The Australian Organic Market

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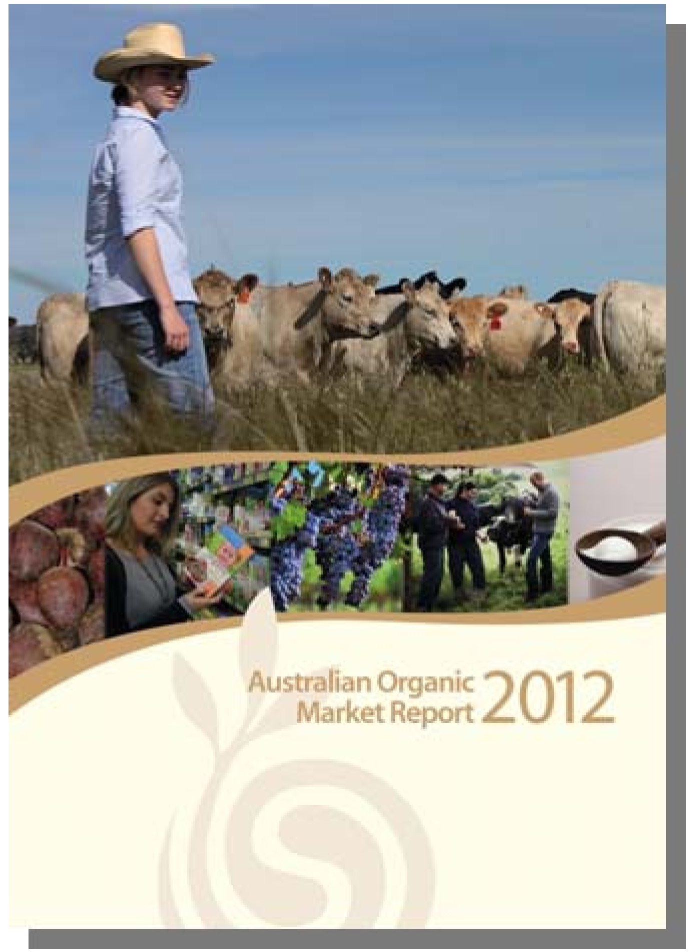
Who is Australian Organic Ltd?

- 25 year old industry group, 1300 members, 2,000 certified clients (from industry of 3,000) oriented towards promotion of organic food and farming
- Owns Australian Certified Organic “Bud” brand
- Is recognised and respected in the organics industry as professionally focused and mainstream in orientation
- Has a “broad church” of membership and operators in its ranks, reflecting the industry
- Has subsidiary activities promoting organics to urban consumers and to rural sector in Australia.

Australian Organic Market Report



Summary

- Total Australian industry estimated to be valued at $1.276 bn in 2012. Conventional food and beverage industry estimated $130.3bn (DAFF 2011a)
- Australian organic industry continues to command a relatively small percentage of total market value (sectoral range estimates of 0.8–1.2% and more with some sectors) while growing above growth rates for conventional produce.

Summary

- Barriers – exports remain suppressed due to high Aus $, constant supply needs to meet demand (process of freezing and other value adding). The exception to this has been Beef/Lamb and Dairy products
- Estimated farm gate value has grown 16% per annum since 2009
- Whilst organic farming is increasing to a larger scale ABS figures suggest over 50% of primary production remain on a smaller scale.
- Total area certified organic = 11,199,577.4ha


