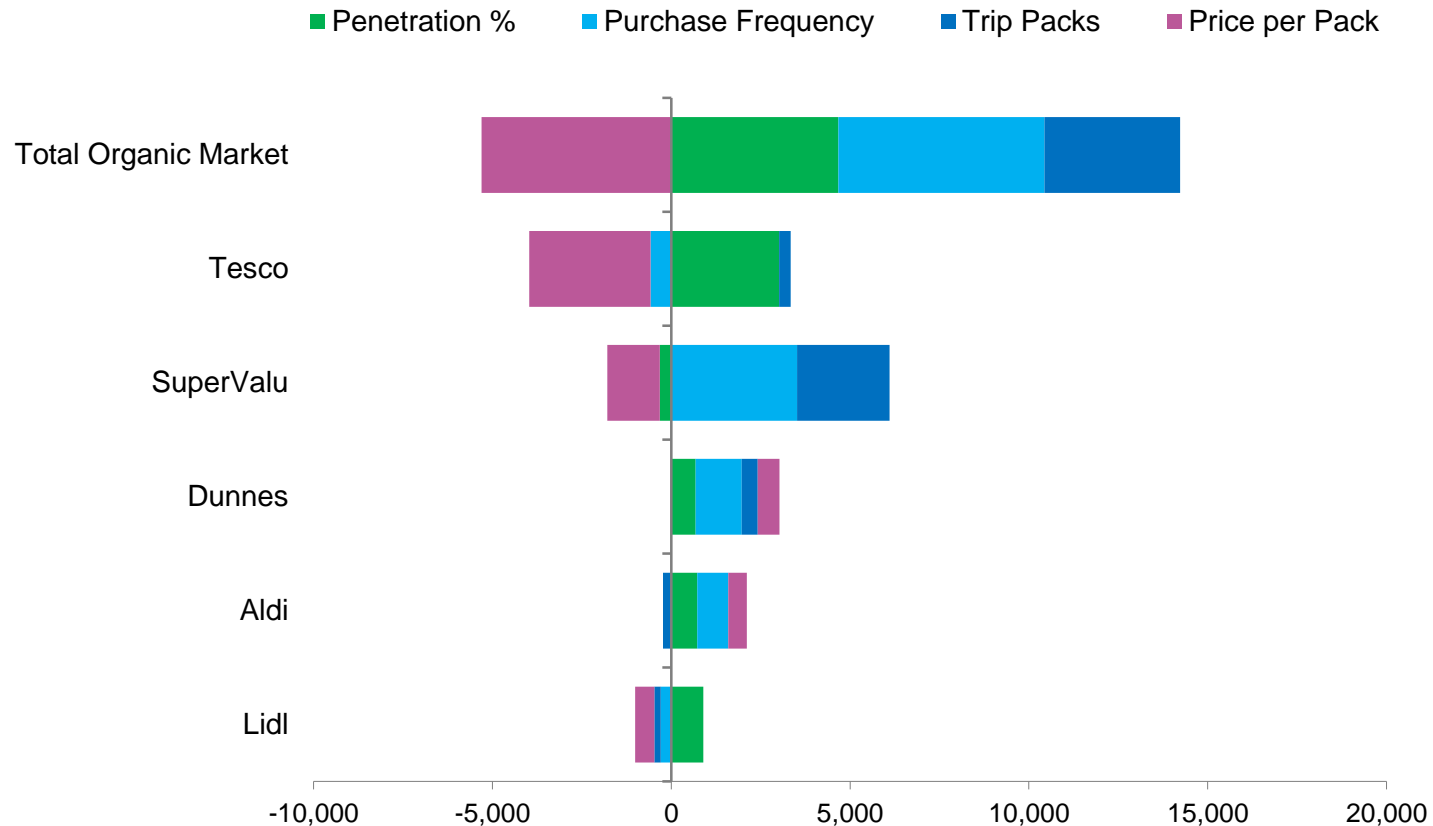
# Only Dunnes and Aldi are up on all key shopper metrics

