

UK Organic Market March 2016

Finn Cottle



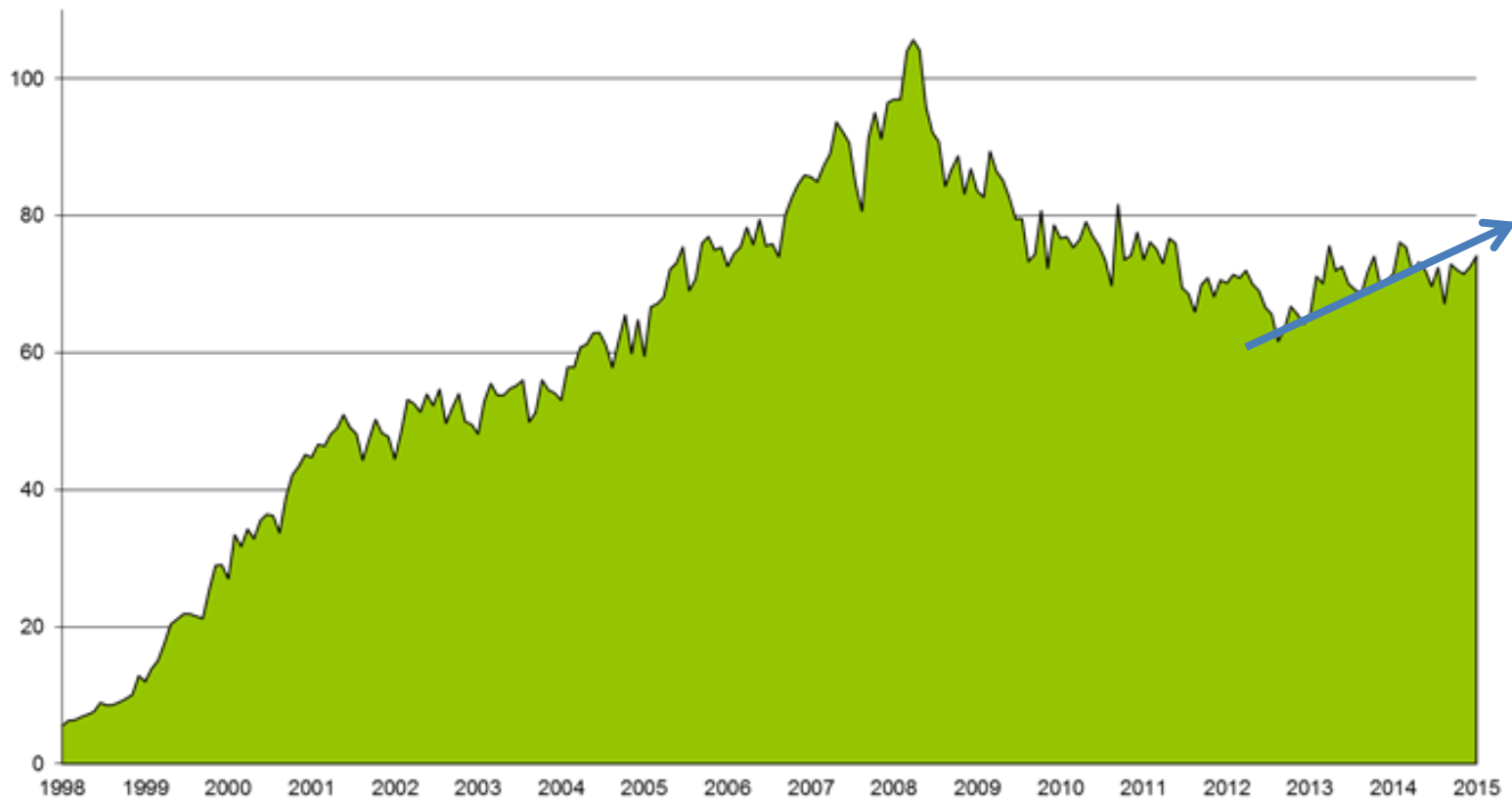
Agenda

- Market Performance
- Market Channels
- The Organic Consumer
- Category Insights
- Retailers & Wholesalers
- The Opportunity