THE VOICE OF AUSTRALIAN ORGANICS

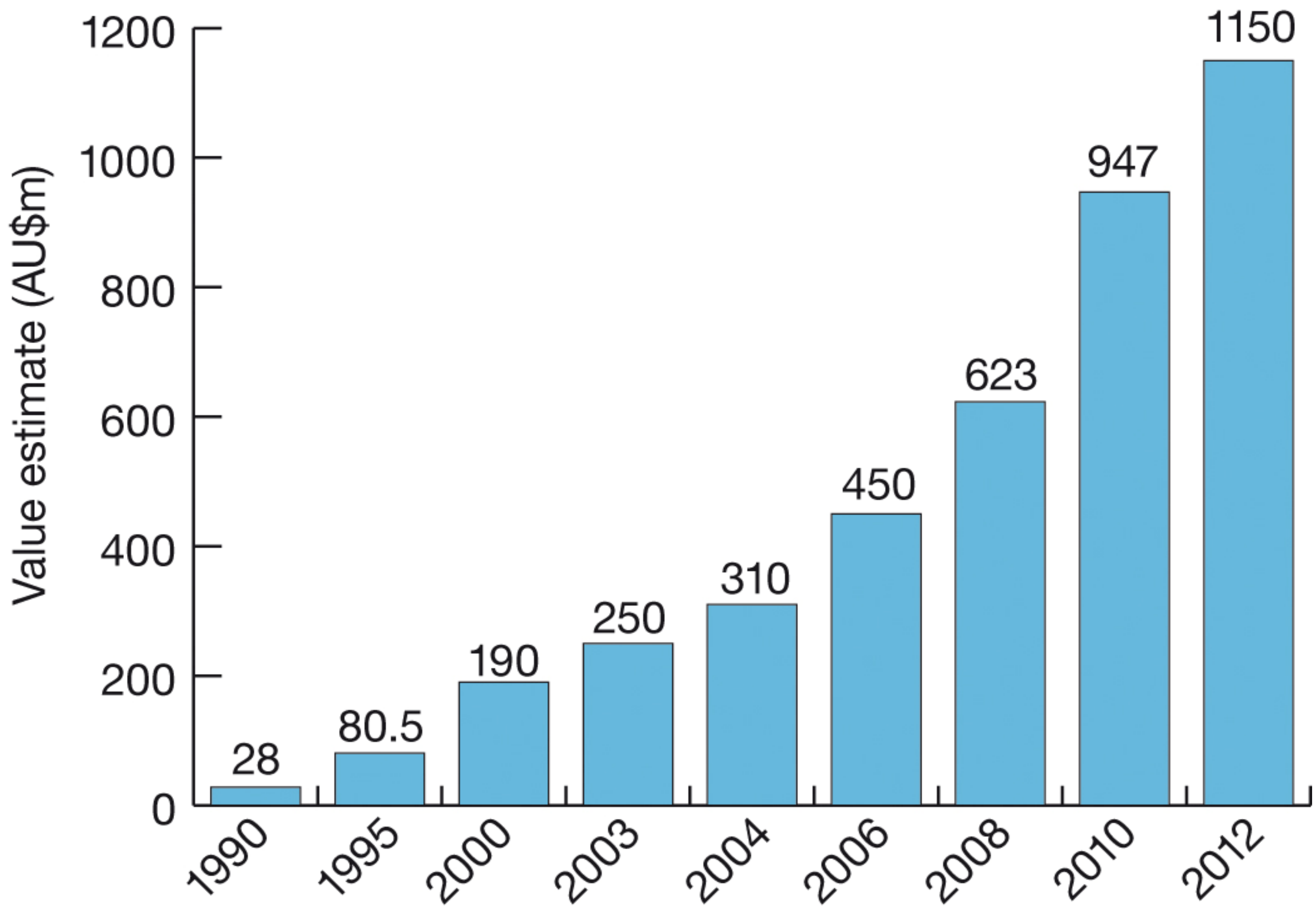


Figure 1 Retail value growth 1990–2012

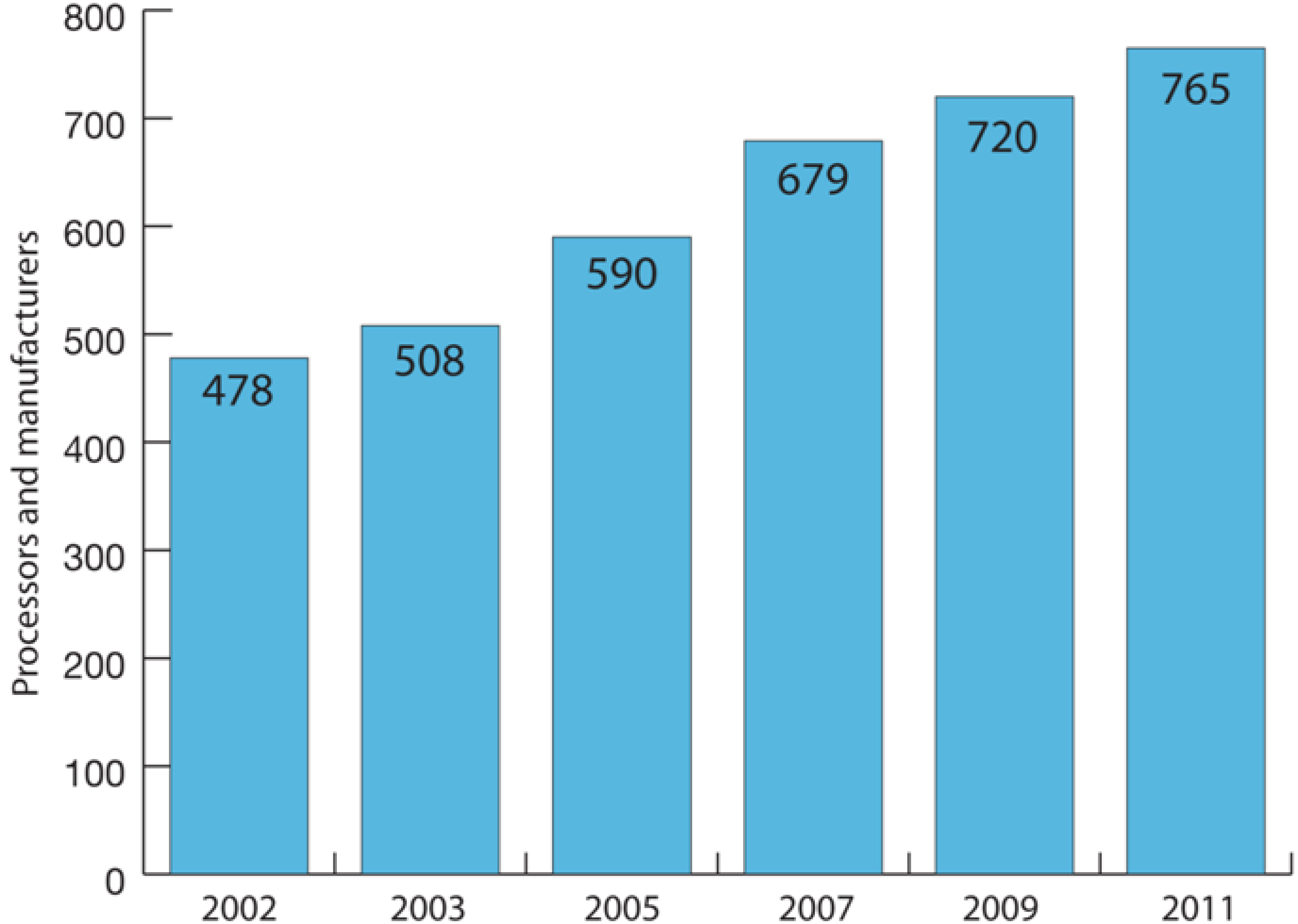


Figure 30 Processors and manufacturers – total numbers 2002–2011


Certified Organic
Fruits
&
Vegetables
feel better
natural-ly
supplements.
the whole story
health & bodycare
organic
Pineapple Sweet
organic
Apples Pink lady
$7.99 KG
organic
Apples Granny Smiths
$7.99 KG
organic
Apple Gala
$7.99 KG
organic
Apple Fuji
$7.99 KG
organic
Mandarins Imperial
$11.99 KG
organic
Kiwi Fruit
Australian
7 reasons to buy organic APPLES
special
Organic Asian Explore
Soy/black bean
2 for $7
special
Bioitalia
Fusilli Spirals 500g
2 For
$4
special
Bioitalia
Baked Beans 420g
2 For
$3
Organic Watermelon
special
Our Price
$19.95
Save $20

