

The Evolving Organic Market – Ireland and overseas

November 2021
Seamus McMenamin

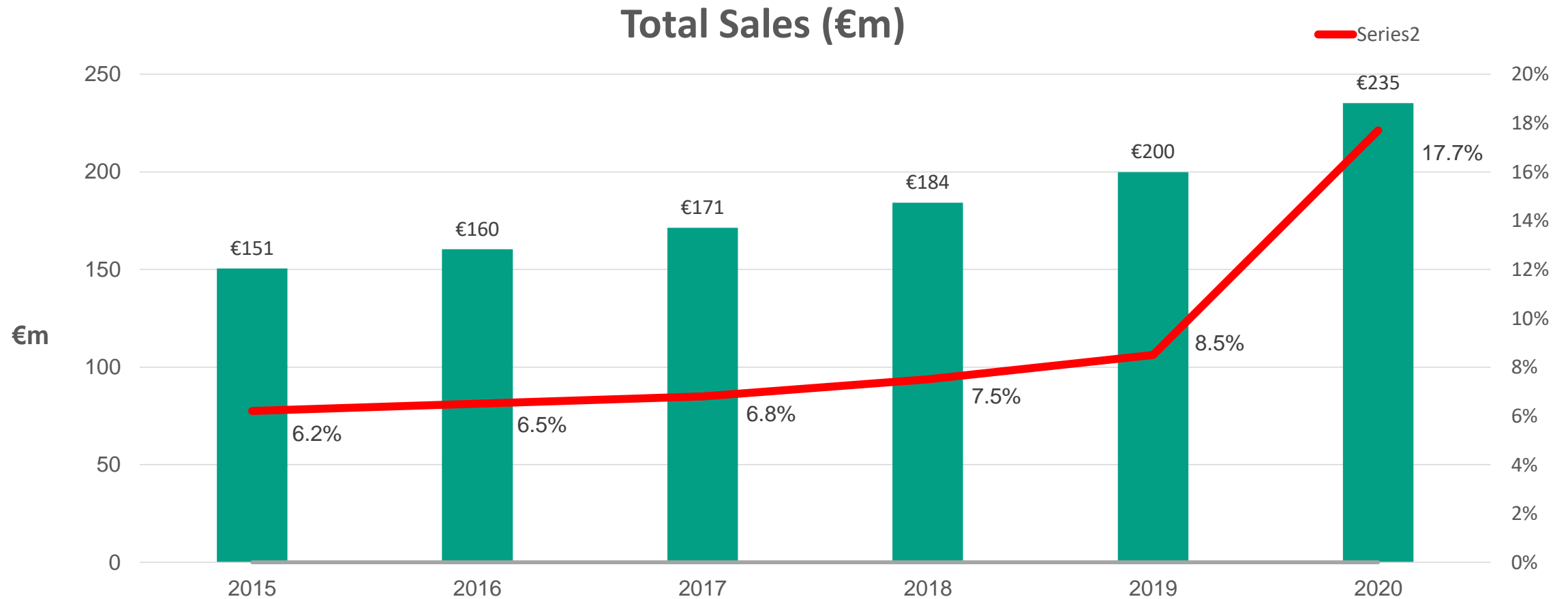


Outline

- Organic market trends in Ireland
- UK and European market developments
- Consumer attitudes to organic produce
- Where to from here

Republic of Ireland

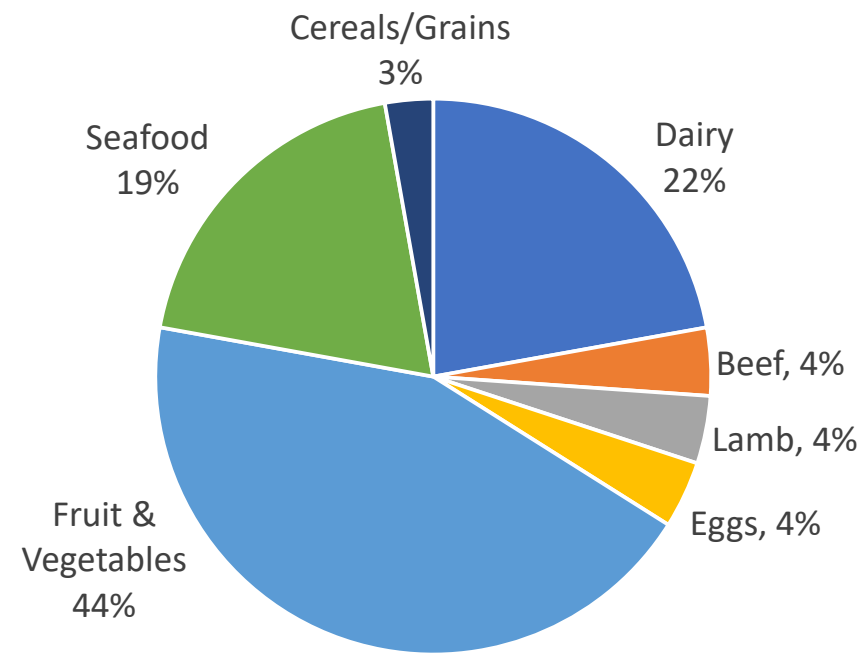
Irish Market for Organic Produce - € million