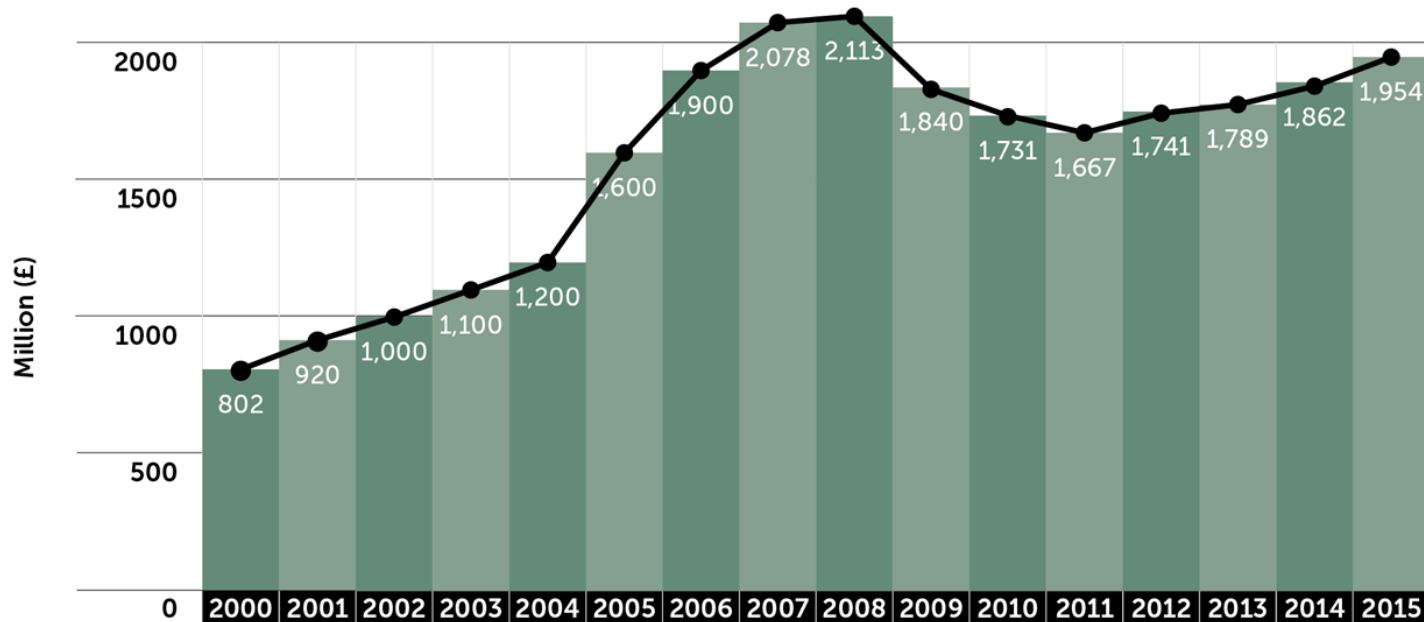
Market Performance

Total Organic Grocery Products including Baby - 4 weekly £m



Market Performance

UK SALES OF ORGANIC PRODUCTS, 2000 – 2015



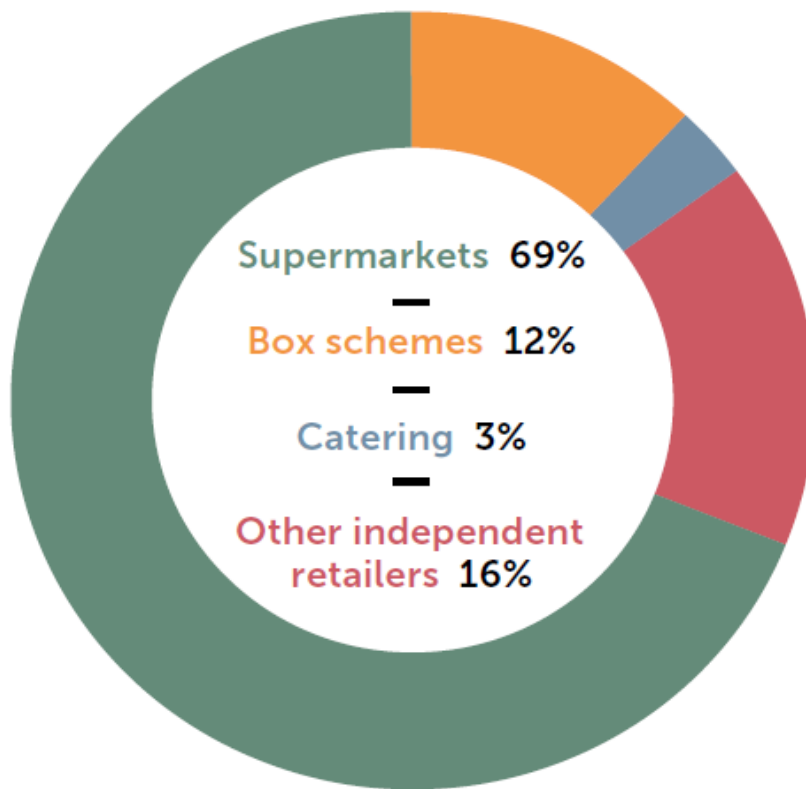
Source: Soil Association Organic Market Reports