## 52w Total Organic Market – retailer KPI scorecard



**SuperValu** have grown through trips and increased volumes, **Dunnes** & **Aldi** are up on all measures

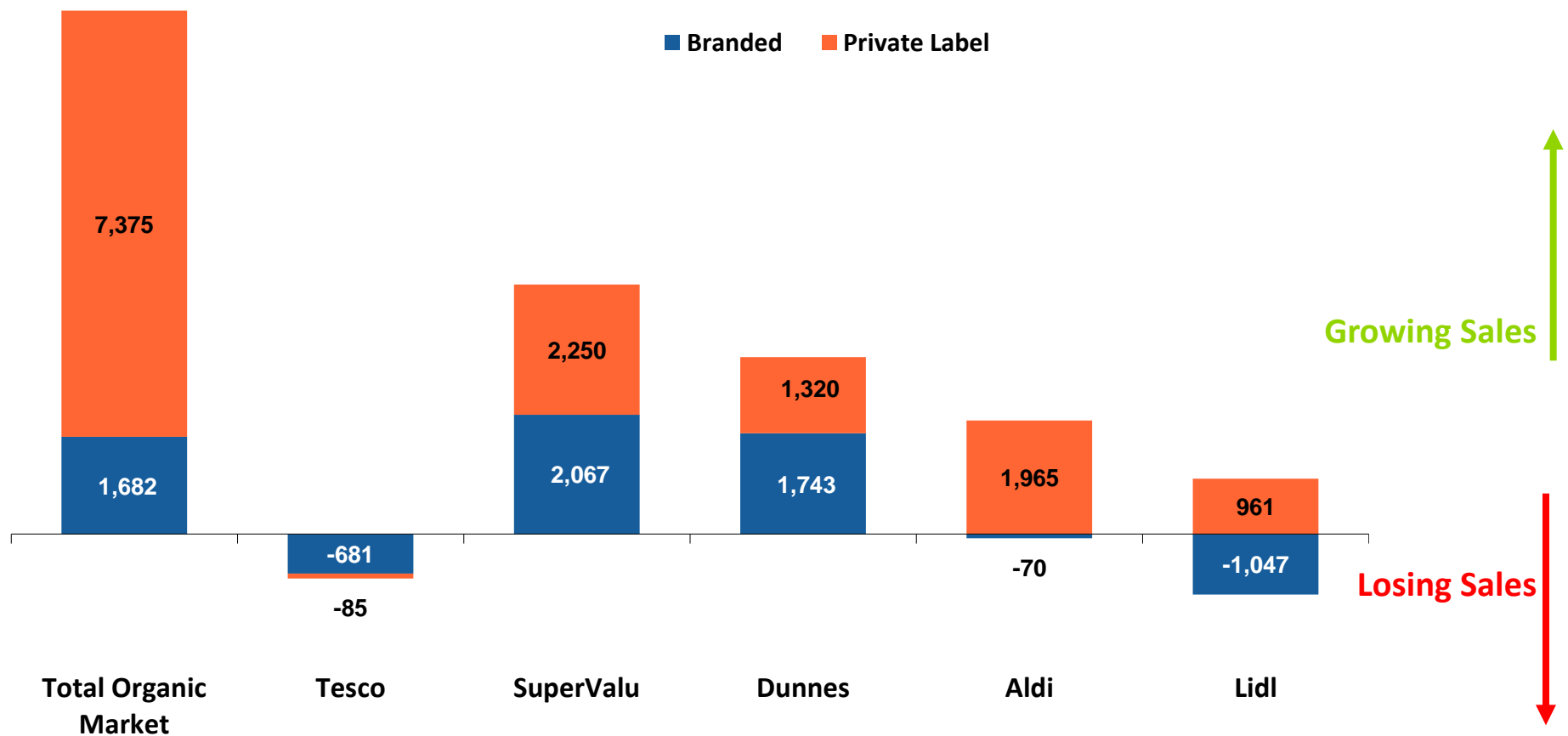
## 52w Total Organic Market – retailer KPI drivers of value %chg YoY