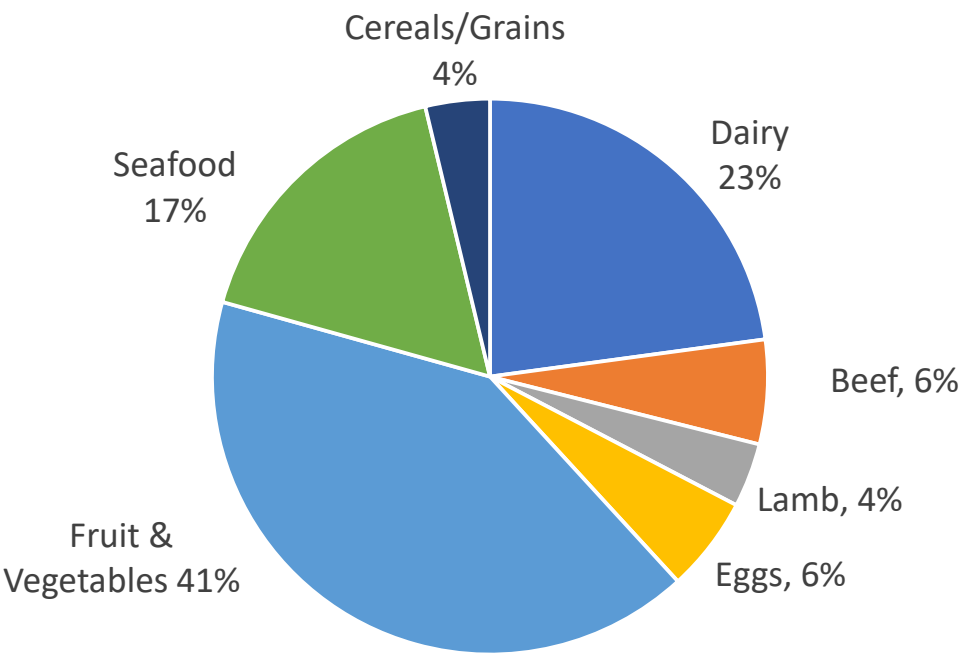
Source: Zenith

Irish Market – Share of sales by category

2015

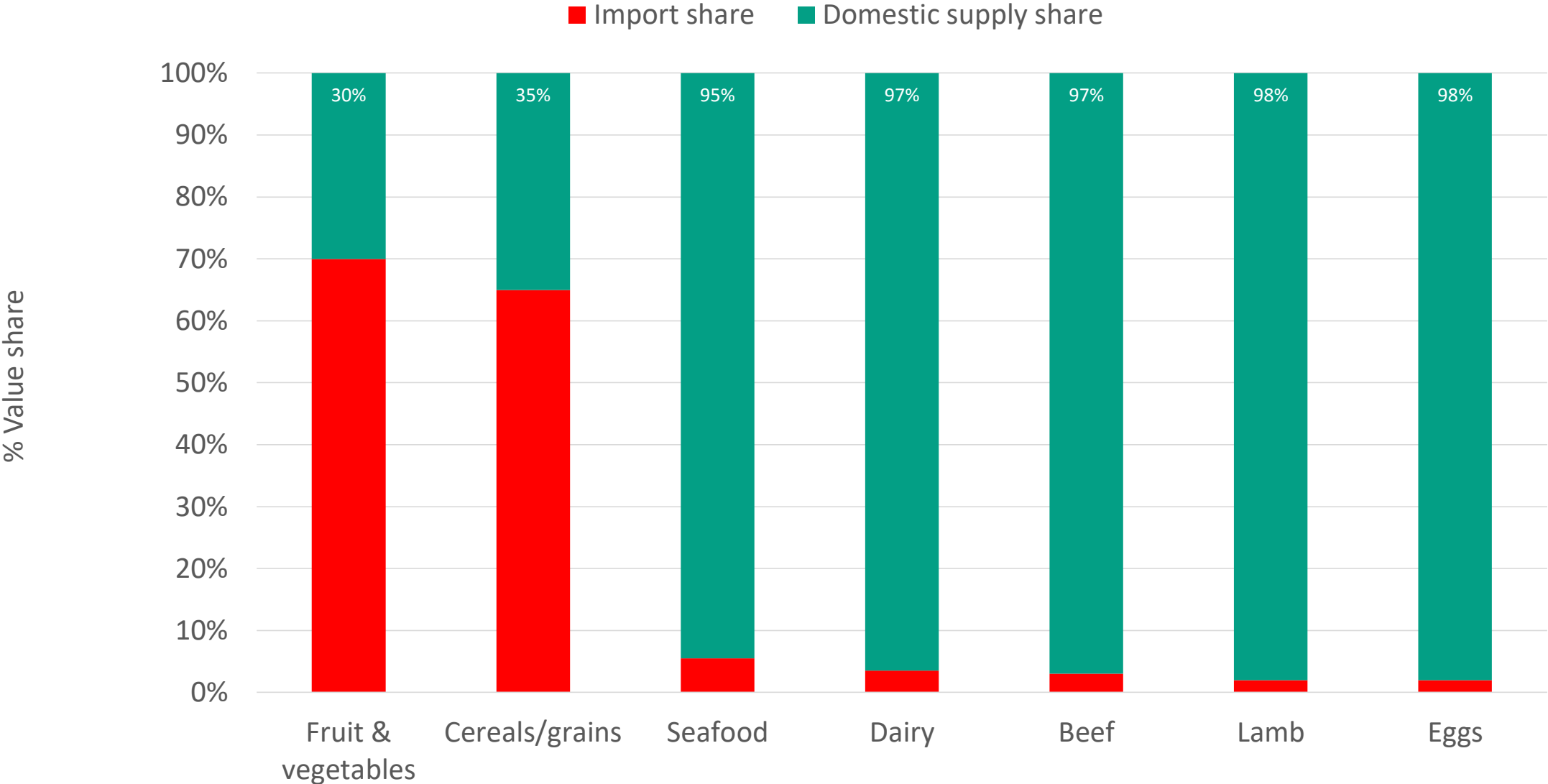


2020



Source: Zenith

Imports prevalent in some categories



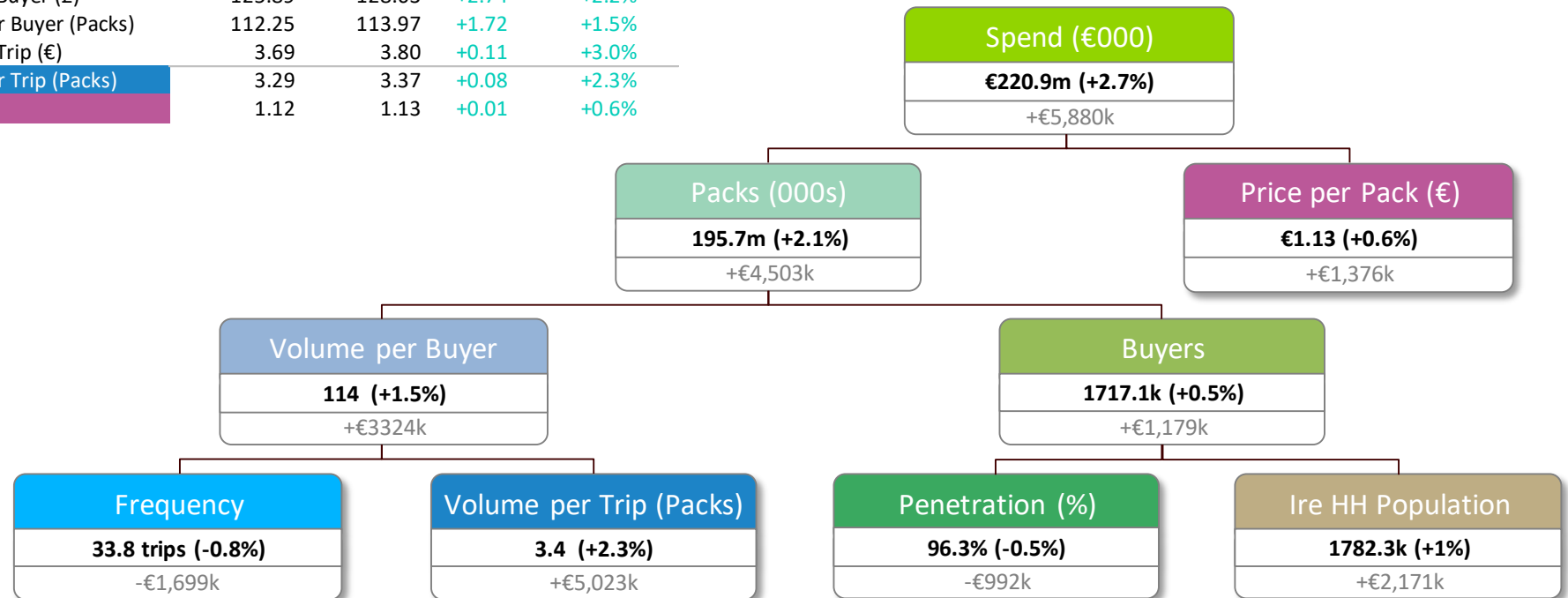
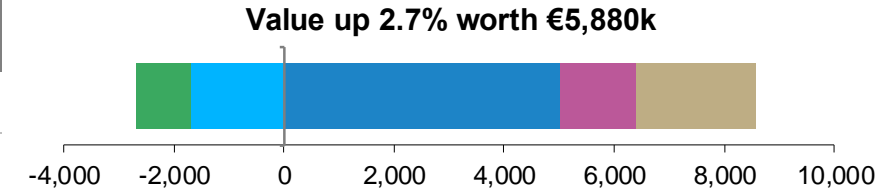
Source: Zenith

Trends in Irish Retail Sales (52 weeks to Oct 2021)

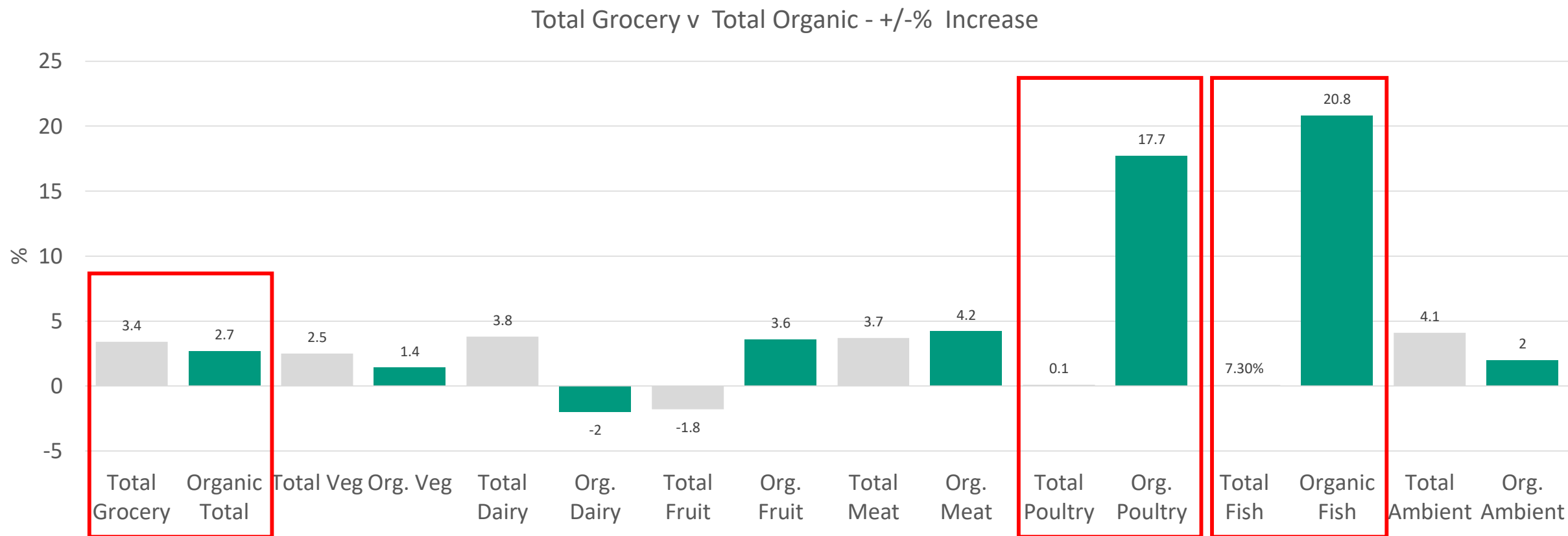
+€6m, on the extraordinary growth observed in 2020