Organic Sales
£1.95
billion

Sales growth
**+
4.9%**

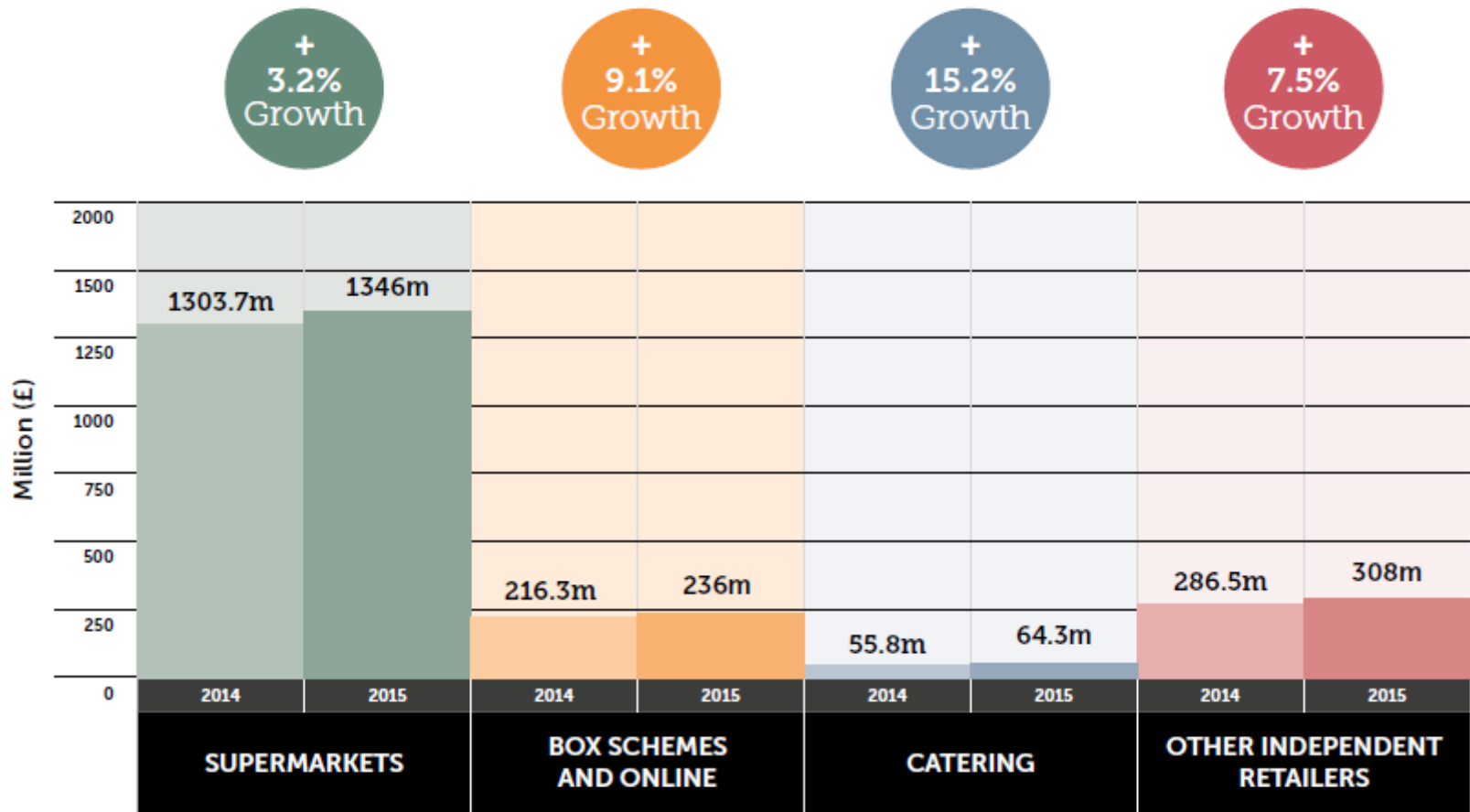
Market breakdown

PROPORTION OF TOTAL SALES OF
THE UK ORGANIC MARKET IN 2015



- Structure changing over time
- Supermarket share decreasing
- Independents and online in growth
- Catering provides future opportunity