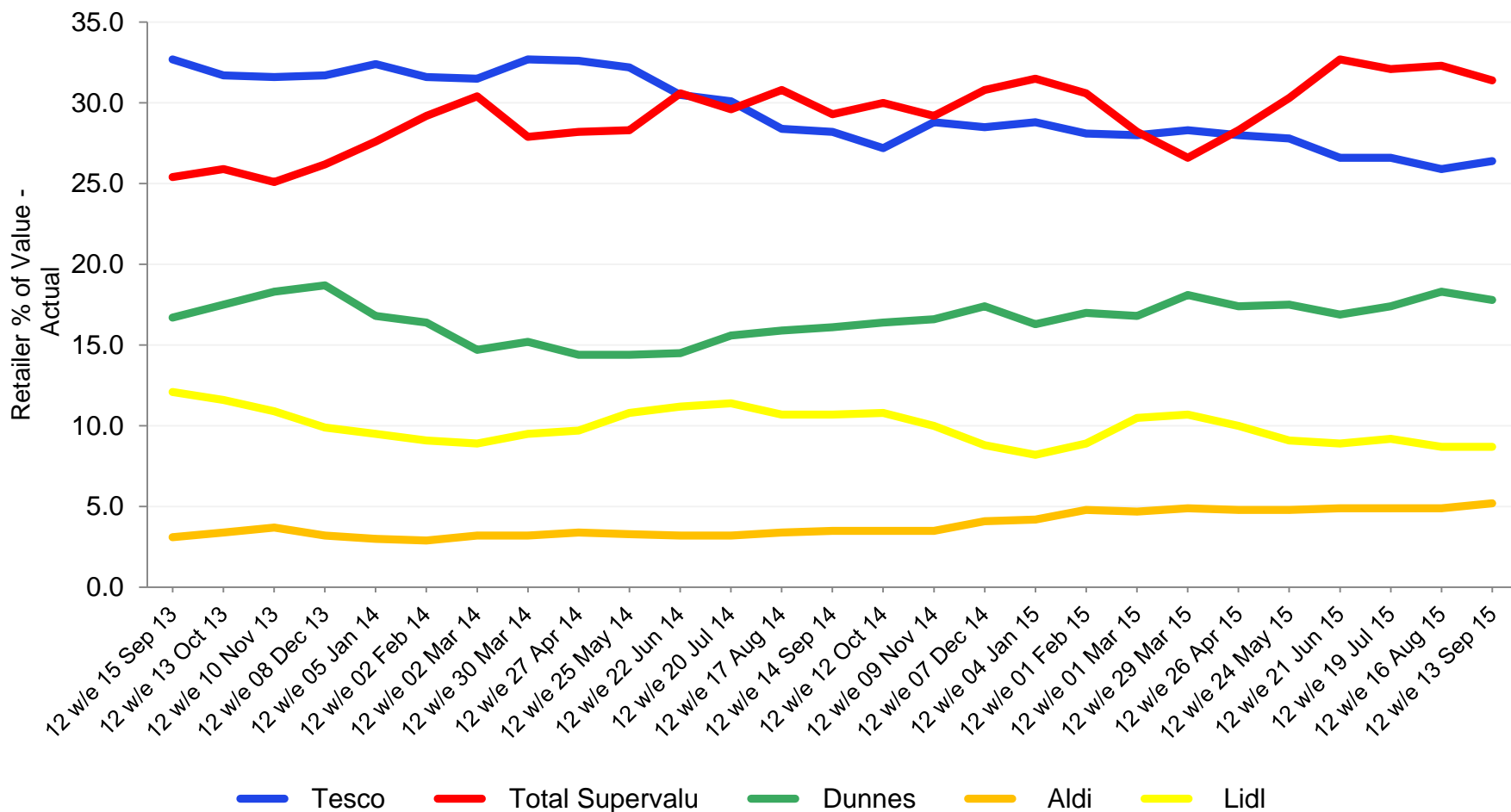
Branded sales are in growth at SuperValu and Dunnes but declining at Tesco and Lidl

