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FOODSCAPES
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Strengthening organic food value chains in Germany

First results of the EU-project HalthyGrowth – From niche to volume with integrity and trust

- Funded by the German Ministry of Food, Agriculture and Consumer Protection with the Federal Program for Organic Agriculture and other forms of Sustainable Agriculture (BÖLN) -

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Outline

- Background - organic food market in Germany
- Weaknesses and challenges of the organic food market in Germany
- Conclusions
- Outlook

Development of the organic food market in Germany

- Beginning in the 1920s (A, DE, CH)
- Since the 1950s, establishment of two directions: Biodynamic and organic-biological agriculture
- In the 1970s and 1980s, rising interest in “green” issues by an increasing proportion of the German population
- In the 1990s, conventional retailer started organic marketing (new organic retail brands)

Today: Key figures of the organic market in Germany

- Due to significant growth rates: German food and organic market is the largest in Europe!
- Volume of organic sales 7 billion € (2012)
- Several organic associations (8) (mainly above EU-standard)
- 8% of farms and 6.3% of agricultural area under organic cultivation (2012)
- About 60% of national demand for organic products is satisfied by domestic production (but: falling share of domestic production!)

How much organic do German consumers buy*?

- „We only/often buy organic food.“ 22 %
- „We sometimes buy organic.“ 52 %
- „We never buy organic.“ 26 %
- „We will never buy organic.“ 19 %

„I only/often buy organic“

- Consumers < 30 years 23 % (+ 9%) 
- Consumers > 50 years 19 % (- 7%) 

