Organic Market Update

22nd January 2014

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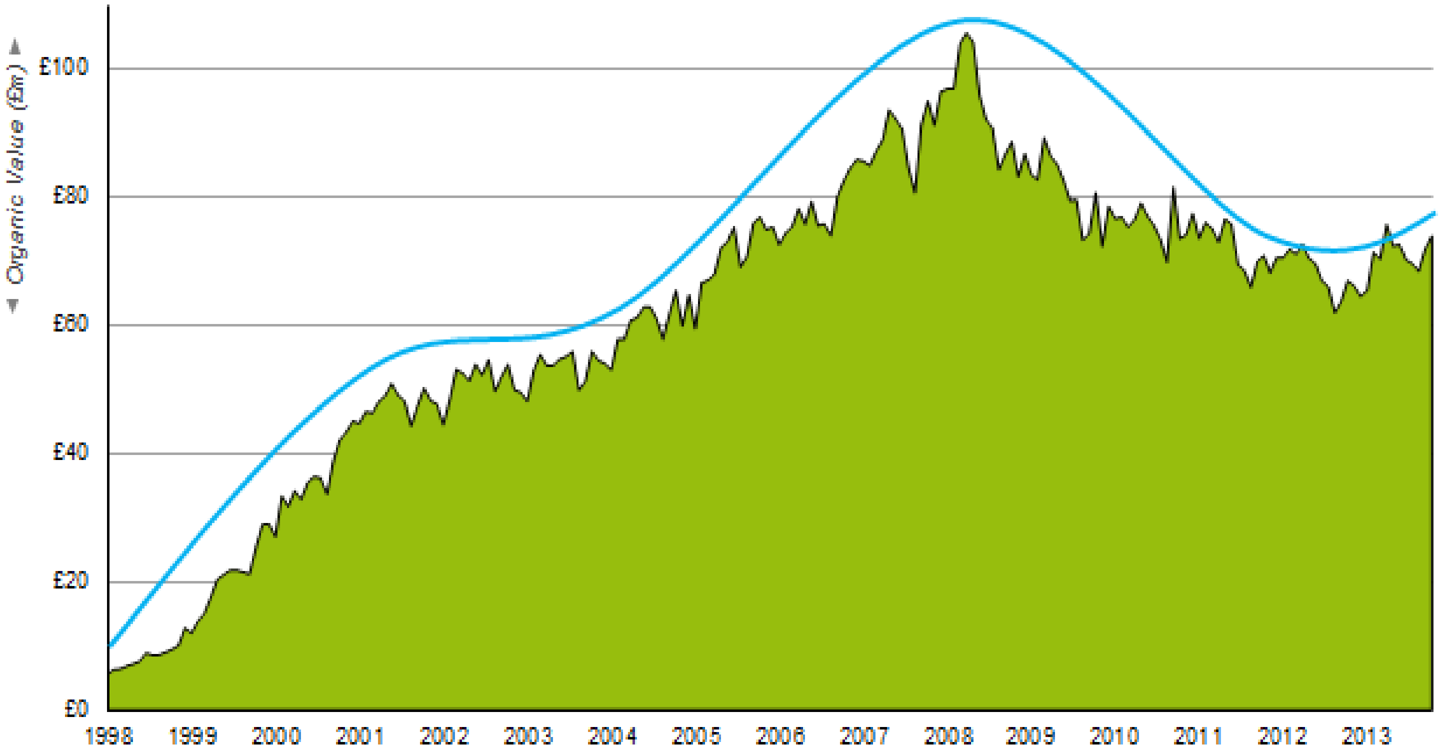
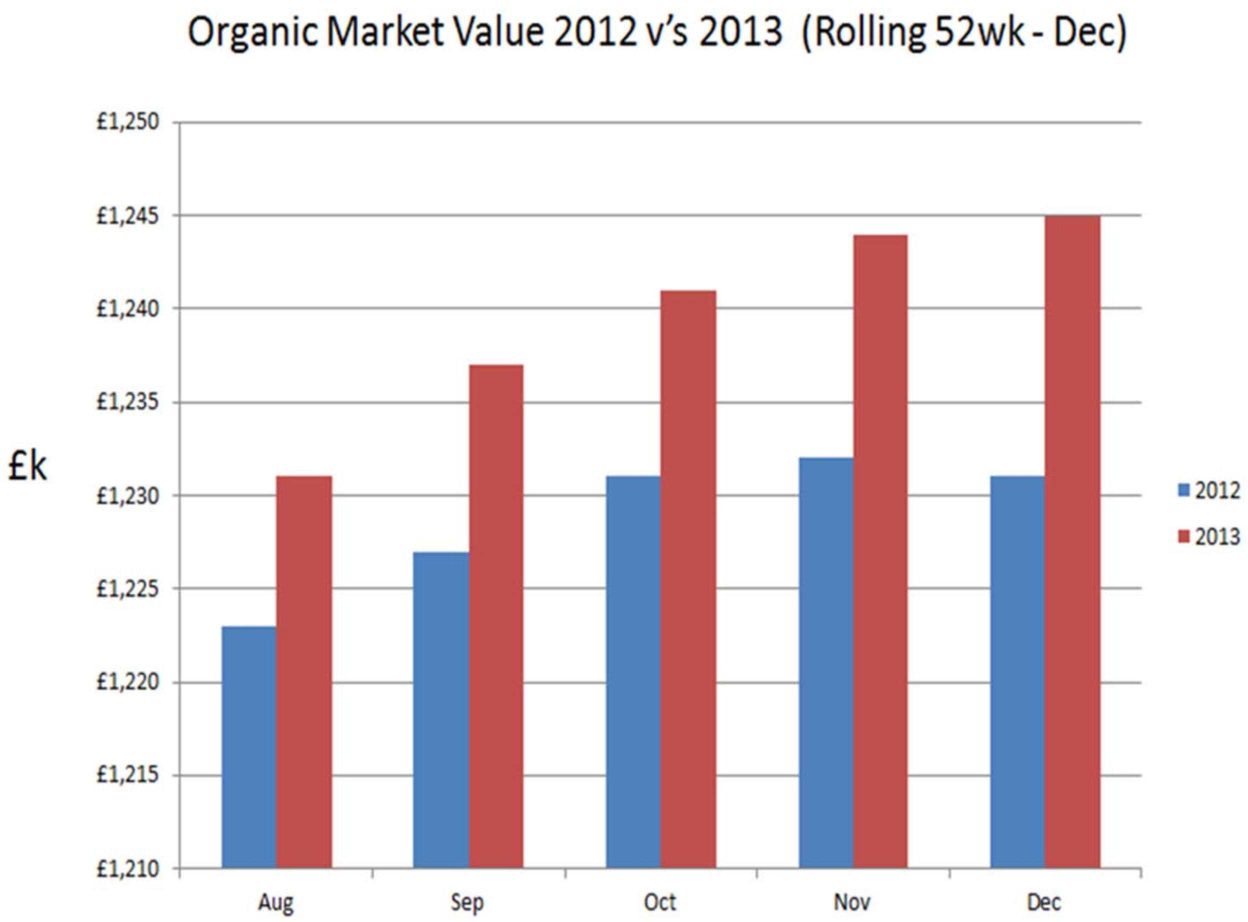
Market Trend