Increase in volume of purchase driving more growth than increase in price

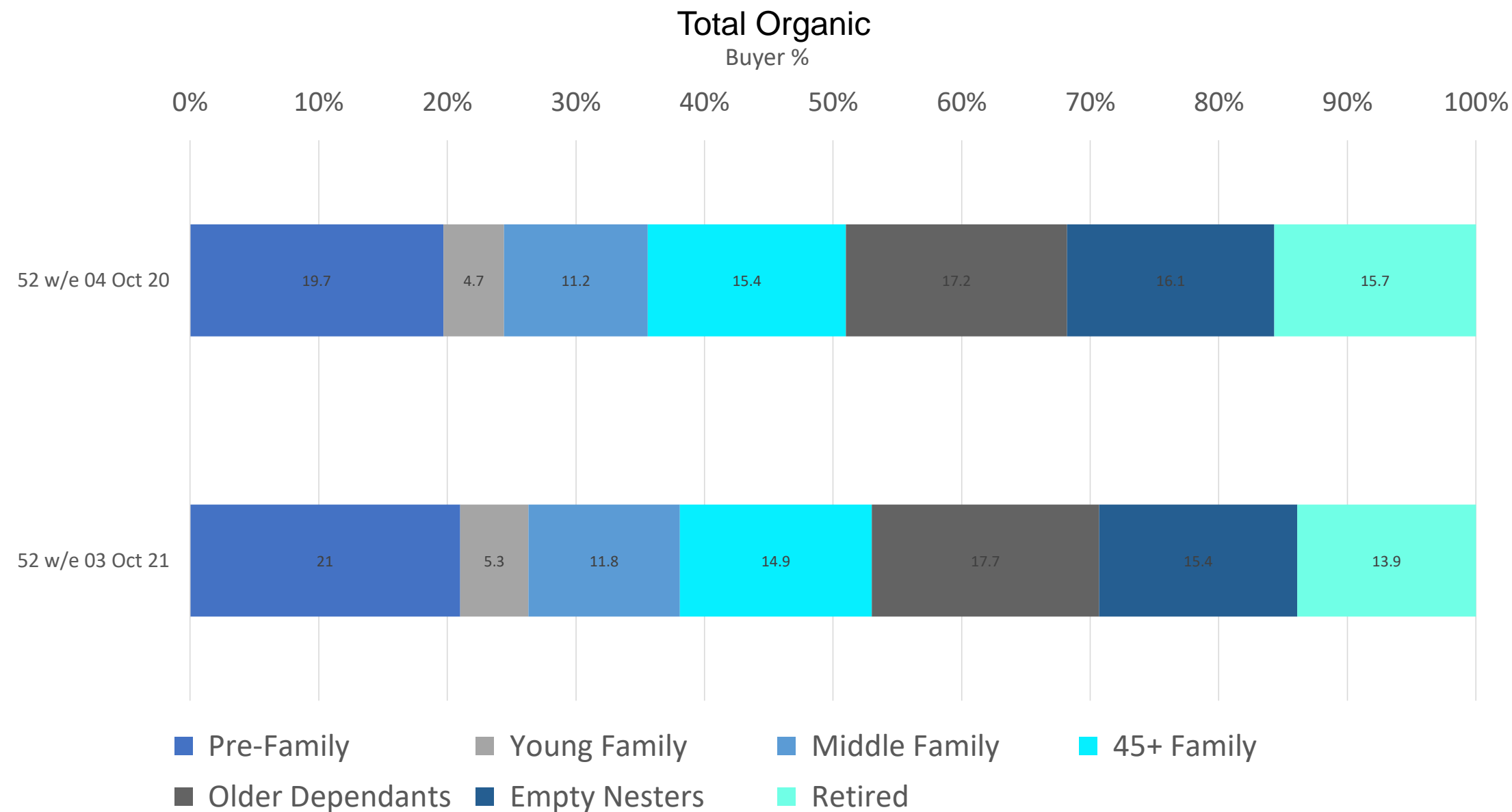
Measure	52 w/e 04 Oct 20	52 w/e 03 Oct 21	Change (Actual)	Change (%)
Spend (€000)	214,991	220,870	+5,880	+2.7%
Packs (000s)	191,704	195,692	+3,988	+2.1%
Penetration (%)	96.79	96.34	-0.45	-0.5%
Frequency	34.11	33.84	-0.27	-0.8%
Spend per Buyer (€)	125.89	128.63	+2.74	+2.2%
Volume per Buyer (Packs)	112.25	113.97	+1.72	+1.5%
Spend per Trip (€)	3.69	3.80	+0.11	+3.0%
Volume per Trip (Packs)	3.29	3.37	+0.08	+2.3%
	1.12	1.13	+0.01	+0.6%



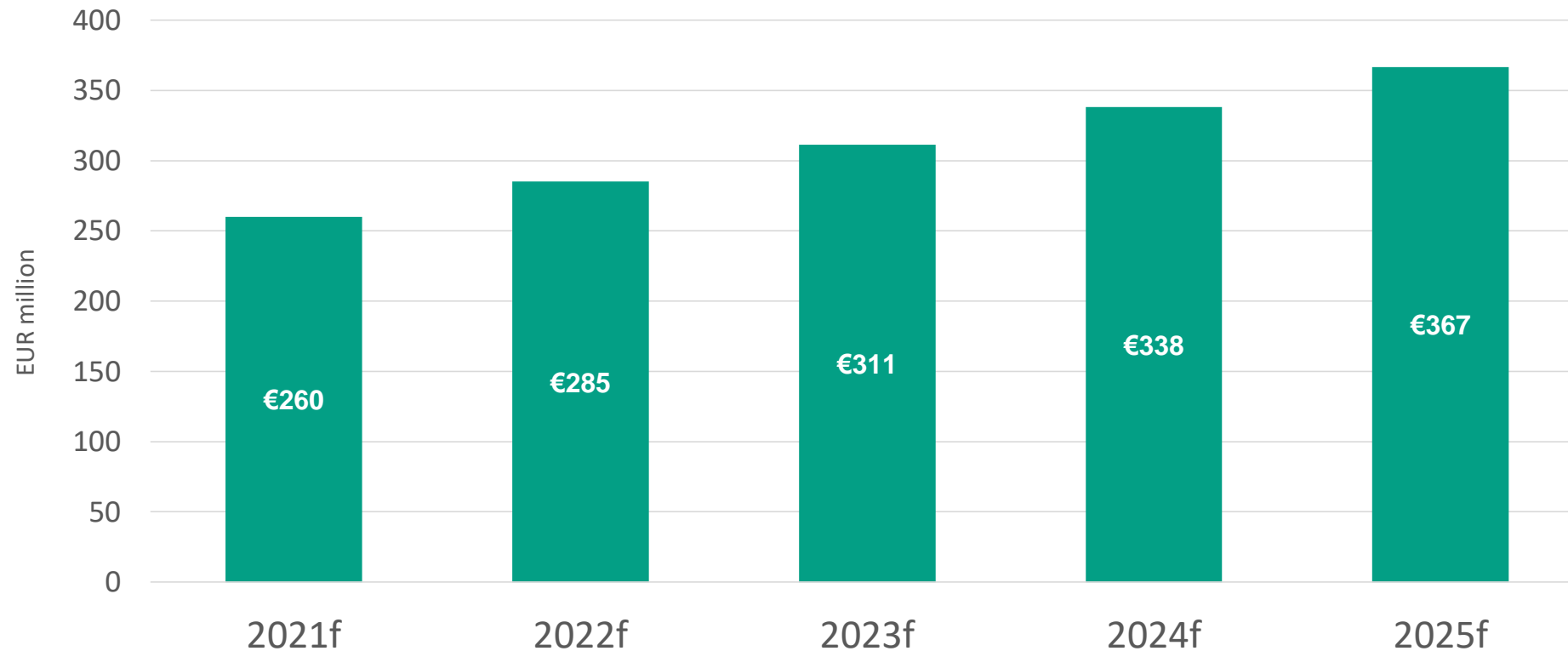
Relative performance by category



Younger shoppers leading sales growth



Potential future growth of Total Organic Market in Ireland



Annual Growth rate of
9%

Market to approach
€370m by 2025

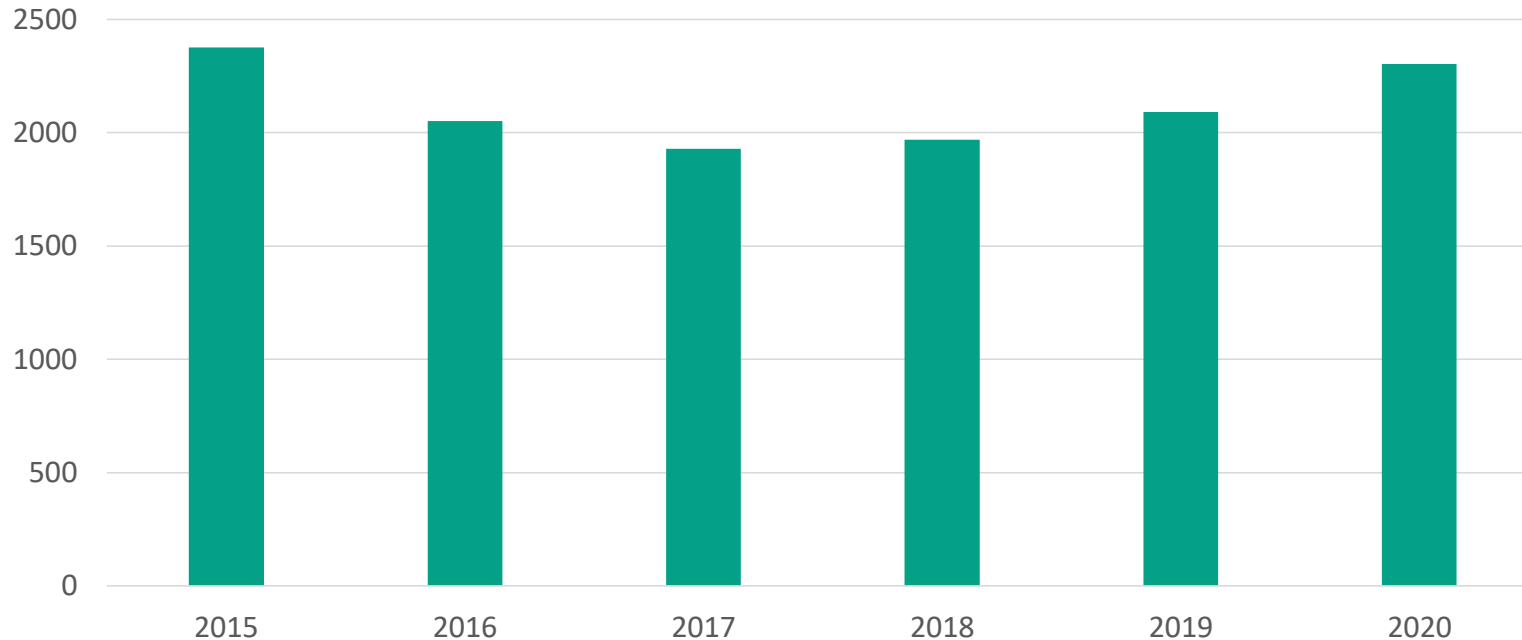
Foodservice to outpace
retail growth as recovery
continues