Market Channels



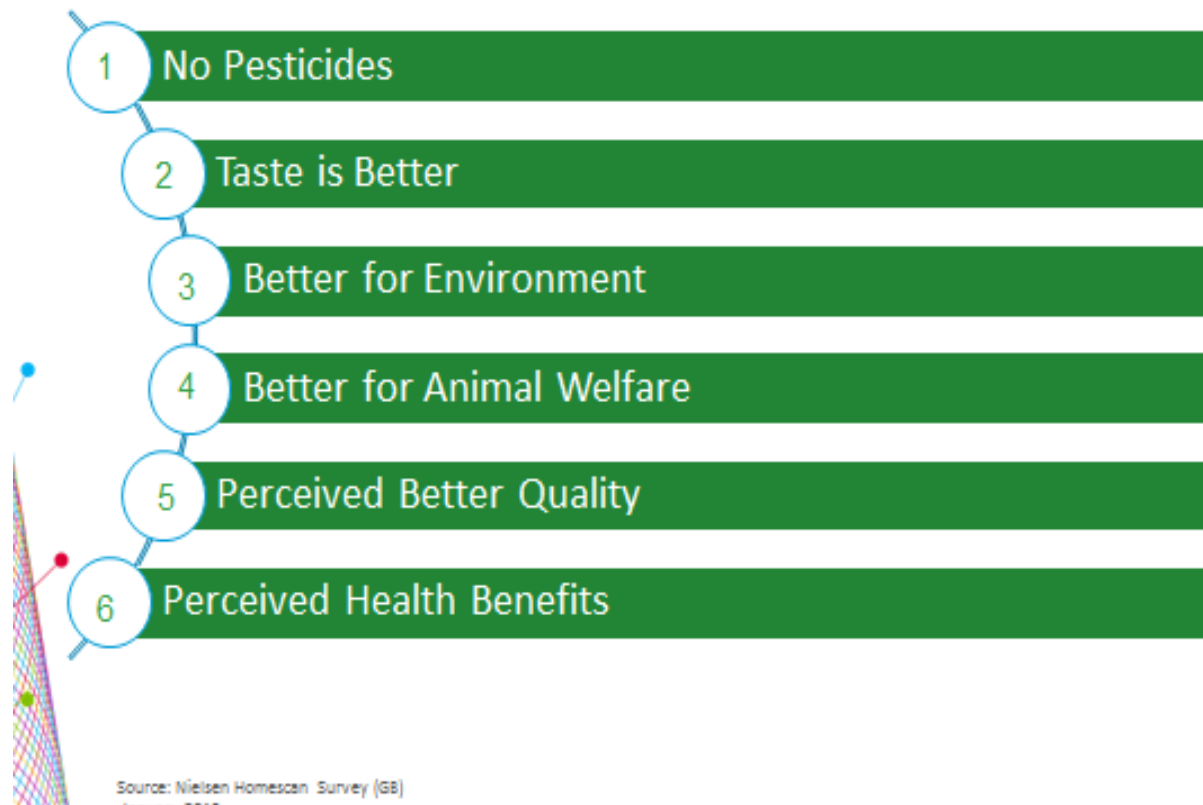
The Organic Consumer

- Younger, 20-35 year olds
- Affluent, London and Southern UK
- Informed about food
- Shops online and likes Brands
- Health & Well being is a priority
- Ethically and environmentally aware