Rolling 4weekly sales in millions – Organic (Inc. Baby Foods)

- **Steady growth for 12 months**
- **+1.2% to 4th Jan 2014**
- **SAC licensees + 5.3% year on year**
- **Many sectors outperforming non organic sales**

Market Trend



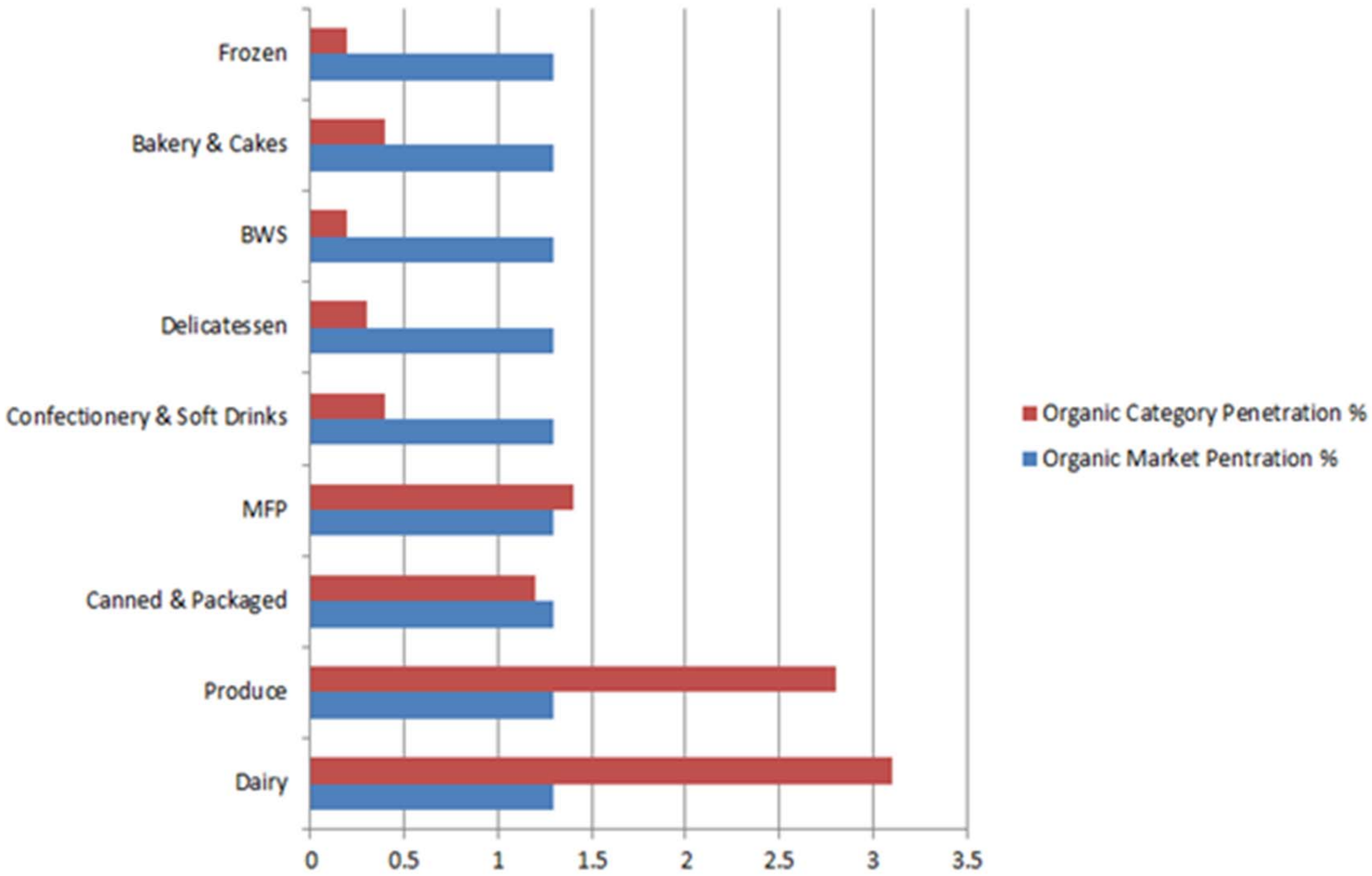
Adding ave. £1.2m sales each month during 2013