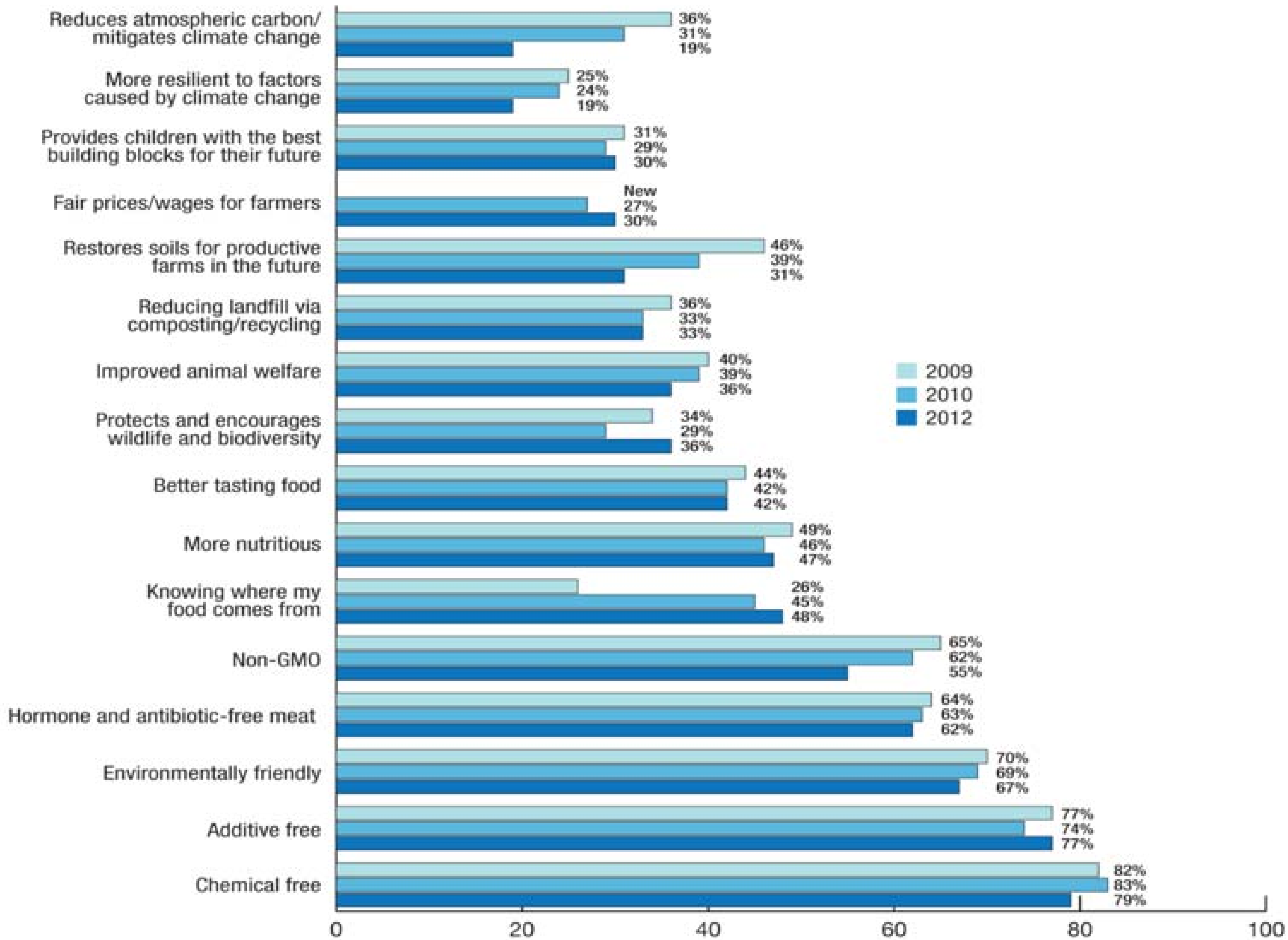


Figure 37 Perceived benefits

