

The international picture:

Global organic retail growth

It is often reported by independent researchers that our Australian organic market is following international trends. What and where are the current trends? Are there further export market opportunities to explore, and what possible opportunities does this forecast for the Australian organic market in the future?

The global retail market is projected to reach 40 billion US dollars in 2007 (Organic Monitor 2006).

Even while described as a developed and mature market, in the UK sales increased a whopping 30% during 2005 to a value of 1.6 billion pounds (SA, 2006). To demonstrate the significance of this growth, the current annual growth for the entire UK food and drink market is approximately 3%.

In the US, sales grew an impressive 22% in 2006 (OTA 2007) reaching US\$16.9 billion.

With Europe and North America generating more than 90% of global organic sales this highlights the incredibly rapid growth of the global organic market.

Rapid growth in these two regions has had the downside of demand outpacing supply. Research by Organic Monitor reports that both major continents have been faced with supply shortages, particularly for organic juice, meat and dairy products. Imports from Latin America and Australasia are making up some of the shortfall in meat and dairy. Other imports from countries worldwide have also increased. Examples include ingredients such as beans, nuts and seeds from China, Brazil and Turkey. From India, Ethiopia and Paraguay, organic herbs and spices are being sourced. In addition a growing volume of fresh produce is being sourced from African and Asian countries.

While the UK is stepping up its campaign for reducing food miles and imported products, the rapid growth in consumer spending on organics is making this task more difficult to fulfill. A 10.5% increase in 2005 in horticultural land converted to organic production is not a sufficient to meet the new demand leading to an increased reliance on imports. (SA 2006)

In the Asian Region there has been a notable increase in the consumption of organic products over the last few years, in some areas up to 30 to 40 per cent, as reported by Organic Monitor in their recent Asia Report. Japan, Singapore, Hong Kong and Taiwan are all countries highly dependent on imports with a growing demand for organic products.

Japanese organic retail sales make up 60% of the Asia region demand for organic and organic trade is expected to thrive in 2007 with the Japanese economy continuing to improve.

What are some of the popular products on the global retail scene?

In the US, the Organic Trade Association (OTA) in May this year published the results of its 2006 Manufacturer Survey. According to the survey, the greatest sales are occurring in order of:

- Fruits and vegetables, worth US\$5bn with an 11% growth
- Dairy, worth US\$2bn with a 24% growth rate
- Non-dairy beverages, worth US\$2bn with a 13% growth



Some Australian organic products on display at Naturally Marketplace, VivoCity, Singapore. Photo courtesy of Ozorganics.

A recent innovation catching attention in the non-dairy category is hemp milk. It is reportedly a balanced source of omega-3 and -6, is naturally rich in essential nutrients and quality protein and can be sourced as organic!

In the UK, meat is reportedly the fastest growing organic sector with dairy also highly in demand. The natural skincare product market also has seen enormous growth with sales doubling between 2002 and 2005 according to Organic Monitor.

Most recently in Australia we have seen interest from both Europe and the UK in Australian organic wool with a new trend appearing in eco-clothing sought by ethically conscious consumers.

Where are the sales being made?

In the UK, supermarkets have the greatest piece of the organic pie with a 31% increase in organic sales in 2005. However, in spite of the dominance of supermarkets, independent retail shops, farm gate sales, markets and box schemes also grew by 32%. (SA 2006)

In the US, independent retail stores are feeling the pressure of retail competition from conventional supermarkets. Supermarkets are developing private labels for their expanding organic food ranges and some even going so far as to open dedicated stores for their organic brand products. (Organic Monitor 2006)

The world's largest organic and natural foods chain is Whole Foods, a US company which on 6th June this year opened its first store outside of the US in London. ■

References and further information:

Organic Monitor: Media information and market report summaries are available at <www.organicmonitor.com>;

Organic Trade Association: <www.ota.com/news>;

UK Soil Association, 2006 Organic Market Report.