

Organic retailing development in Europe

BioFach 2008

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Green marketing

ORA
Organic Retailers Association

Overall development and trends

Sector development

- The organic retailing sector in Europe profited from the positive organic food market developments in 2007.
- The organic retail sector in Europe represents app. 5 – 25% of the total organic market country by country.
- In most countries, the organic retail sector grew proportionally to the general organic market.
- Organic retail sector has gained more significance in some Southern and Eastern European and Scandinavian countries.
- New enterprises or branches of specialized organic retailers emerge on a nearly constant basis in Europe.

Overall development and trends

Marketing and sales concept development

- The diversification of sales concepts and marketing tools are visible indications that the organic retailing sector is maturing.
- Diversification of retail outlets: large organic supermarkets, organic convenience stores in train stations or shopping centers, organic discounters, organic wine or tea shops, organic butchers and bakers, natural cosmetic and textile shops.
- Common marketing programs:
 - [ECHT BIO.] in Germany and Switzerland (20% of shops)
 - “b'io” in Italy (200 shops)



org-e
organic excellence



vierlinden
BIOSUPERMARKT



Overall development and trends

Product development

- Bigger selection of fresh, out of season and exotic produce specialties
- Chilled and frozen convenience products
- More emphasis on lifestyle product lines, high quality goods, „pleasure“ segment, „meeto“ products
- Regional and Organic = Ideal combination for organic retail
- Natural care and cosmetic products expansion, natural household products
- The international shortage of raw materials represents a challenge for the coming years, and will likely result in price inflation.



Germany

- Specialized retail under pressure from conventional retailers
- REWE opens new organic retail shops
- Organic supermarkets – about 450... and growing...
- Basic acquisition by Schwarz group averted
- Traditional organic manufacturers, including Demeter, increasingly supply conventional retailers as well

Switzerland

- Organic retailing sector: 15% of the total organic market
- Total organic market grew by 6%, the organic retailing market by 10%.
- Merger of three wholesalers Eichberg, Vanadis and Via Verde to the market leading firm 'Bio Partner Schweiz AG' (60 Mio. € sales / 85% market share)
- Specific sales promotion programs without price cuts (wine, cheese, specific vegetable cultures), developed by Bio Plus AG. This helps organic retailers to push their sold volume without reducing their price margins.
- Success of the [ECHT BIO.] marketing program
- Best Organic Retailer of the year 2008 Awards (first time this competition will be conducted in CH)



Italy

- The organic retail sector experienced a 15 % increase in sales over the last year, while sales in conventional retail stagnate
- Specialized retail still holds 60% share of the market, has grown fastest, has modernized and enlarged shops
- The largest organic wholesaler Ecor operates its own organic supermarket chain Natura Si, with 60 outlets nationwide
- Ecor offers marketing program b'io (206 shops)
- 650 schools server organic meals

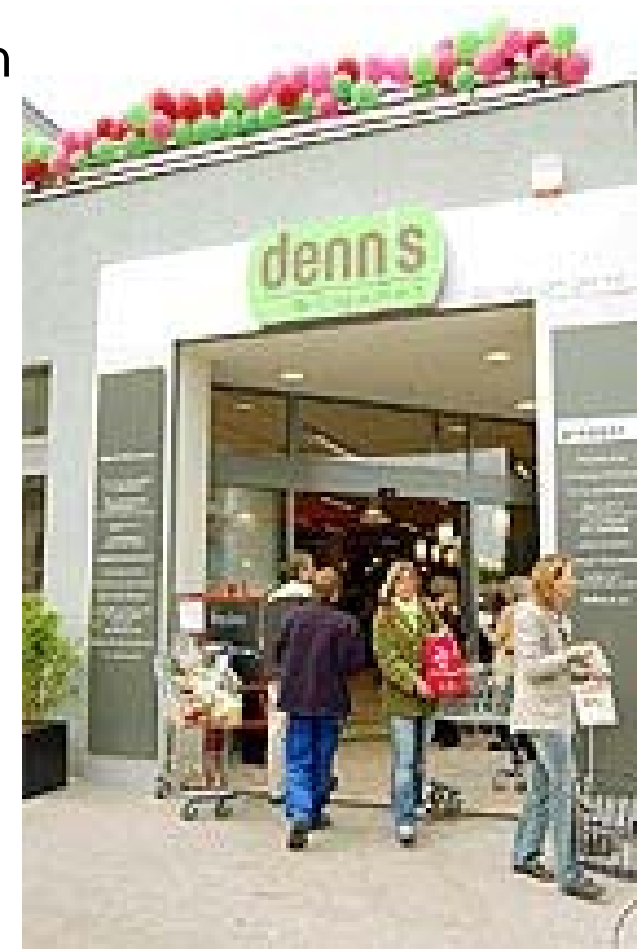
Great Britain

- Whole Foods Market entered the European market in 2007. In central London, Whole Foods opened a huge warehouse style supermarket with a surface of 7'400 m² and 500 employees; approximately one third of the product assortment is certified organic.
- Specialized retail shows strong growth, organic supermarket Planet Organic expanding nationally



Austria

- The entry of German organic supermarket chains Basic and Dennree into the Austrian retail sector generate growth in the sector
- Austrian enterprise Livit continued expansion
- Sonnentor began selling franchises for organic tea, spice and herb concept stores



Central Europe

Czech Republic:

- On the skyrocketing market new shops opening, turnover rising... but specialized retail loosing market share to even faster growing conventional trade.

Poland:

- Organic Farma Zdrowia – new organic retail chain of 15 shops
- Organic retailers share of the market over 70%

Hungary:

- Organic shops loosing share to supermarkets
- New 100% organic shops opening
- Farmers markets very popular

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bon appetit bon appetit bon appetit bon appetit bon appetit

Thank you for your attention

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Source:

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