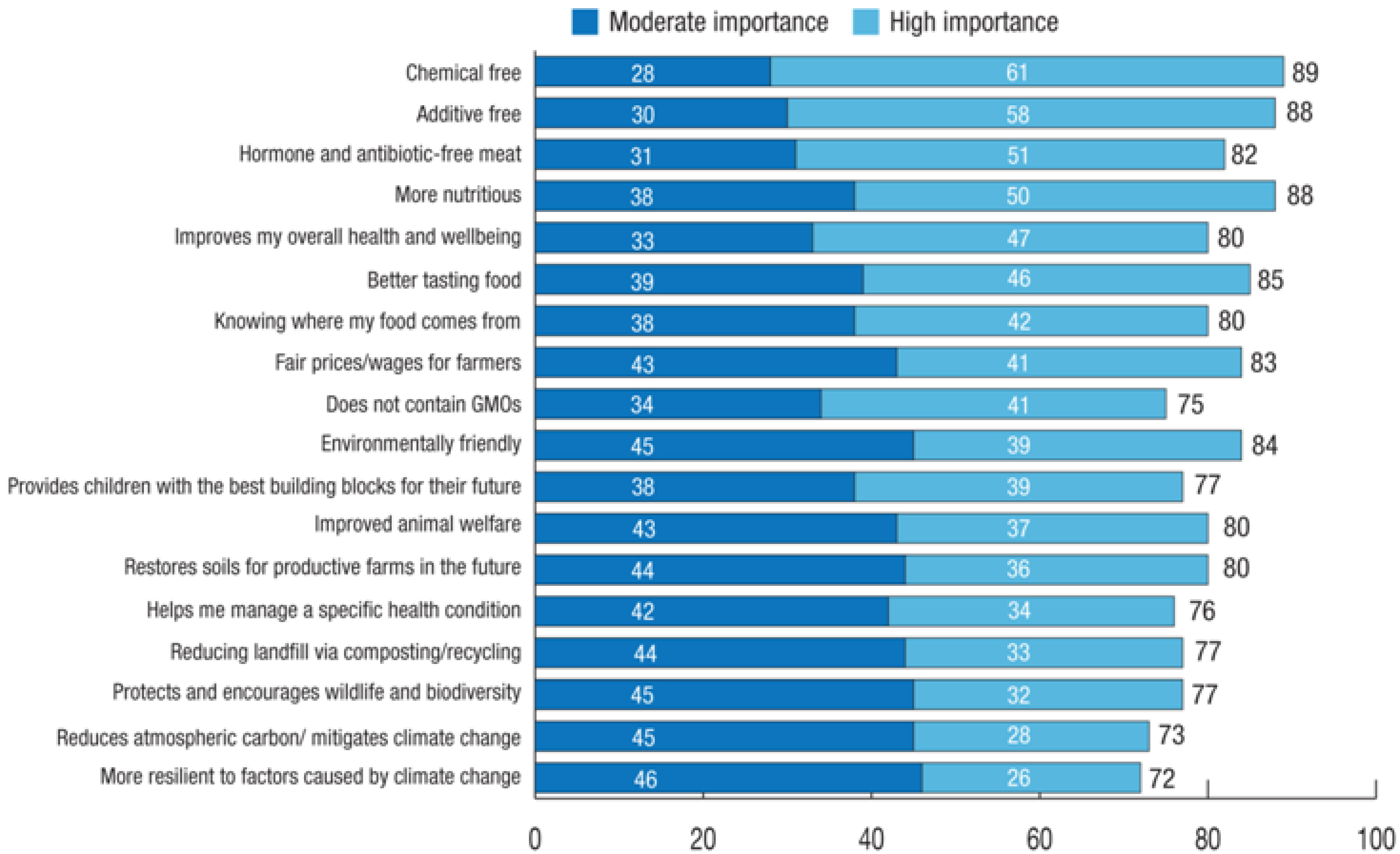
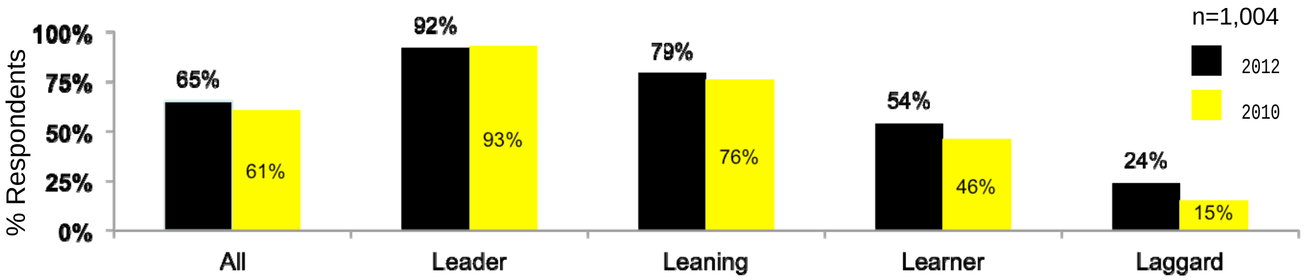