Source: Zenith forecasts

United Kingdom

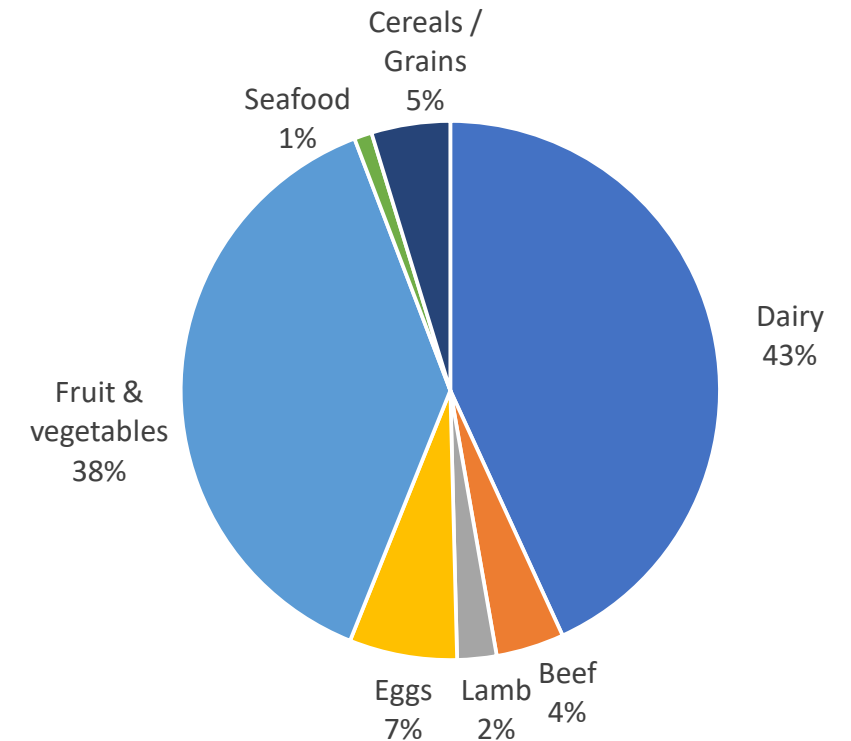
UK Market has returned to strong growth

Total Organic Market Value
2015 – 2020 (€m)



18% growth since 2018 – Online/Home Delivery emerging strongly

Sales by Category

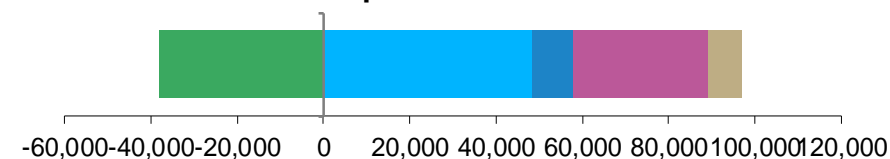


Led by Dairy

UK – Organic Sales at Retail

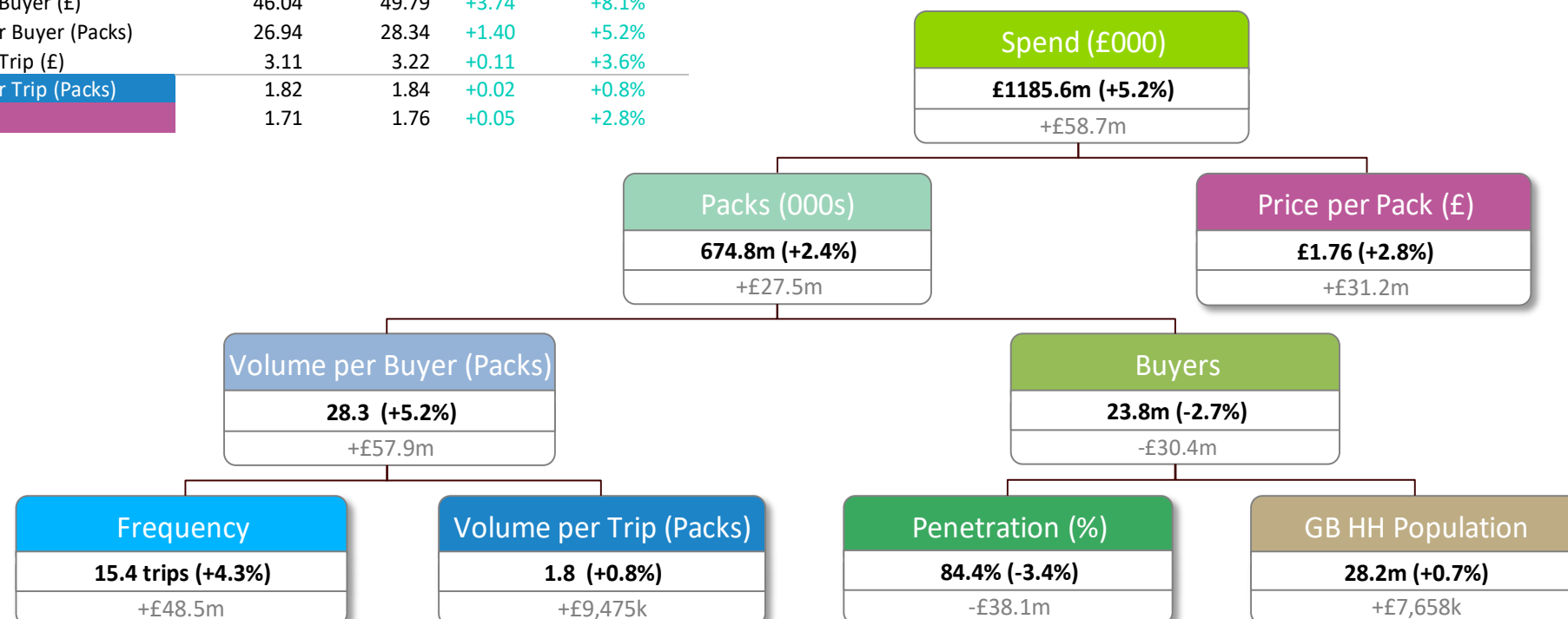
Measure	52 w/e 04 Oct 20	52 w/e 03 Oct 21	Change (Actual)	Change (%)
Spend (£000)	1,126,914	1,185,605	+58,691	+5.2%
Packs (000s)	659,221	674,796	+15,575	+2.4%
Penetration (%)	87.38	84.44	-2.94	-3.4%
Frequency	14.80	15.44	+0.64	+4.3%
Spend per Buyer (£)	46.04	49.79	+3.74	+8.1%
Volume per Buyer (Packs)	26.94	28.34	+1.40	+5.2%
Spend per Trip (£)	3.11	3.22	+0.11	+3.6%
Volume per Trip (Packs)	1.82	1.84	+0.02	+0.8%
	1.71	1.76	+0.05	+2.8%

Value up 5.2% worth £58.7m



£59m worth of growth to be worth £1.2bn.