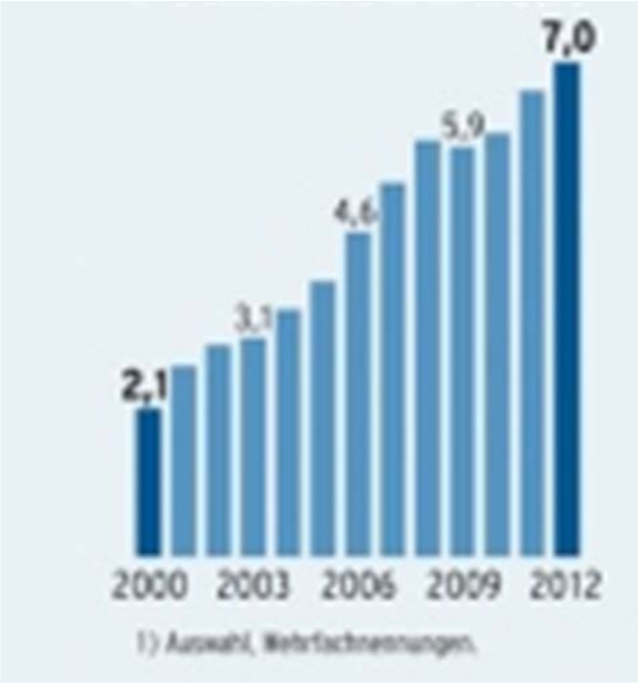
* BMELV Ökobarometer 2013

German demand for organic food

Top-arguments

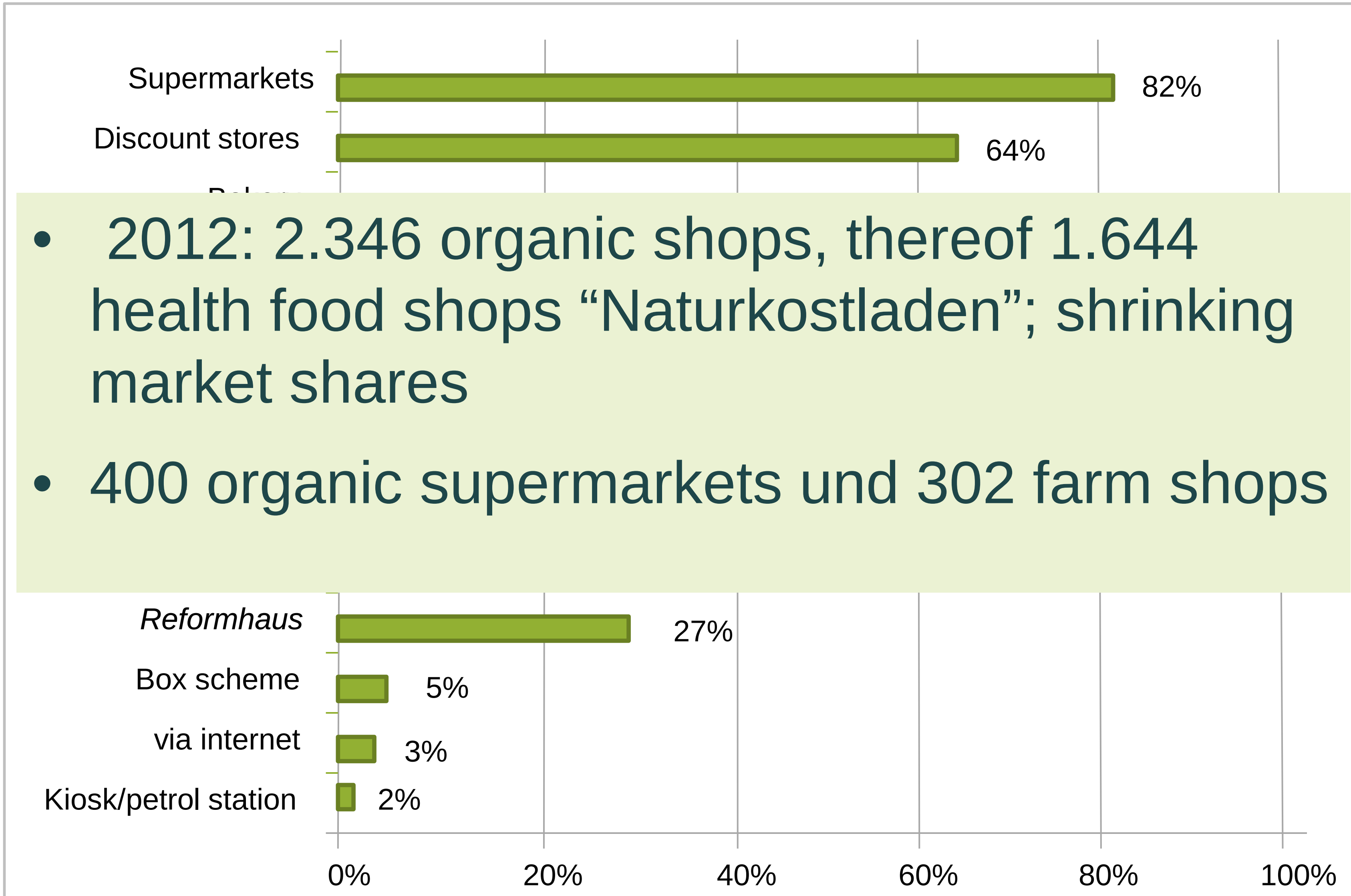
- Regional origin (87%)
- Animal welfare (85%)
- Less pesticides (83%)
- Less food scandals (59%)

Increasing turnover in bn €



Source: FAZ Finanzen online (15 June 2013)

Places of purchase for organic food in Germany



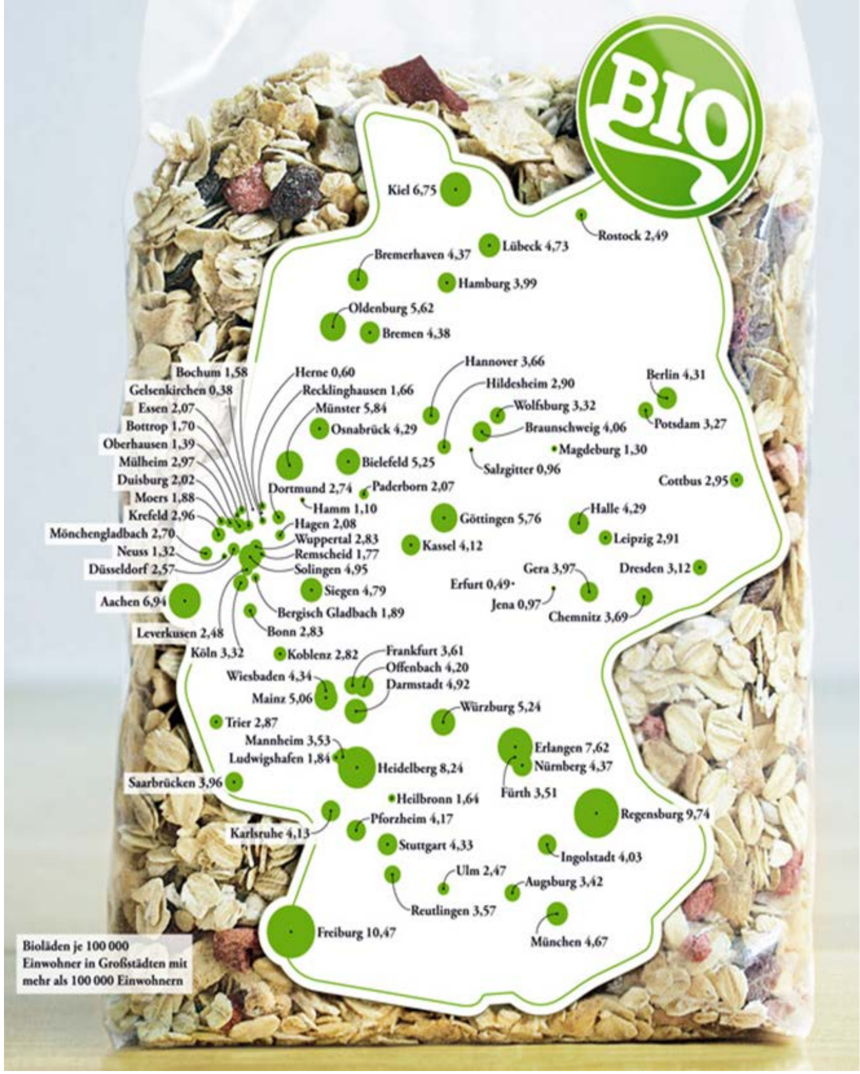
- 2012: 2.346 organic shops, thereof 1.644 health food shops “Naturkostladen”; shrinking market shares
- 400 organic supermarkets und 302 farm shops