Figure 38 Organics: important factors (%)

Participation in Organics

Q3: For each of the following product categories, please indicate how frequently your household usually purchases organic products. (select one response per food type)

‘Segment Response’ - % households purchased in last 12 months – any Organic product segment



In 2012, 65% of adult Australians claimed to have purchased at least one organic product, an increase of 4% compared with 2010.

The penetration of organics within the community remains strongly aligned to LOHAS segment. Leaders continue as the most committed group with 92% saying that they had purchased in 2010.

However there is evidence of good progression in the democratisation of usage, with those in the Leaning, Learner and Laggard segments all showing strong gains in participation compared with 2010.

In 2012 nearly 8 in 10 in the Leaning group said that they had purchased, over half those in the Learners and now just under a quarter of the Laggards.

The usage of organic products amongst Australian household is progressively mainstreaming over time.

	2012	2010	2009
Perceived benefits of organics			
Chemical free	79	83	82
Additive free	77	74	77
Environmentally friendly	67	69	70
Most important benefits of organics (high + moderate importance)			
Chemical free	89	91	-
Additive free	88	89	-
More nutritious	88	87	-
Households purchased any organic product last year			
	65	61	-
Highest penetration categories (purchased in last year)			
Organic fresh fruit and vegetables	60	57	-
Organic home-cooking ingredients	45	44	-
Organic canned goods	39	42	-
Highest purchase frequency categories (every 1–30 days)			
Organic non-alcoholic beverages	49	48	-
Organic fresh fruit and vegetables	47	45	-
Organic dairy	44	44	40
Major barriers to further purchase			
Price/value	80	81	82
Knowing you can trust it is organic	48	57	54
Quality of produce	41	46	New
Prompted awareness of organic certification marks			
ACO	31	23	21
NCO	19	15	12
USDA	7	New	New

Figure 36 Snapshot of findings: the Australian organic consumer 2009–2012 (%)