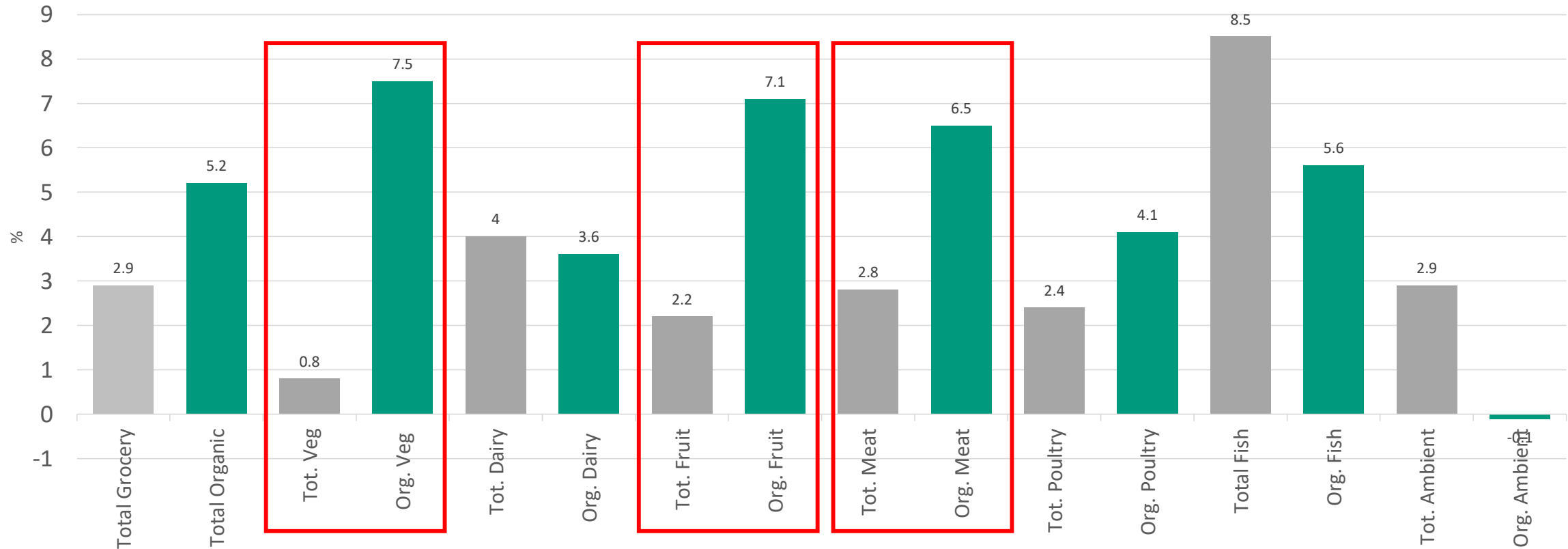
In contrast with ROI – organic growth (+5.2%) ahead of total grocery market (+2.9%)