Increase in sales year on year is rising each month

Horsegate effect to anniversary in Jan 2014

Nielsen Data to year end

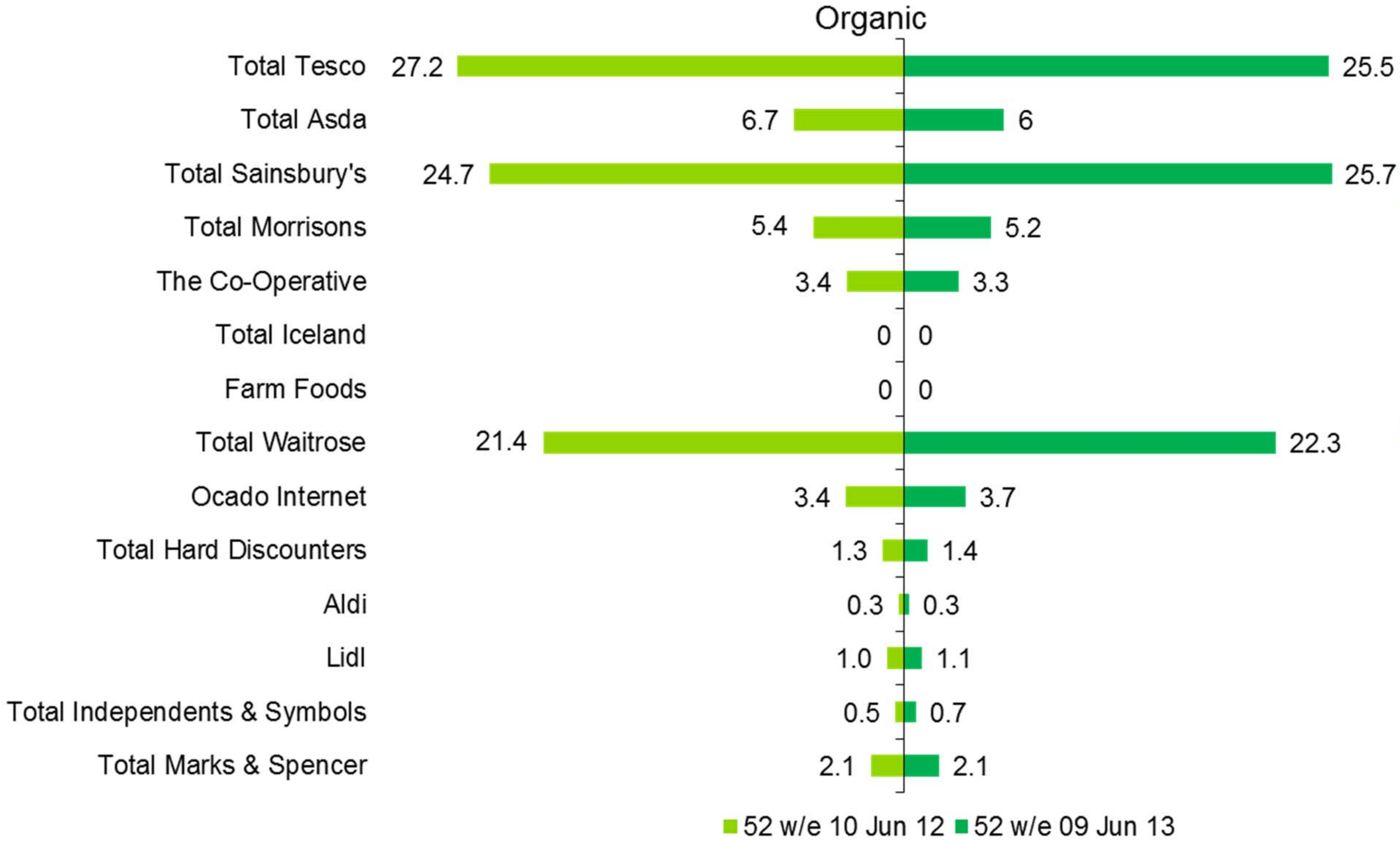
Organic Opportunity



Many sectors still have major opportunity for