52w Total Organic Market – retailer branded vs PL value sales change YoY €000s

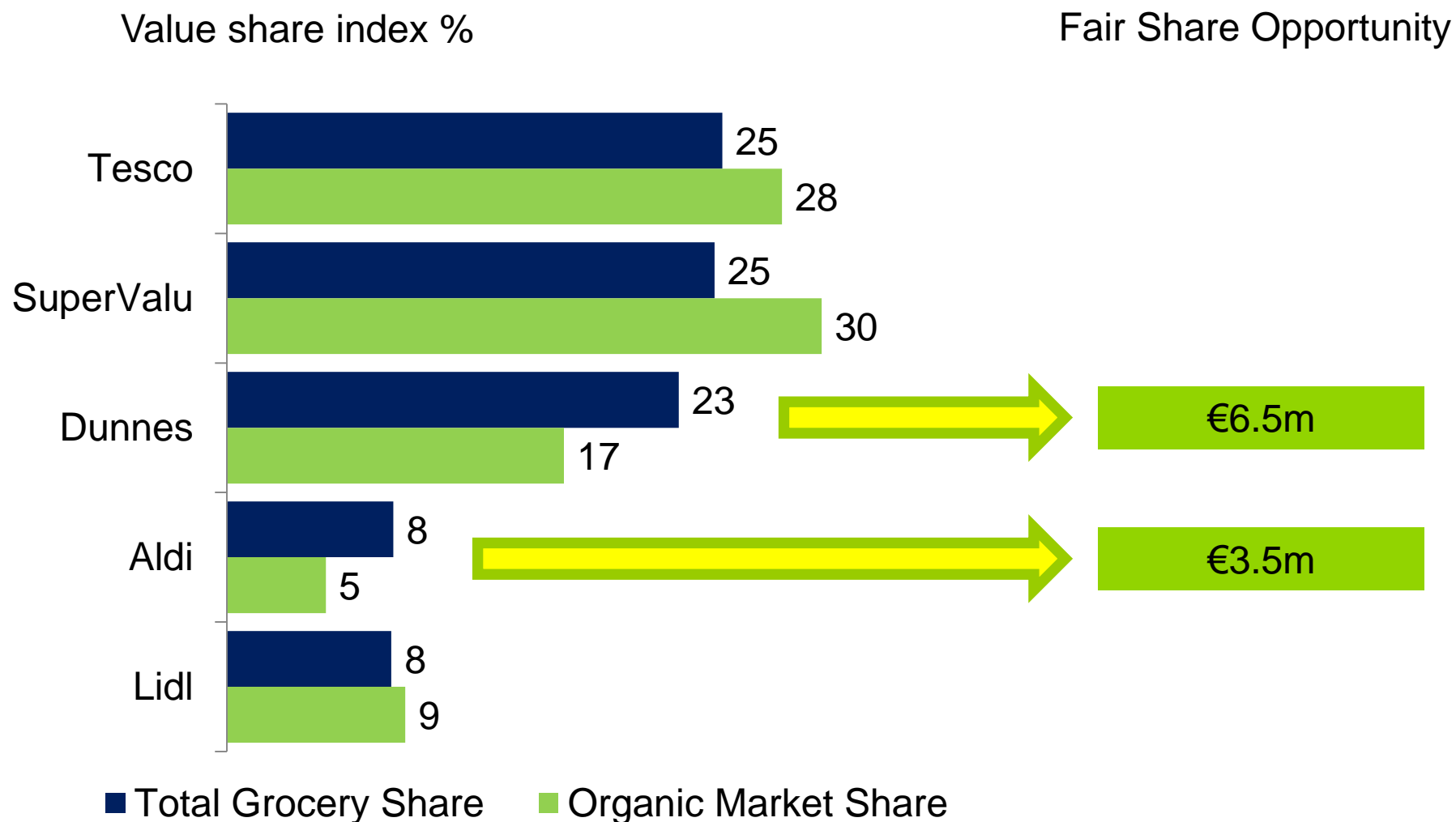


Looking at the 12we trended picture: SuperValu regained the no.1 spot in 12we trended data in May of this year and has widen the gap with Tesco since.