Consumer Motivations

THE KEY REASONS FOR BUYING ORGANIC



Consumer Motivations



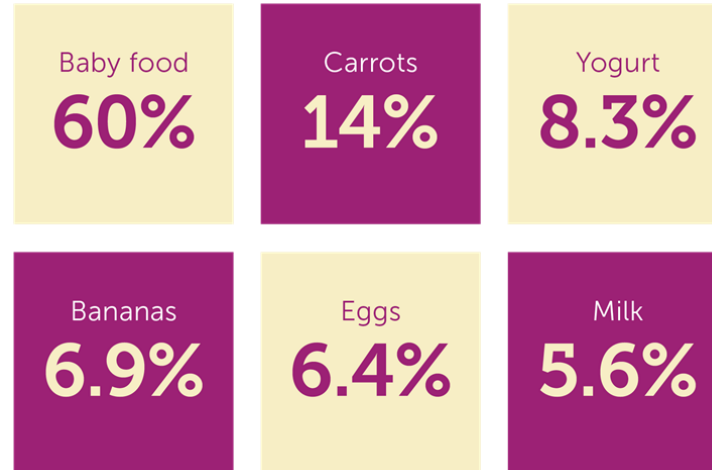
Quality standard is so important

Organic is a 'stamp of authenticity and integrity'

Organic is top tier in all retailers

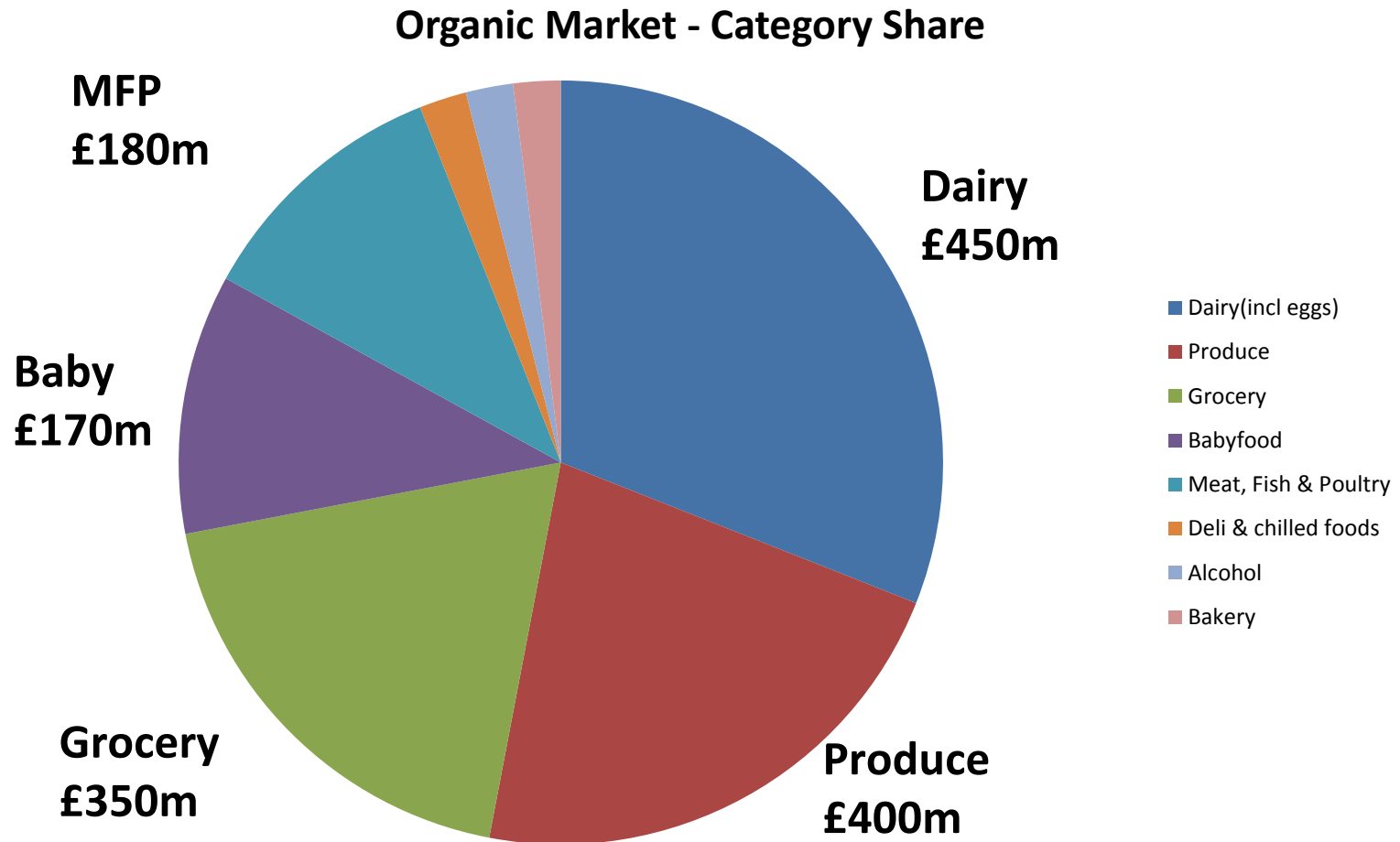
Source: IGD ShopperVista, Jul'15, main groce