organic, notably Bakery & Beers, Wines & Spirits

Milk, yoghurts and eggs have the highest product penetration

Supermarket shares



Shopper Profile

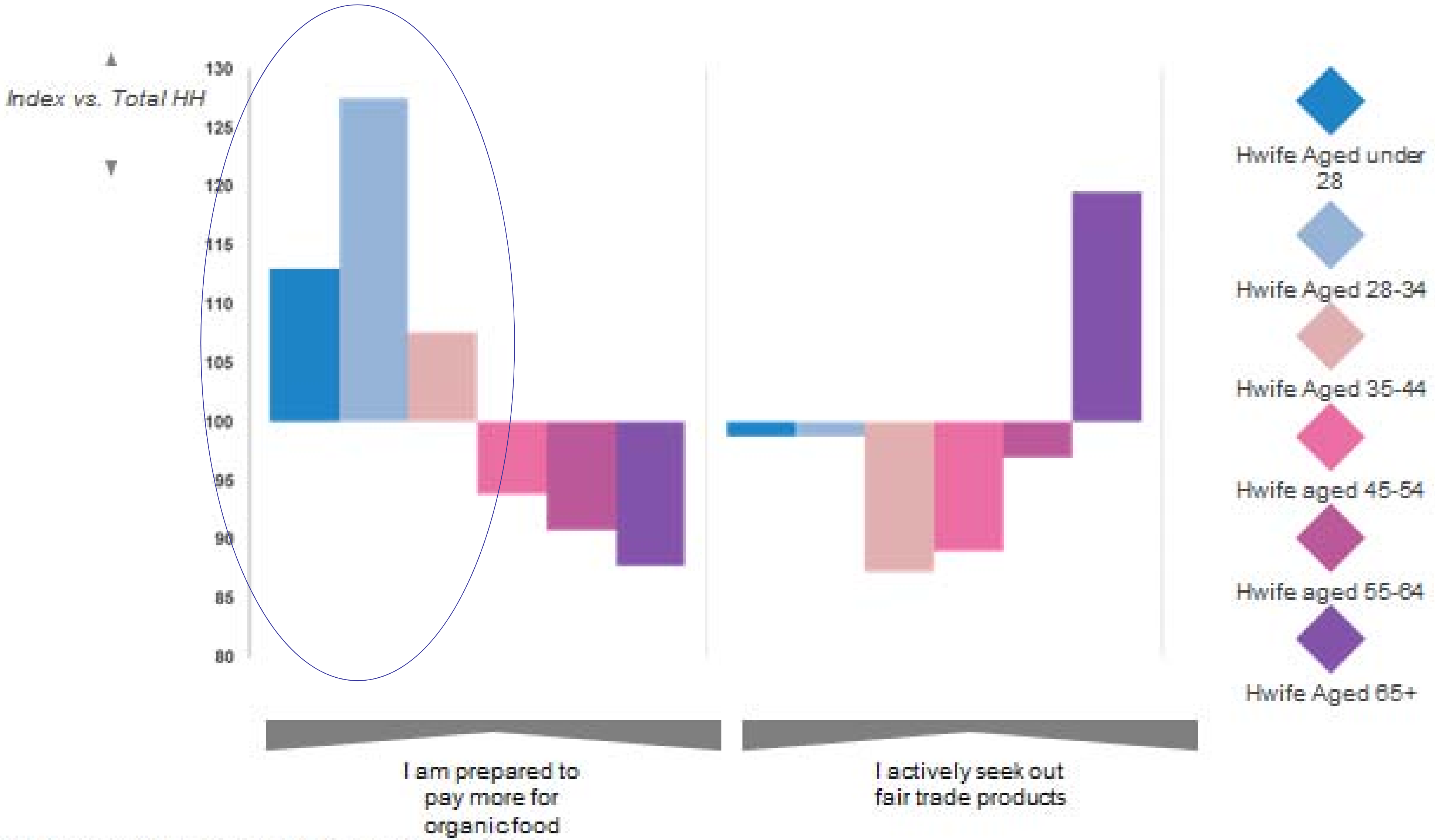
Ethical shopping growing in popularity, survey suggests