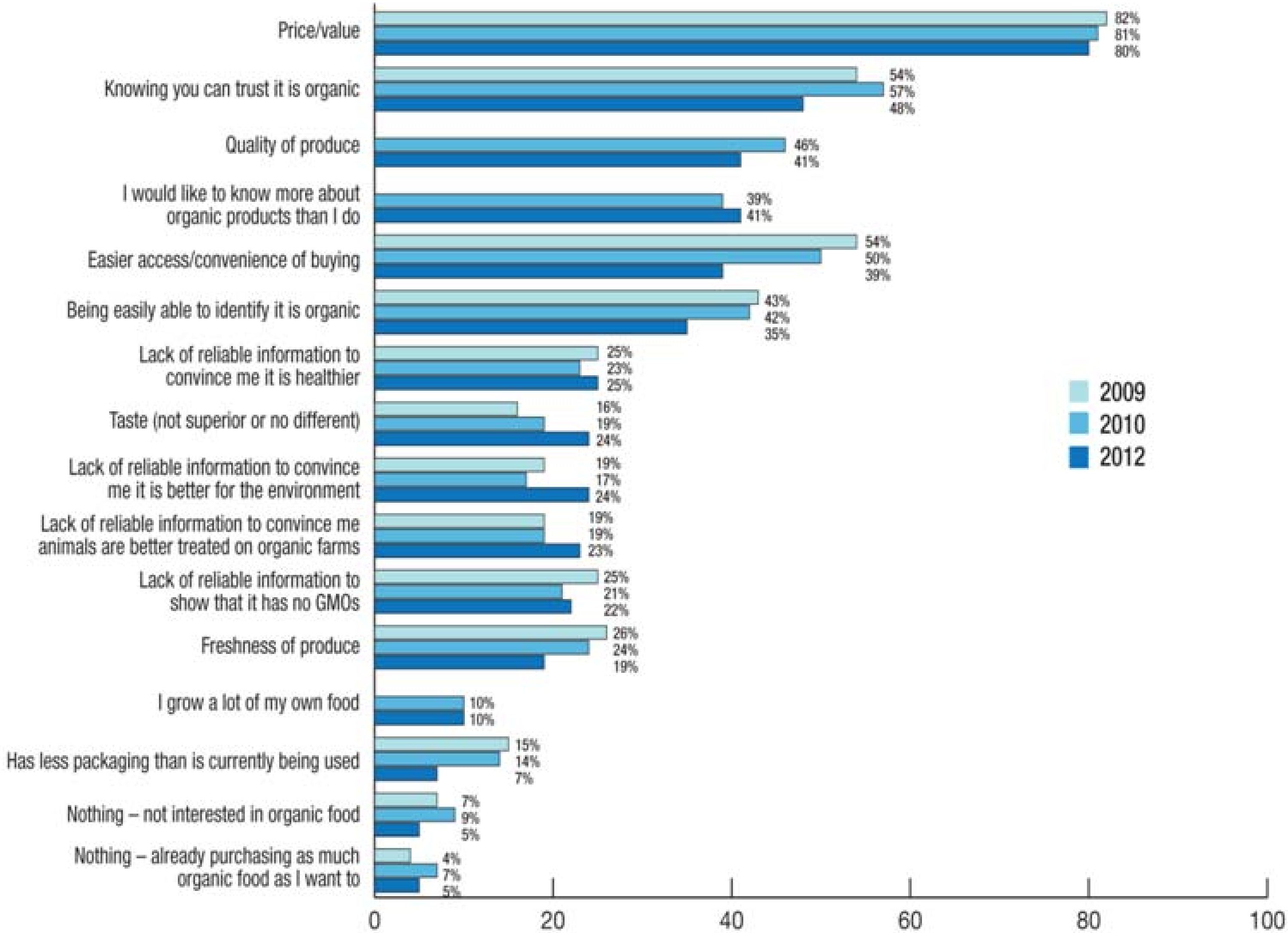


Figure 44 Organics: barriers to purchase

ACO Bud – the Winner of the Choice Food Endorsement Awards

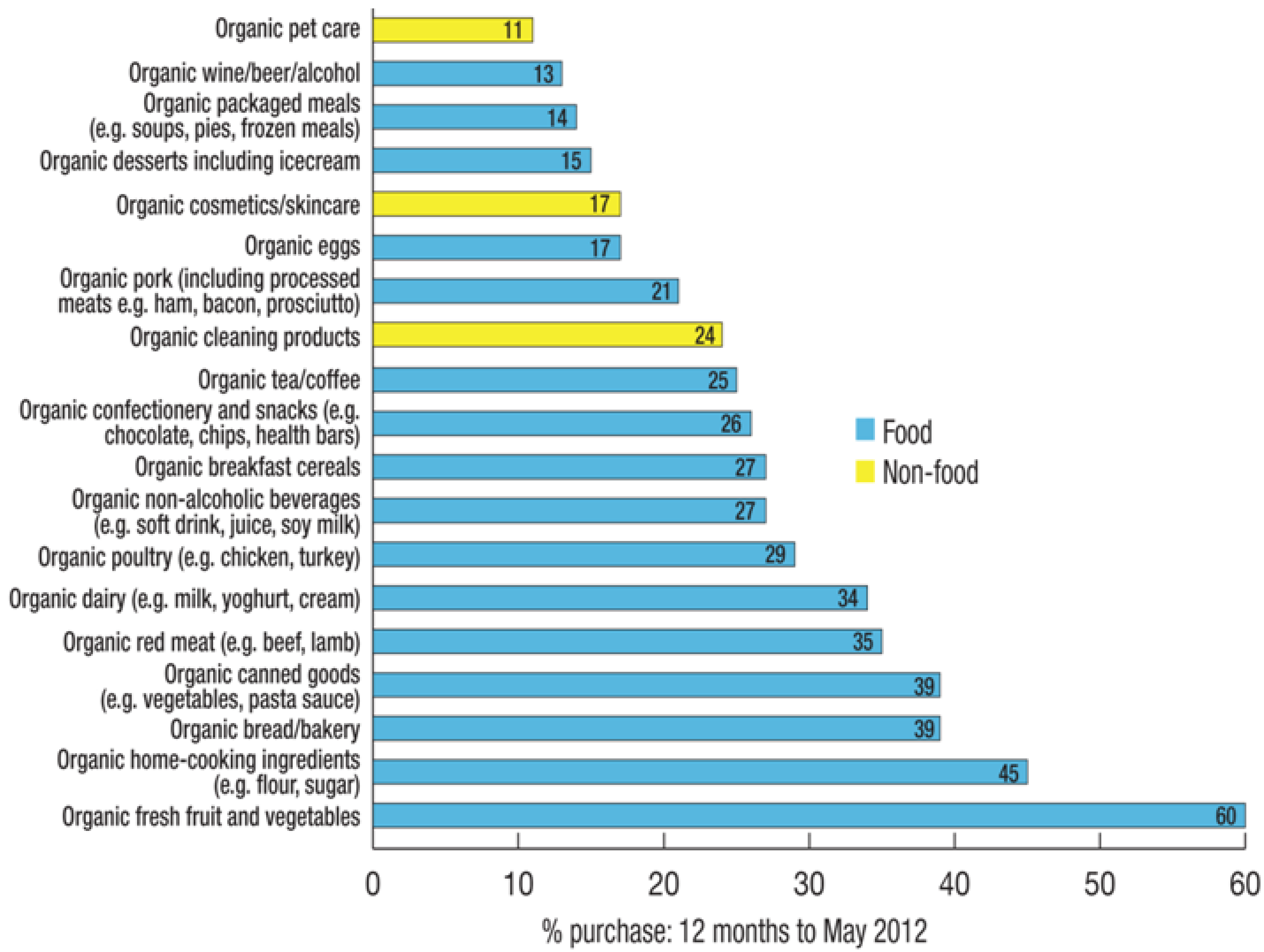


Figure 39 Participation rates

Australian Organic Information

Free information downloads:

- Australian Organic Market Report (Biennial)
- ACOS (Standard) (covers AS 6000)
- Organic Advantage e-zine

- Bud Organic magazine
- Australian Organic Producer magazine

www.austorganic.com