## 12w Total Organic Market – retailer value % trended

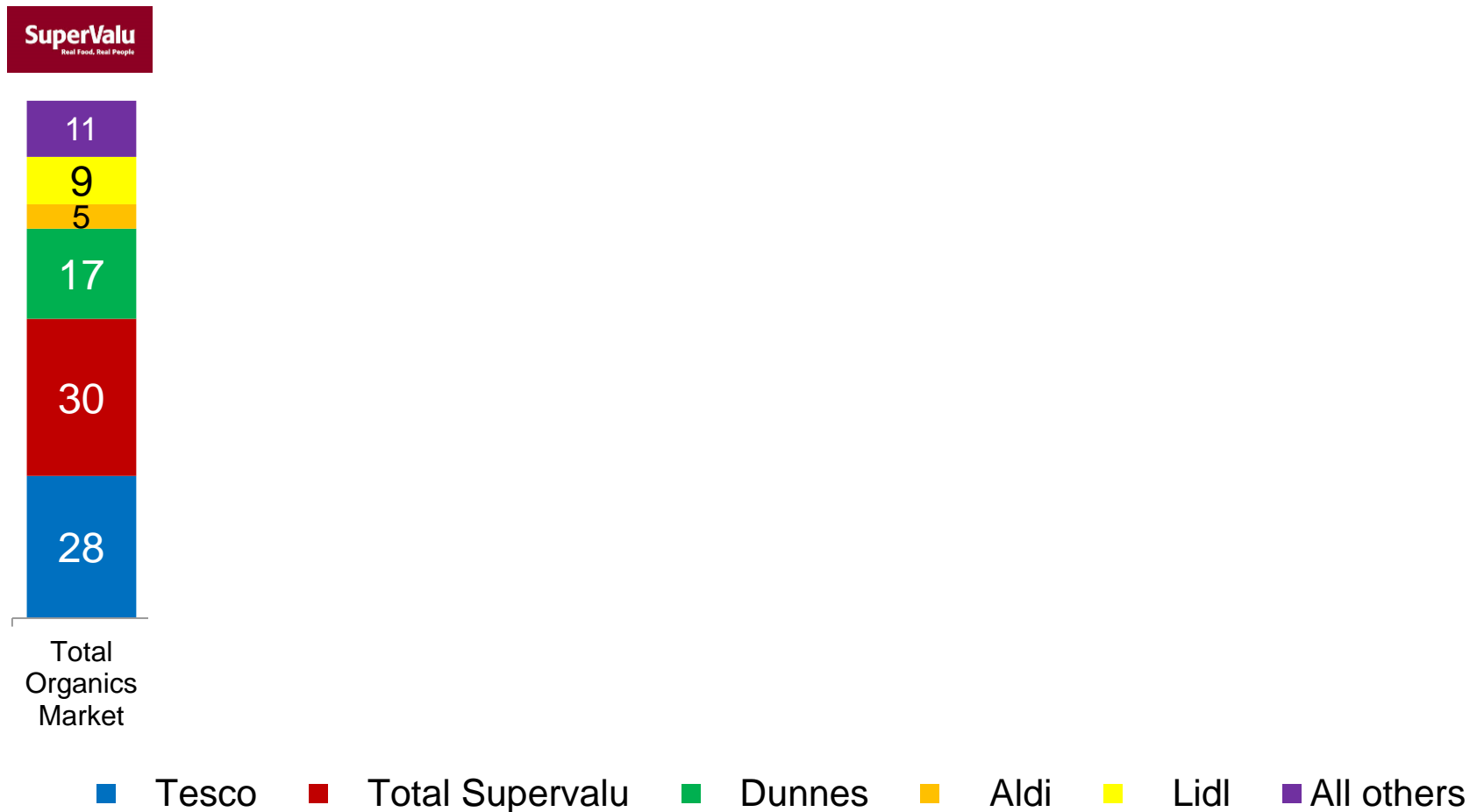


Both Dunnes and Aldi under-trade on Organic products with less share in this market than at Total Grocery level



Performance varies across markets;  
**SuperValu** is no.1 in Veg, Yoghurt, Fruit , Cereals and Pasta.  
**Tesco** is top in Milk, Biscuits, Beef and Eggs.

52we Total Organic market – Value Share %



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# What does this mean for you?



## 1. What this means for your **retail customers**...

- ✓ Shoppers are ramping up spend on Organic products
- ✓ The market is bringing more shoppers in-store more often
- ✓ The top 5 growth categories are Veg, Fruit, Cereals, Cooking Oils & Bread

## 2. How the story **differs**...

- ✓ Tesco is declining by 2.5% in a growing market – no.1 value share position has been lost. Sales declines are driven by shoppers paying lower prices
- ✓ SuperValu is up 15% and is the new no.1 in value share terms with increased trips & volumes
- ✓ Dunnes is up 19% with growth on all measures – more shoppers, trips, volumes and higher price paid per pack
- ✓ Aldi has market leading growth of 50+% but is still the smallest supermarket player in Organics with 9% pack share
- ✓ Lidl is also declining in a growing market and has been steadily losing share

# What does this mean for you?



## 3. Where the **opportunities** lie...

- ✓ Tesco needs to encourage trading up to higher price points and more trips if it is to win back no.1 spot in value share terms
- ✓ SuperValu needs to win more shoppers into the store and win more share in Milk, Beef and Eggs in particular
- ✓ Dunnes is growing but still has the largest under-trade in Organics – a €6.5m opportunity
- ✓ Aldi must focus on turning around declines in packs per trip to work towards correcting its under-trade and capturing the €3.5m opportunity
- ✓ Lidl needs to get the new shoppers it has won to buy more volumes and trade up to higher price points





Thank you