A quarter of UK consumers said they would buy Fairtrade products, organic foods and green cleaning products even if it cost them more money

Summer 2013 Guardian

- Consumers want greater integrity – to trust in food sourcing
- Shoppers are selectively buying at the top end while buying basics at the lower end of the market ie Waitrose and Lidl effect
- Online sales getting stronger – convenience is key
- Natural is stronger than processed
- Younger ‘savvie’ shoppers emerging

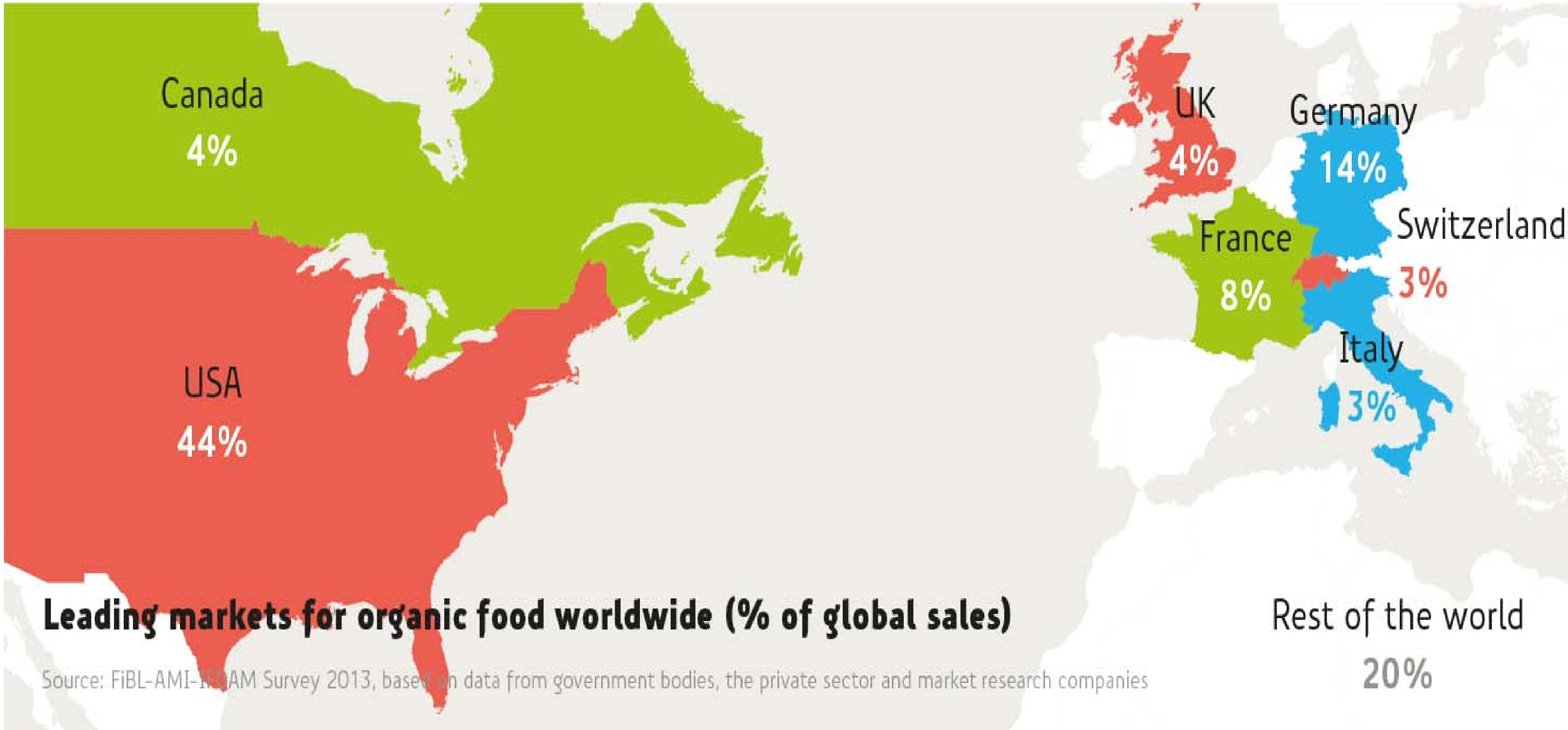
Shopper Profile



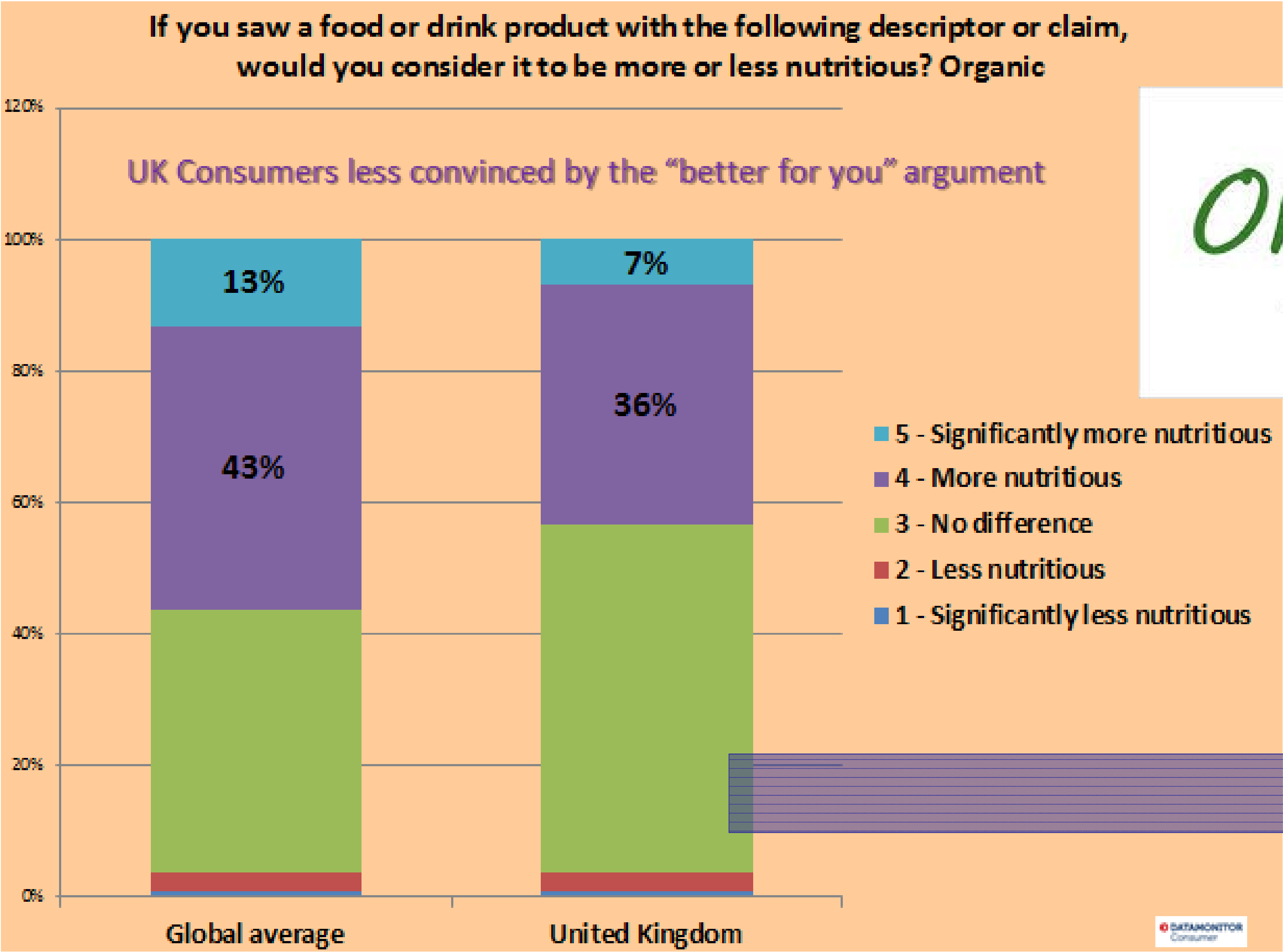
Shape of Britain – Oct 2013 – Index on % Agreeing to the statement