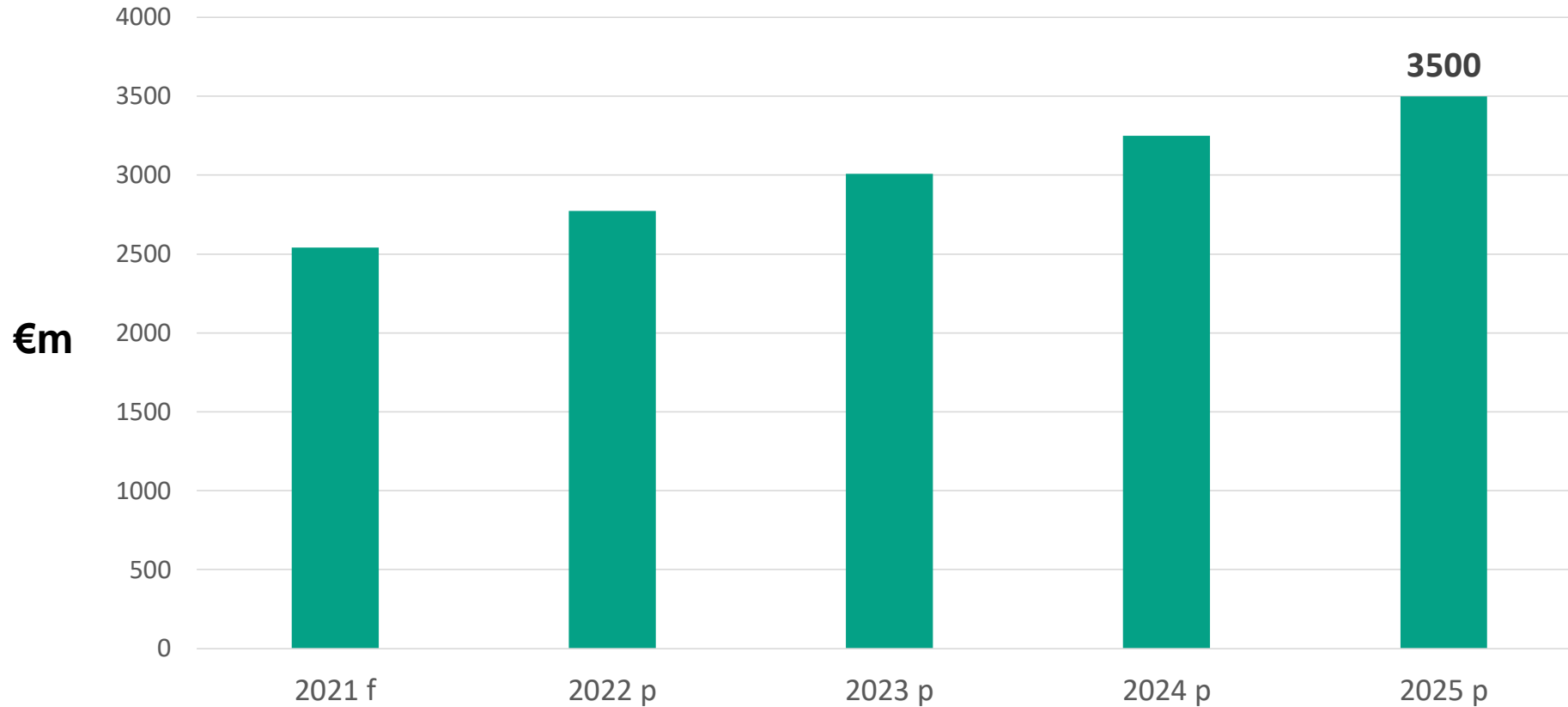
UK Retail

Organic category performance vs. total market

Total Grocery V Total Organic Sector
% Value Growth 52 weeks ending 03/10/21



UK Market – growth expectations to 2025



Annual Growth rate of around 9% anticipated

Online/Home delivery to remain key drivers

Eggs, dairy and fruit & veg. to drive growth

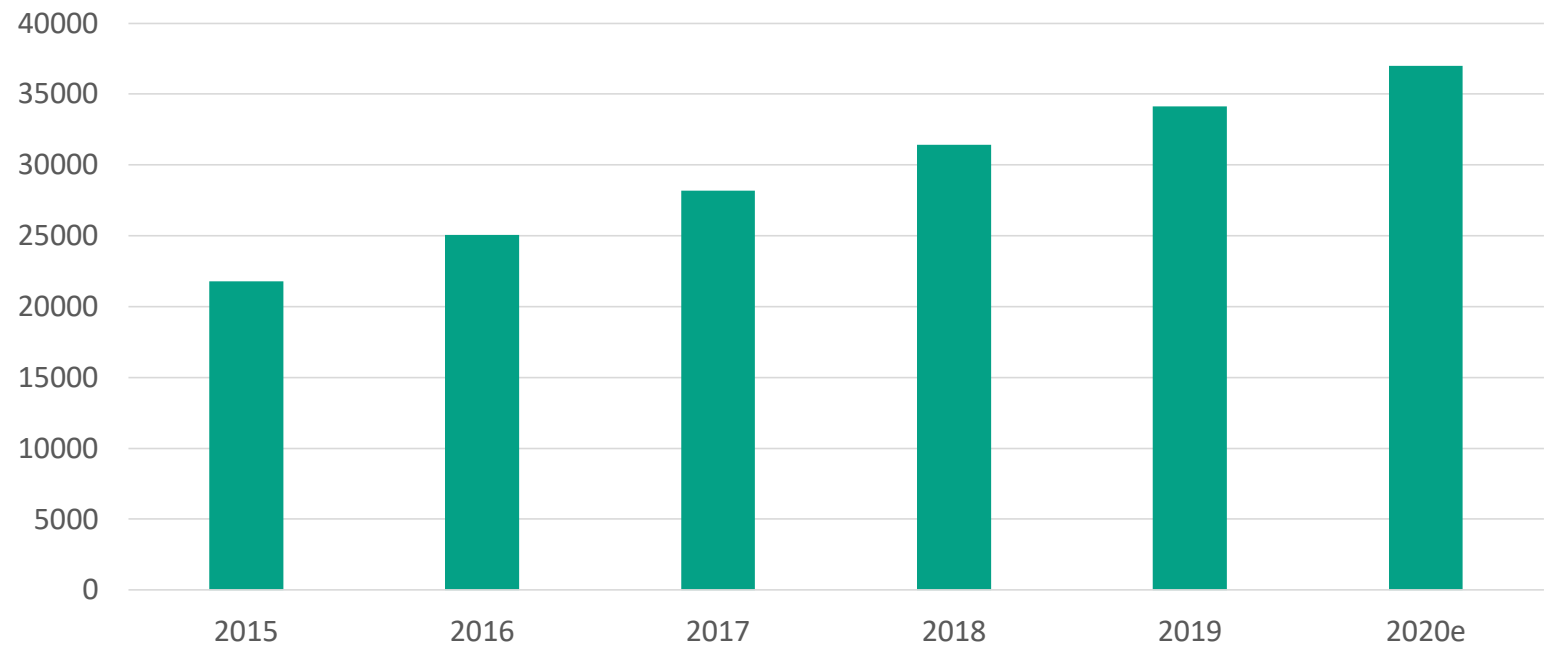
Source: Zenith forecasts

Trends across Europe

**(Germany, France, Denmark, Sweden, Netherlands,
Italy and Austria)**

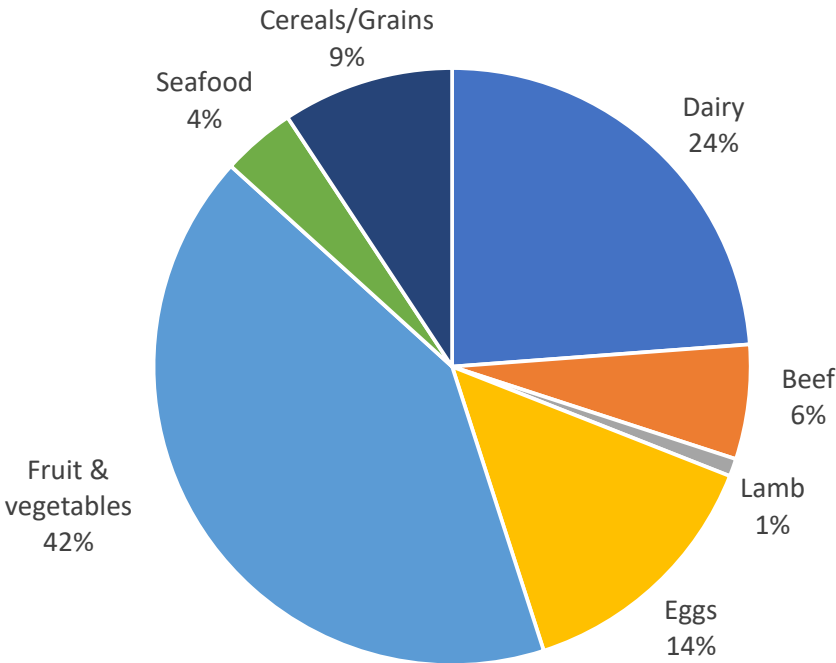
Combined retail market valued at over €35 billion

Organic Market Value across selected markets, 2015 – 2020 (€m)



56% growth between 2015 and 2019

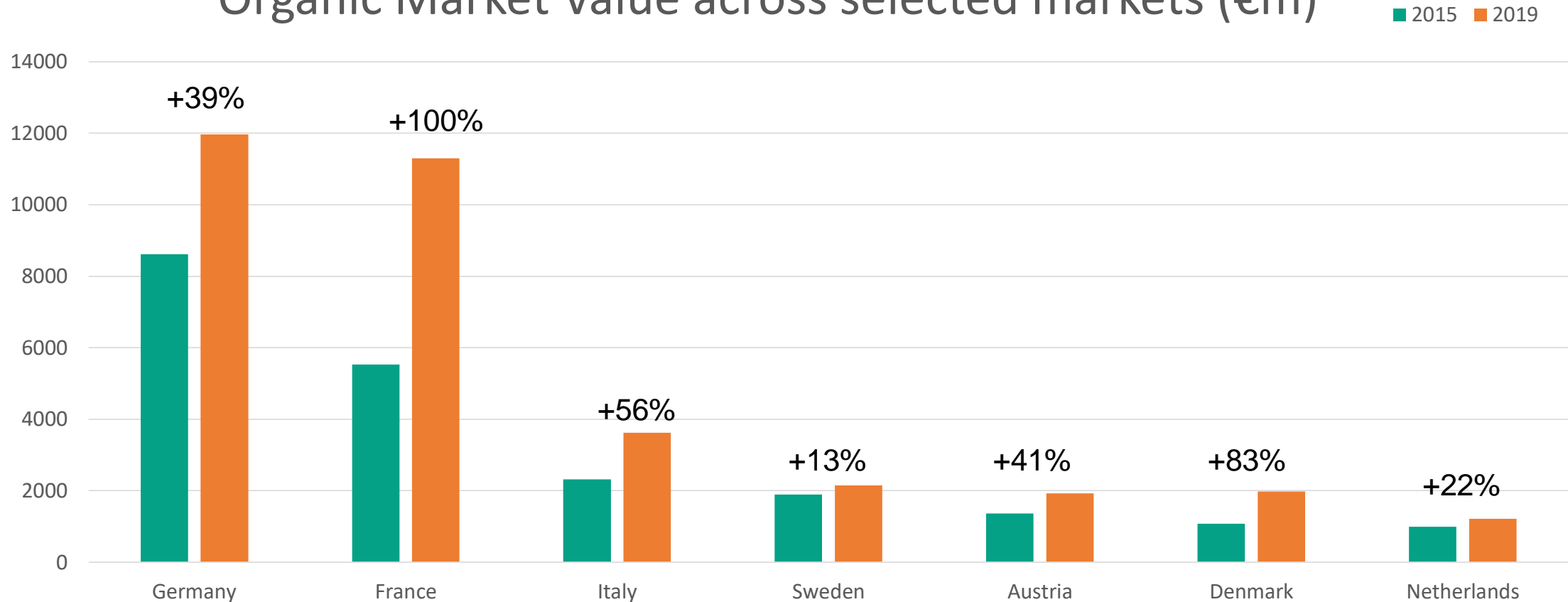
Sales by Category



Source: FiBL

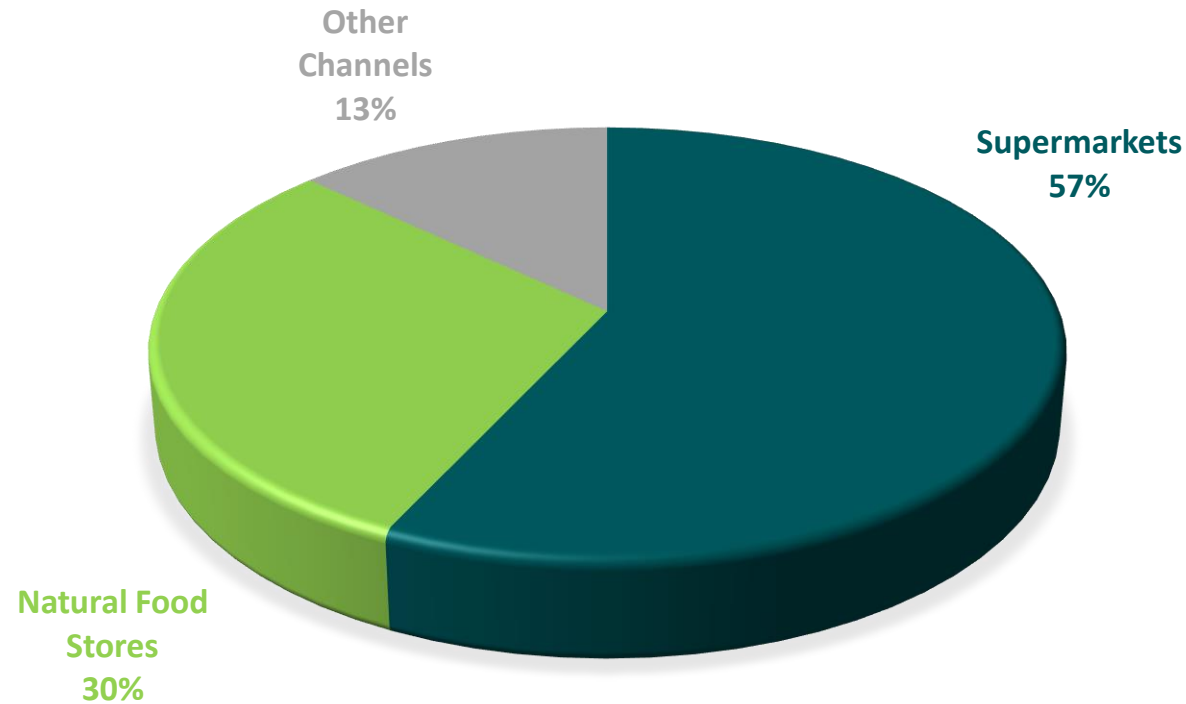
Market led by Germany, France and the Nordics

Organic Market Value across selected markets (€m)



Focus on Germany.....