Category Penetration



- Certain products are more accepted as organic
- Key branded grocery categories – significant competition for shelf space

Category Insights



Category Performance

- Grocery is leading the growth through brands
- Poultry and Eggs good availability
- Babyfood in line with the market
- Dairy held back by prices
- All categories performing better than non organic

	Share*	% Change
Dairy	26.6	+0.1 ▲
Milk	11.1	-2.2 ▼
Yogurt	11.1	+2.1 ▲
Fresh Produce	22.2	+3.5 ▲
Vegetables	7.9	-0.3 ▼
Fruit	8	+10.6 ▲
Salad	6.2	-0.1 ▼
Baby	10.5	+3.3 ▲
Red Meat	5.4	-8.1 ▼
Beef	3.3	-5 ▼
Lamb	1	-11.2 ▼
Pork	0.2	-4.2 ▼
Bacon & Sausage	1	-14.4 ▼
Fish	1	+25.1 ▲
Poultry	4.5	+13.1 ▲
Eggs	3.8	+2.6 ▲
Confectionery/Soft Drinks	4	+8.1 ▲
Canned & Packaged Grocery	15	+7.9 ▲
Homebaking	3.2	+8.5 ▲
Tea	1.9	+12.8 ▲
Cereals	1.8	+5.6 ▲

Dairy

- Milk is the key commodity
£150m
- Yogurts lead by brands ,
also £150m
- Scientific evidence has
fuelled growth
- Organic is secondary
motivator

£450m approx



Rachel's

Produce

- Totally own brand organic
- Dependent on the supermarket approach
- Box schemes taking share
- Taste and quality are key differentiators
- Lower volumes, more waste



£400m approx.

Grocery

- Broad choice of 'challenger' brands
- Key sub categories in growth – tea, cereals....
- Retail brand at lower prices
- More potential as life of product not an issue



£350m approx.

Babyfood

- 60% penetration
- Established brands – Hipp, Organix, Ellas
- Complicated sourcing to ensure integrity
- Competes on price with non organic brands



£170m approx.

Meat, Fish & Poultry

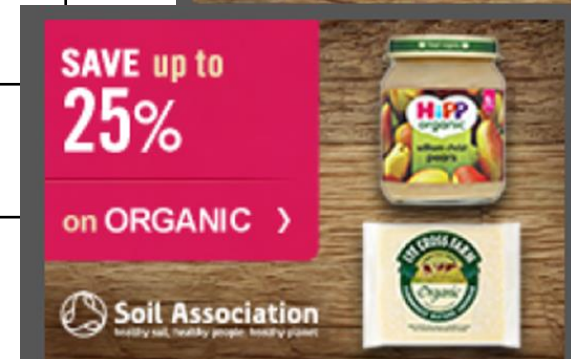
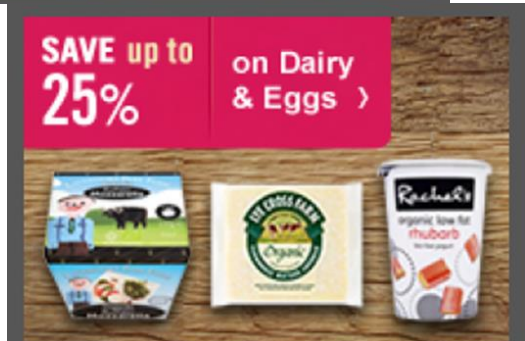
- Retail brand range
- High price differentials
- Supply and demand balance is challenging
- Poultry & Eggs in growth



£180m approx.