European Perspective

Global Picture



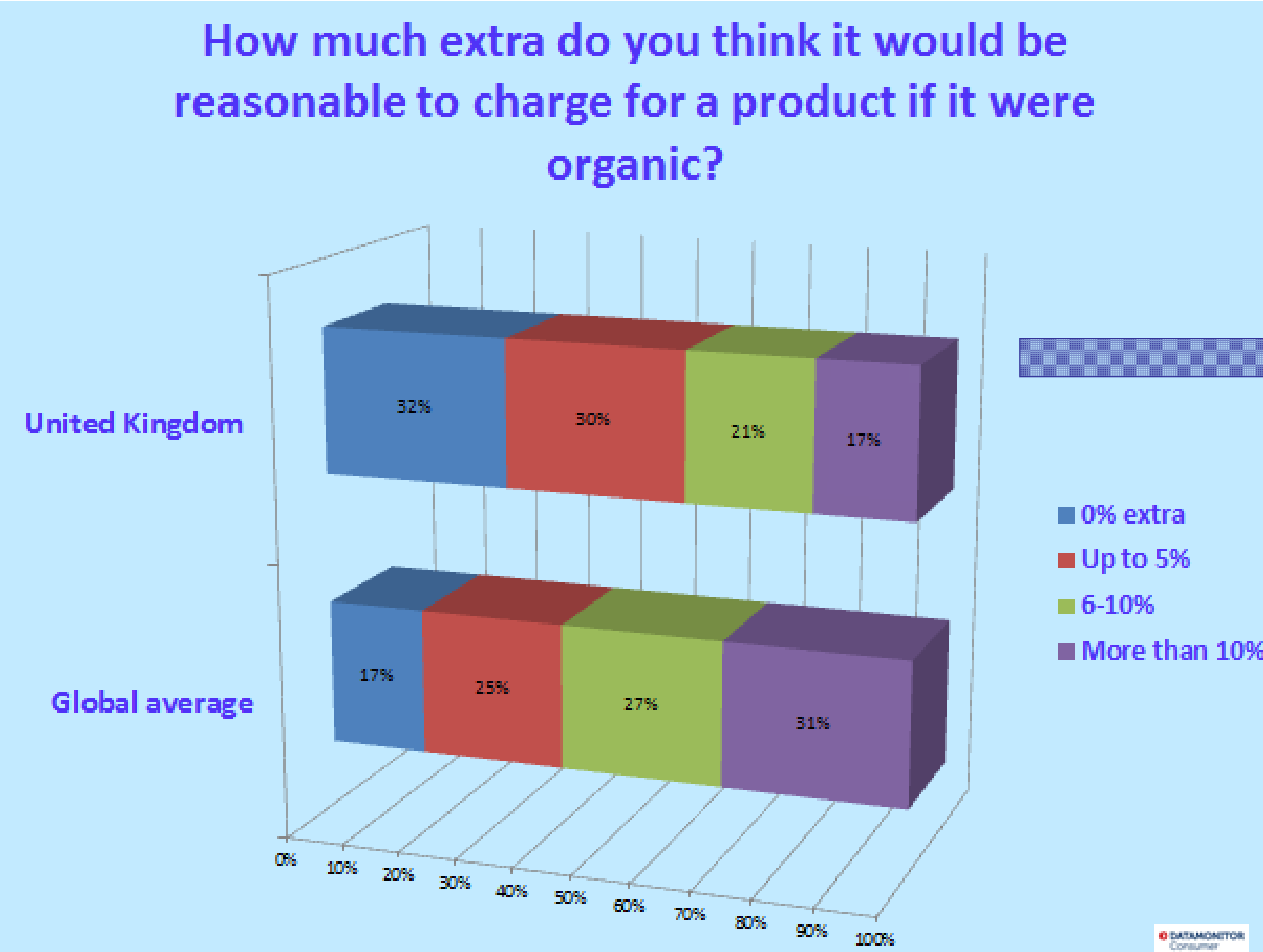
Global Consumer



UK consumers are not as motivated by nutritional claims for organic

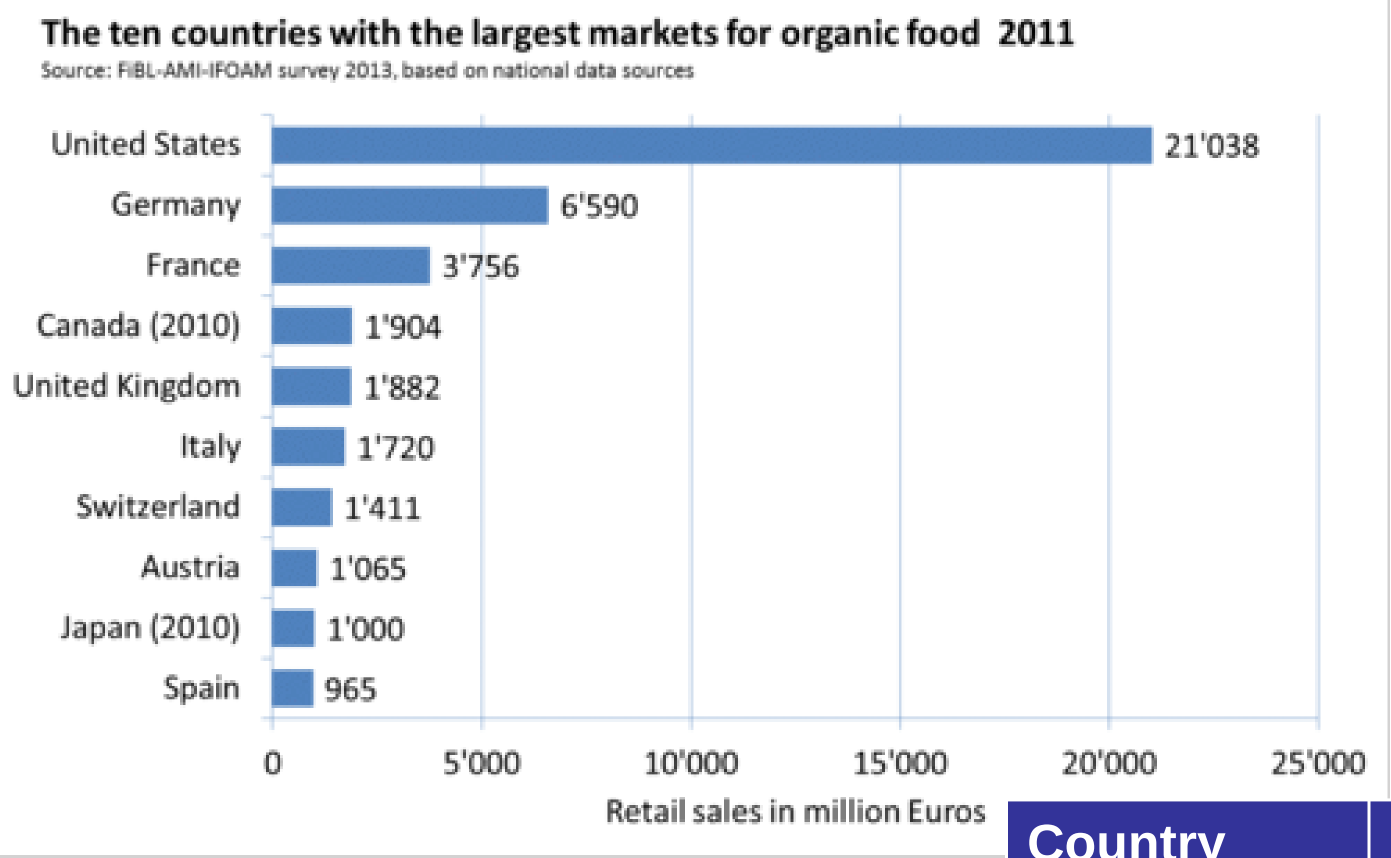
Euromonitor Survey 2013

Global Consumer



UK customers more obsessed with price

