# Latest Trends in the European Organic Retail Market

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# European Organic Retail Market

## KEY POINTS:

- Strong growth (5-30+%) in most countries, including new EU members
- Conventional supermarkets emphasize “quality products” and “green issues”
- Discounters selling large amounts thanks to low prices and expanding consumer base
- Organic supermarkets growing fastest
- Small but smart: specialization is the trick

# European Organic Retail Market

**Different regional development:**

- **Italy, France, Belgium: specialized shops and direct marketing growing faster than conventional trade**
- **Germany: strong growth in discounters and conventional trade, organic supermarkets**
- **Switzerland: organic supermarkets struggling**
- **UK: conventional trade growing fast, but direct markets and specialized shops even faster**
- **CZ: fast growth of conventional trade – supermarkets and drugstores**
- **Austria: small organic shops struggling, supermarkets growing fast**

# European Organic Retail Market

**Diversity of organic channels – ‘multi-streams’**

- **Supermarkets and hypermarkets**
- **Discounters**
- **Independent food shops**
- **Health and Natural food shops**
- **Organic shops and supermarkets**
- **Specialised shops: butchers, bakers, natural body care shops, natural textile boutiques**
- **Farm shops**
- **Farmers’ markets**
- **Box schemes**
- **On-line shopping**
- **Gastronomy: restaurants, cafés, delicatessen, sandwich bars**

# Germany

- Organic-supermarkets – about 250… and growing… but already a fight for best locations
- Organic food products available at retail outlets has increased
- 90 % of all German households bought at least one organic product in 2006
- Extreme growth in discounters, who are using organic food to give their business a significant boost – private brands
- Specialized retail outlets finding the niches
- Raw materials shortages on the horizon

# Italy

- Steady growth of the market, will be boosted by the new government promotional campaign
- Specialized retail still holds 61% share of the market, has grown fastest, has modernized and enlarged shops
- Organic supermarkets expanding
- Other specialised chains growing by franchising, create trade synergies with wholesalers
- Conventional trade is struggling
- No organics in discounters
- 1 mill organic meals a day in public catering

# Great Britain

- Fast market growth: 30%
- 65% consumers buy organics - affluent society, shoppers less concerned with cost than about quality, changing attitudes to food, affected by factors such as celebrity chefs and fears about obesity, and climate change concerns
- Conventional retail: 76% market share, expanding range of organics, Fair trade, ethical food and fibre
- Specialized retail shows strong growth, organic supermarket Planet Organic expanding nationally
- Direct marketing channels gaining popularity and market share

# Switzerland

- Market experiencing some difficulties but Swiss consumers continue to be the biggest spenders in Europe at €103/p/p.a.
- Partner program [ECHT BIO.] giving new drive to the specialized retail
- Discounters Aldi and Mueller frighten traditional market players
- Market looks for alternatives to leading chains COOP and Migros
- Organic supermarkets still looking for best strategy

# Latest Trends

## International expansion

- Organic supermarkets moving to new markets: Basic and Denn’s to Austria, Bio Planet to the Netherlands, NaturaSi to Spain
- Whole Foods to Europe (UK)
- Aarstiderne to Sweden
- [ECHT BIO.] to Switzerland
- Austrian retail organic brands to Czech Republic

# Latest Trends

## <u>Greening of multiple retailers</u>

- Tesco, Sainsburys', Marks&Spencer, Morrison, Asda: "green and sustainable" initiatives to win a more educated and environmentally aware consumer base
  - Renewable energy, composting, recycling, compostable packaging, reducing carbon emissions, recycled plastic, local sourcing, Fair trade,

    organics, no GMO, no trans-fats…
- Billa Austria: repositioning towards "high quality" instead of "best price", organic food a key point

# Latest Trends

## Private store brands

- Worldwide, private labels' share of consumer packaged-goods sales is expected to climb from 14 percent in 2000 to 22 percent in 2010
- With private label, retailers reap higher profits and profit margins, gain greater leverage in negotiating with brand manufacturers, build loyalty and sell higher price and margin goods
- Whole Foods Markets and Wild Oats Markets in the USA
- All European multiple retailers, but also organic supermarkets and shops
- Private brands for natural cosmetics at drugstore and discount chains

# Latest Trends

## New retail concepts for natural body care

- Discounter and drugstore chains' private brands
- Dr. Hauschka own "beauty counters" in German department stores
- Weleda own flag ship store in Paris
- Tautropfen own flag ship store in Rome

# Latest Trends

## New EU Members

- Very little domestic market for organic food
- Most purchases via direct marketing channels
- Organic farming area grows, as well as export

# Future Development

- Continued growth of markets thanks to higher and wider acceptance of organic products, increased number of purchases and the amount spent.
- To keep the momentum, organic food has to keep its best quality image. Consumers will have to be able to rely on the fact that organic products really are organic.
- Whole Foods Market will enter UK this summer
- Discounters will seize further market share in some countries
- Shortages may occur as demand outstrips supply in some commodities

# Thank you for your attention!

**Sources:**

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