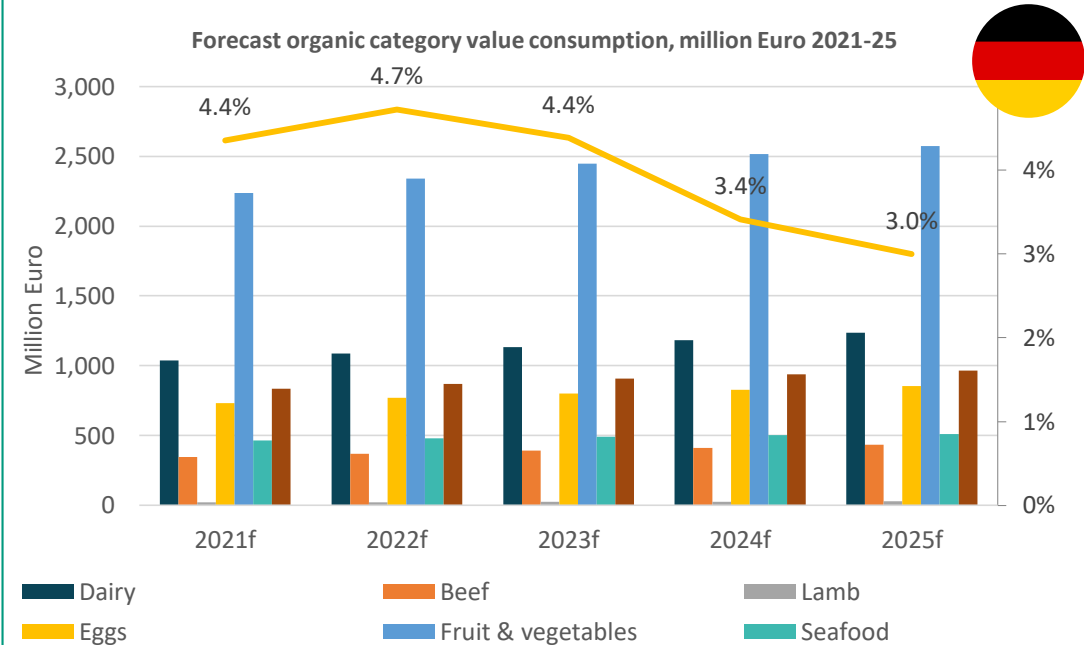
Over 6% of total food and drink market – grew by 6% - 10% annually over last 3 years
Retail sector driving growth over recent years



Source: FiBL

Further annual growth of 5% - 11% expected to 2025

- Further growth in all markets
- France and Germany to remain key drivers
- Domestic output levels to grow further
- However, increased import demand anticipated in most markets

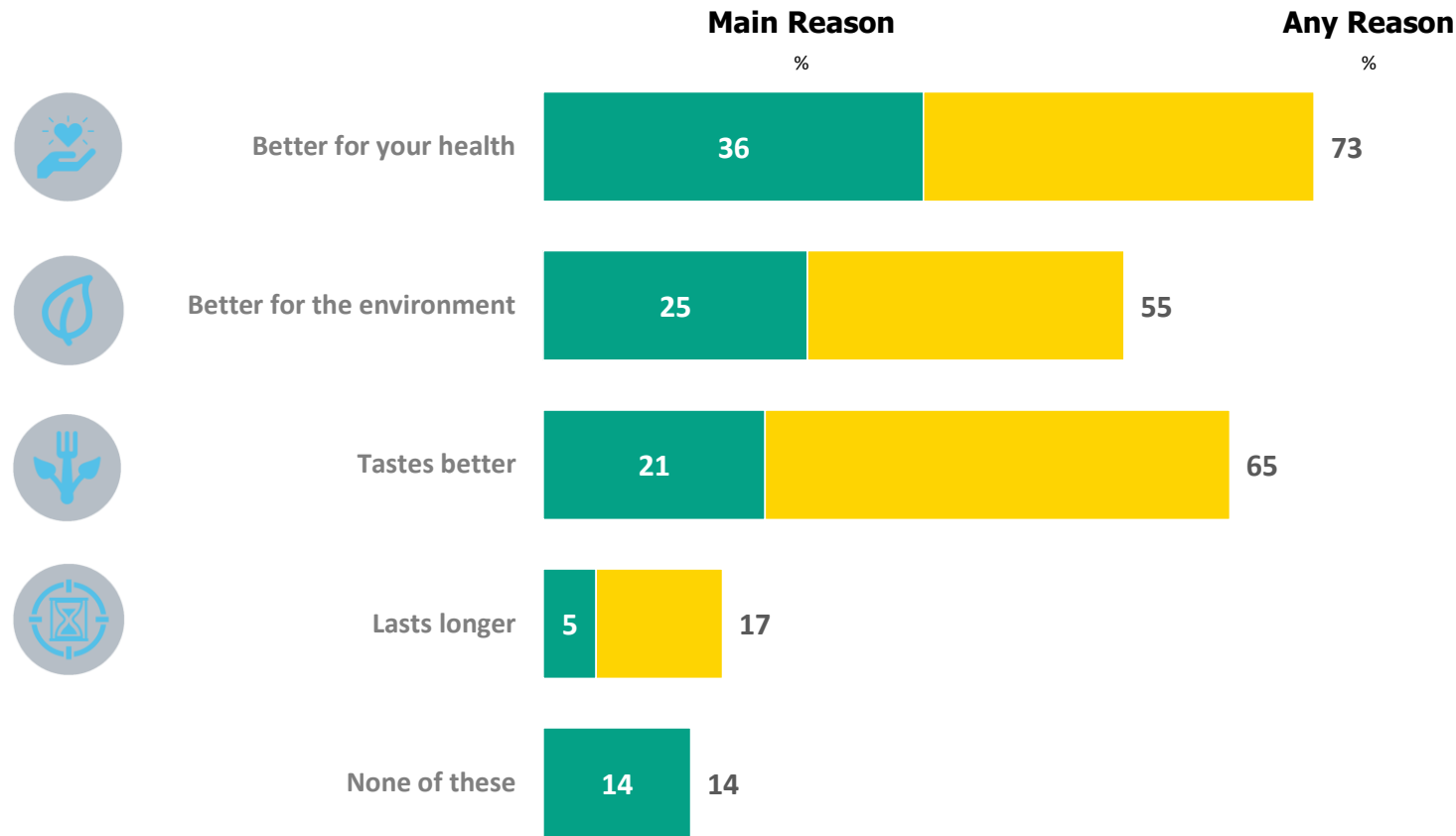


A close-up photograph of a child's hands holding a large, fresh bunch of organic vegetables. The bundle includes several large, dark-skinned potatoes with some soil still on them, two bright orange carrots, and various green leafy vegetables like chard and leafy greens. The child is wearing a white t-shirt, and the background is a soft-focus green field.

Irish Consumer Attitudes towards Organic

Reasons for buying organic food

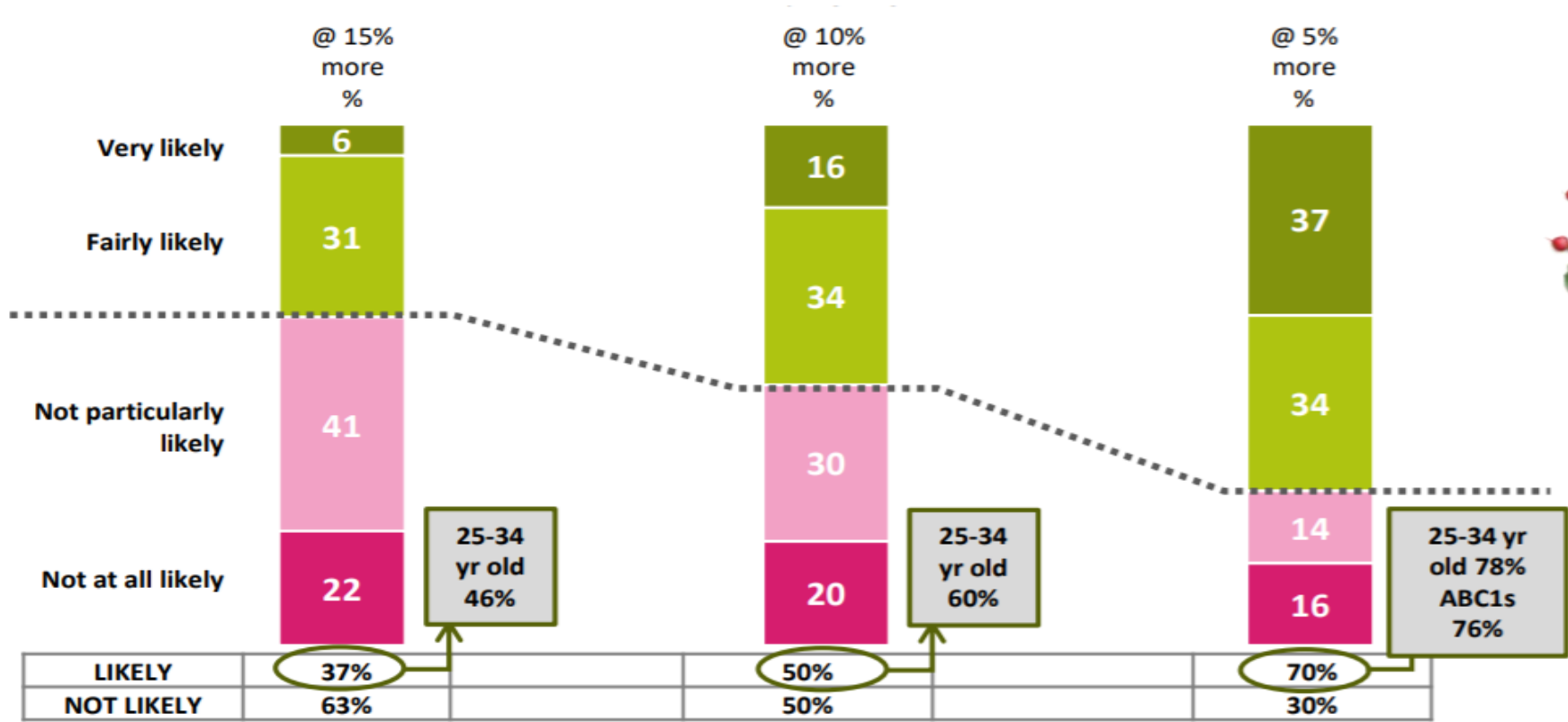
Base: All grocery shoppers that ever buy organic food - 869



Health is the main reason to buy organic food followed by ‘better for the environment’ and ‘taste’. Note taste edges environment at the total level as a reason but health still No.1.