Source: BMELV Ökobarometer 2013

Organic shops

Density of organic shops in German cities (> than 100.000 inhabitants) per 100.000 inhabitants

- High density of organic shops in university cities in the south
- Density = proxy indicator for high proportion of organic consumption



Source: Zeit online, 28 October 2009

Turnovers and their percentages for organic food in Germany

Turnover without dining out consumption

	Turnover 2011 (in bn €)	Percentage 2011 (in %)	Growth 2011 (in %)
Health food shops 1)	2.07	31%	10%
Food retail market 2)	3.53	54%	8%
Other matters 3)	0.98	15%	11%
Altogether	6.59		9%

References: BÖLW 2013

Notation:
1) Including farm shops with additional purchase in wholesale and turnover of > 50.000 €
2) Including drugstores
3) Bakeries, butcheries, specialised fruit/vegetable shops, farmers markets, yard sale, box-schemes, mail order business, petrol stations, *Reformhaus*

Diversity of organic food chains

- High variety of organic markets: numerous partnerships between farmers/producers, processors, retail/wholesale businesses and consumers
- Specific partnerships in the organic food chains

Food chain examples	Characteristics of the partnership
Producer cooperatives	• Common production, pooling and marketing of products - adequate assortment • Additional marketing opportunities • Price advantages for individual producer
Consumer cooperatives	• Incorporation of consumers for common purchase • Common administration of purchases • different marketing forms like associate shops, distribution spots, box-scheme, private pick-up
New trends	• CSA - contract between farmer and consumer ("good" production – financial/labor contribution • family and community gardens – "growing own food"