Pricing

Product	Organic Price	Non Organic Price	% difference
Bananas per kg	1.20	0.85	41%
Milk 4 pints semi	1.85	1.00	85%
Eggs Med x 6	1.90	1.15	65%
Tomatoes Plum 225g	1.80	0.90 (250g)	122%
Tea own brand 80s	1.75	1.50	16%
Mince own brand 500g	4.00	3.70	8%



Multiple Retailer Share

Retailer	Total Grocery(not overall retail) %	Organic %(estimate)	Importance for corporate strategy
Tesco	25.3	26	Medium
Asda	14.0	4.5	Low
Sainsburys	14.5	28	High
Morrisons	10.1	4.5	Low
Waitrose	4.9	23	High
Co-op	5.4	3.5	Low
Lidl	3.7	1.0	Low
Aldi	4.9	0.5	Low
Iceland	2.0	0	Low
Ocado	0.5	7.0	High
Marks & Spencer	3.1	2.0	Medium

Multiple Retailers

Approx
75% of
market



Approx
7%





Sainsbury's SO organic fruit & veg

It's never been easier to make the switch to fresh, organic produce with our extensive range of Sainsbury's SO organic fruit and veg.



Fresh from the farm

We are continually supporting British farmers to grow more organic crops. One such farmer is John Taylor, who runs his business from Manor Farm in Norfolk and has been farming organically for 10 years.

Meet the producer

Did you know...

- 1 Carrots, apples and bananas are among our most popular Sainsbury's SO organic fruit and vegetables.



709 lines



Waitrose Duchy Organic is our flagship organic brand. Created from a groundbreaking partnership between Duchy Originals and Waitrose, it is built on the shared principles of Good Food, Good Farming, and Good Causes set



[View our range >](#)

OFFER



Clipper Organic
Everyday Tea
250g

20% Off
Was £2.60

★★★★★ 4 reviews
Now £2.08
(83.2p per 100g)

OFFER



Green & Black's Organic
70% dark chocolate
100g

Add 2 for £3

★★★★★ 2 reviews
£2.00
(£2 per 100g)

OFFER



Green & Black's Organic
dark chocolate 85%
cocoa
100g

Add 2 for £3

★★★★★ 5 reviews
£2.00
(£2 per 100g)

OFFER



Kallo no added salt
organic rice cakes
130g

save 28p
Was £1.09

★★★★★ 2 reviews
Now 81p
(62.3p per 100g)

ucts in the range, from
and biscuits.

778 lines



3344 lines

TESCO



742 lines



Our Organic producers use their expertise to ensure that everything in our Tesco Organic range is produced in a way that's kinder to the environment. You'll find it packed with flavour too!



Other large retailers



Natural & Organic Store



Independent Chains



- Planet Organic
- As Nature Intended
- Daylesford Organic
- Wholefoods
- Nutricentre
- Box schemes
 - Riverford
 - Abel & cole
- Specific Online shops

Wholesalers



Marketing



Why eating organic is healthier as well as kinder to animals



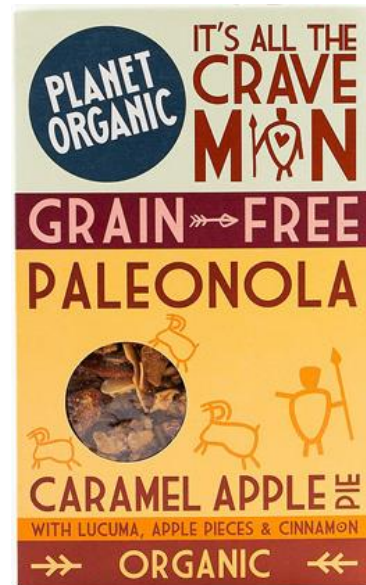
Amy Willis for Metro.co.uk Tuesday 16 Feb 2016 10:44 am



Innovation/Trends

1. The new consumer
2. Emerging channels
3. Categories that are new and different

“According to a [Gallup poll](#) conducted last summer, 45% of Americans actively seek out organic foods to include in their diets. Millennials are a lot more likely than average to feel that it’s important to go organic” Money July 2015



How to Succeed

- ✓ There is a **growing market** but you need to fully understand your sector in UK
- ✓ Organic is **on trend** with other 'specialist diet' products- however product must be unique
- ✓ The **Independent and online channel** should be the first approach

CHANGING CONSUMER HABITS BRING
OPPORTUNITIES FOR PREMIUM PRODUCTS
NEWS

29 FEB 2016

How to Succeed



- ✓ A launch needs to be backed up
 - PR and marketing in UK
 - UK ambassadors
 - A comprehensive commercial proposal
 - A route to market solution
- ✓ Keep up to date with all the ongoing developments on organic
- ✓ There is lots of information to access, both in the report and through Bord Bia