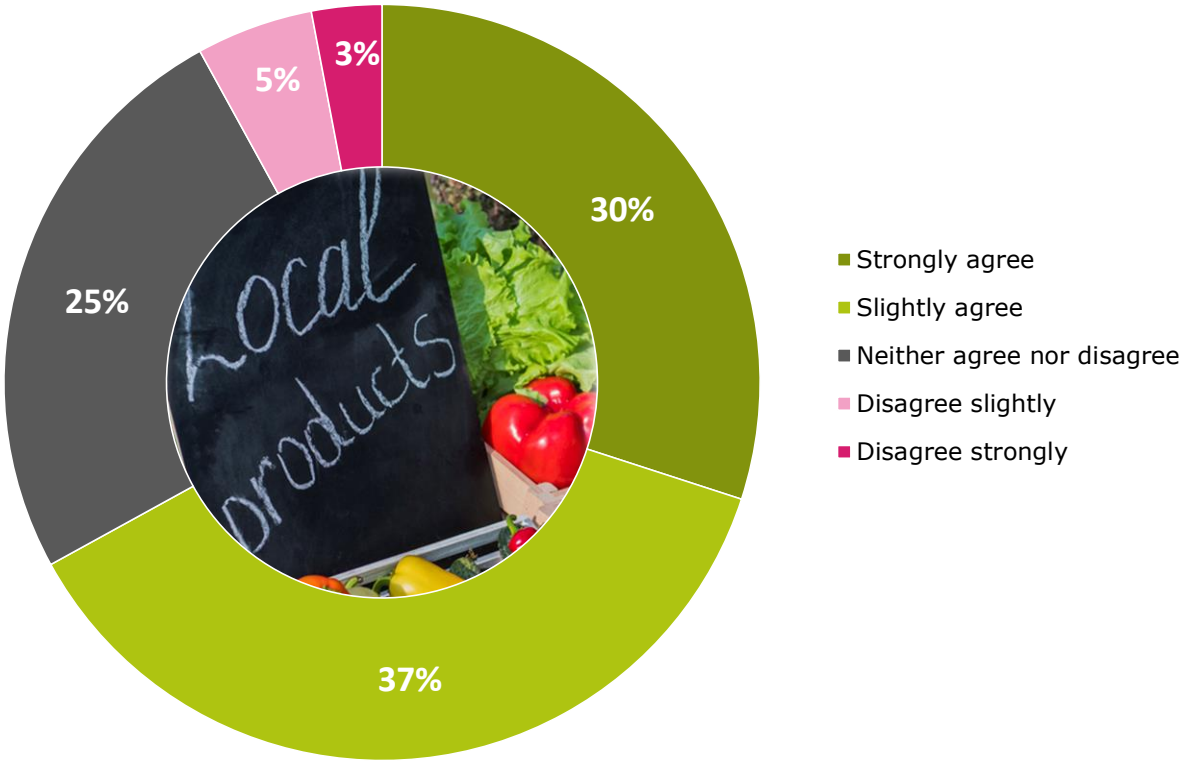
Consumer willingness to pay more

50% very or fairly likely to spend 10% more for Organic Food



Attitudes to organic and locally produced foods

I would choose locally produced
Irish food over organic food



Any agree	67%
Any disagree	8%





The German Organic Consumer

Organic is trending: +35% consumer spend on organic products vs. 2015

Plant-based/
„flexitarism“



„Clean-label“



Regionality and provenance



Superfoods



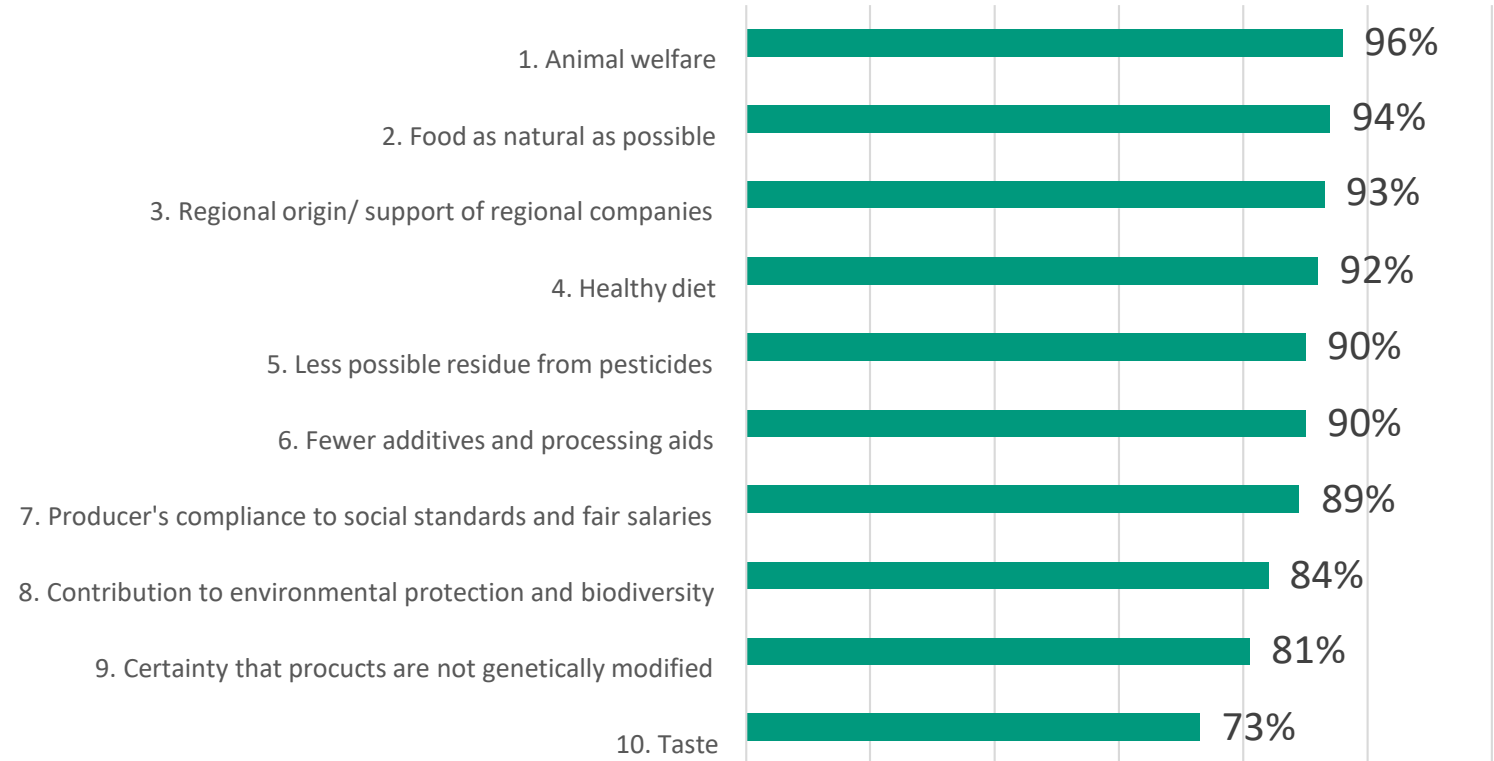
Healthier alternatives



Top 10 reasons for purchasing organic products in %



Source: Ökobarometer 2020



Germans bought over 50% more organic meat (2020 vs. 2019)

With 2% the consumption share of organic meat in Germany is relatively moderate

Meat consumption is on a historic low: 57.3kg in 2020



Source: German Federal Information Center for Agriculture;

Organic dairy products are growing faster than the total dairy category

White line

+20.5% organic vs. **+10.4% total**
(t/o 2020)



Yellow line

+21% organic vs. **+3.4% total**
(t/o 2020)



Source: Euromonitor 2020

Many plant-based product launches: Vegan 2.0

Ambient



Chilled



Frozen



Source: Mintel New Products Monitor, own research, Biofach

Where to from here?

Opportunities to grow Organic Sector

Sustainable Food Solutions

Organic well positioned to meet consumer needs for solutions that address the key trends around healthier, natural, better for you, better for the planet etc

Plant based trend

Demand for Plant Based foods drives a natural demand within the Organic sector for organic ingredients – vegetables, fruit and herbs

Growing Export Demand

Increasing demand for organic products and ingredients in key European markets

Replacing imports

Prevalence of imports in fresh produce (7 out of 10 lines) and cereals in particular provide potential opportunities for Irish alternatives if they can be competitively produced

Challenges to be addressed

Co-ordination of Supply

Enhanced co-ordination of existing supply to minimise leakage

Scale & Seasonality

Fragmented supply base still evident

Seasonal nature of output

Raw Material Availability

Current supply of Irish organic oats only meets circa 50% of existing breakfast cereal demand.

Other grain availability also limited.

Summary

- Growth in Irish and European markets set to continue
- Positive consumer attitude towards Organic
- Irish consumers willing to pay a modest premium
- Co-ordination of supply going to be critical

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