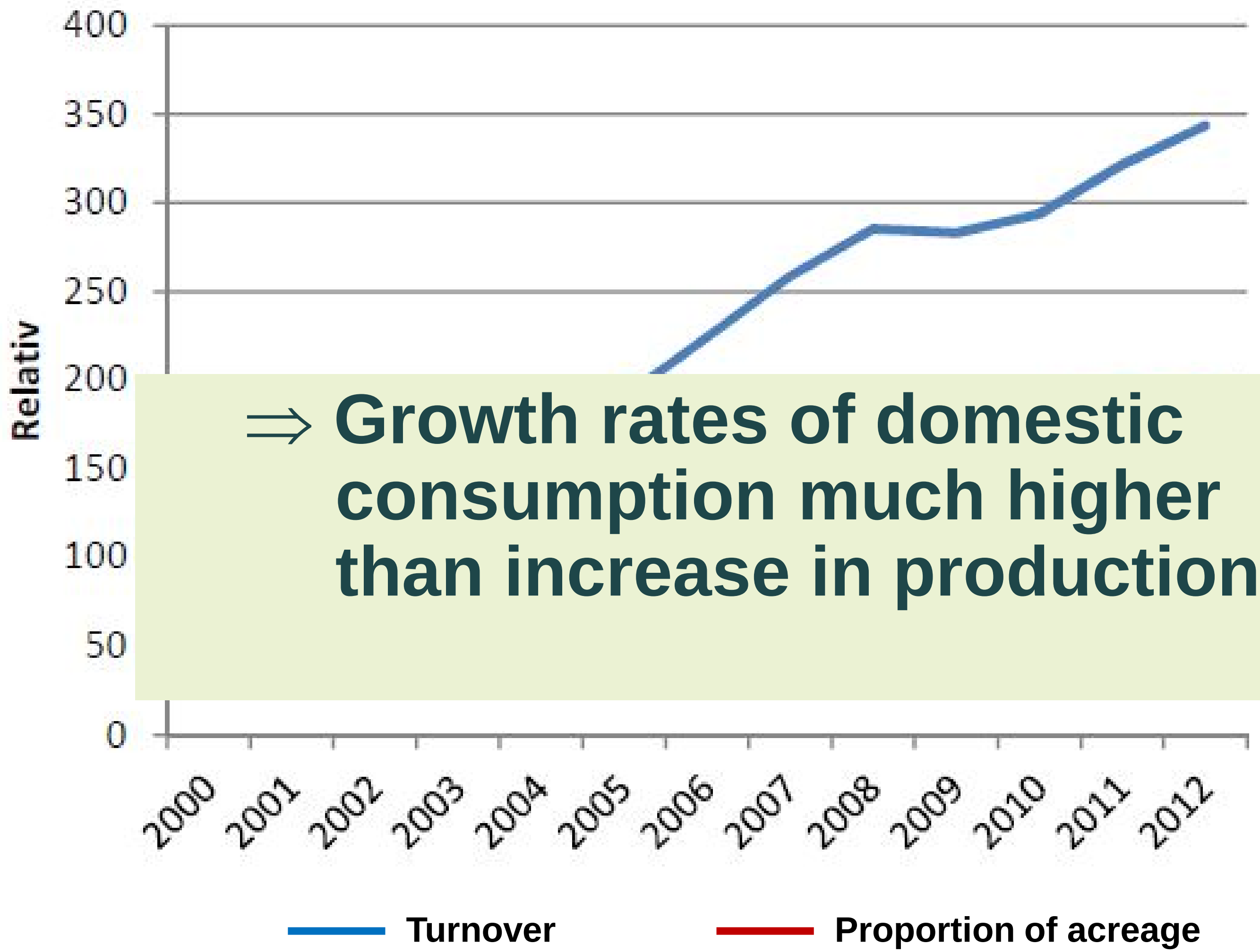
Weaknesses of the German organic food market

- Establishment of “2-class-organic”: “good” and “bad” organic
  - EU-label versus organic association´ labels
  - Communication and distribution issues (e.g. direct marketing vs. discount stores)

- Declining demand of certain consumer groups (e.g. 50-59 years) due to scandals and critical statements in publicity

⇒ Trust became a major issue for organic!

Growth of market volumes and share of cultivated organic land area in Germany



⇒ **Growth rates of domestic consumption much higher than increase in production!**

Source: Koepke and Kuepper 2013

Challenges of the German organic food market

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- Adequate pricing – acceptance of premium prices
- Integration of organic products in conventional logistic/ distribution system by simultaneously maintaining trust (transparency, short transport, regional origin etc.)
- Change of organic market from “acting by persuasion” to “mainstream profitability”

⇒ **The issue is present in high level discussions such as BioFach 2013 titled “Shared values. Action for a future world.”**

Conclusions

- Long tradition of organic production and consumption
- Significant volumes – highly diversified market
- Major issues for organic food production in Germany:
  - Organic food lost consumer trust
  - Unequal growth rates of consumption and production
  - Relatively low prices for imported organic products (international standards versus Demeter, Bioland etc.)
  - Relatively high costs for labor and land

Action is needed!

- Need to (re-)gain trust
- Need to link organic volume markets with values – mainly trust
- Strengthening of domestic organic food production

⇒ **Approach: Development or establishment of alternative food chains such as *mid-scale value-based* organic food chains**

Outlook

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EU-Project HEALTHYGROWTH (2013-2015)

- Hypotheses
  - Mid-scale value chains have different marketing logics and therefore able to combine volume growth with high level of organic value
  - Organizational forms constitute potentials for further development and growth of organic markets
- Objectives
  - Deduction of generalizable principles of successfully growing food value chains
  - Lessons learned from case studies provide new perspectives for expanding small-scale producers
  - Development of locally adopted best practice and policy recommendations

Questions?

Recommendations?

Further information / contact:

HEALTHYGROWTH
http://www.coreorganic2.org/healthygrowth

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Imports of organic food in Germany: share (%) and origin

Imported crop	2009/10 in %	Main export nations
Potatoes	28	Austria, Israel, Egypt
Carrots	48	Netherlands, Israel, Italy
Onions	35	Netherlands, Argentina, Egypt
Apples	~ 60	Italy, Austria, Argentina
Eggs	30	Netherlands, Italy
Pork	22	Netherlands, Austria, Denmark
Milk and dairy products	16	Denmark, Austria

Source: Koepke and Kuepper 2013