Global Organic markets

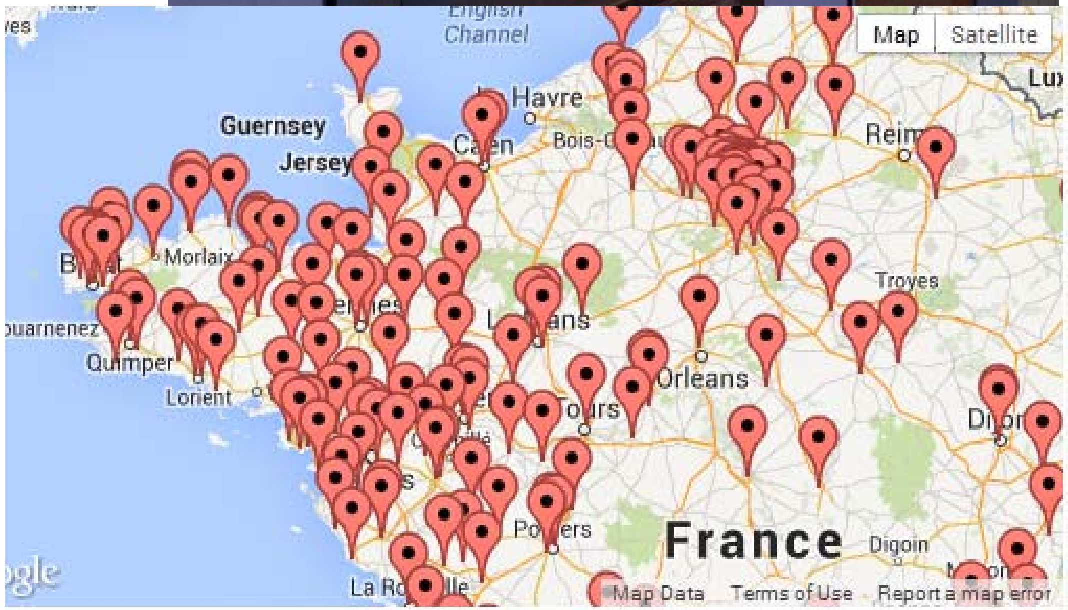


The growth rates in the two largest European markets are significant for 2012 versus the UK decline

Country	Market Size 2012(euros)	Growth 2012
Germany	7.04B	+6%
France	4.2B	+6.6%
UK	1.8B	-1.5%

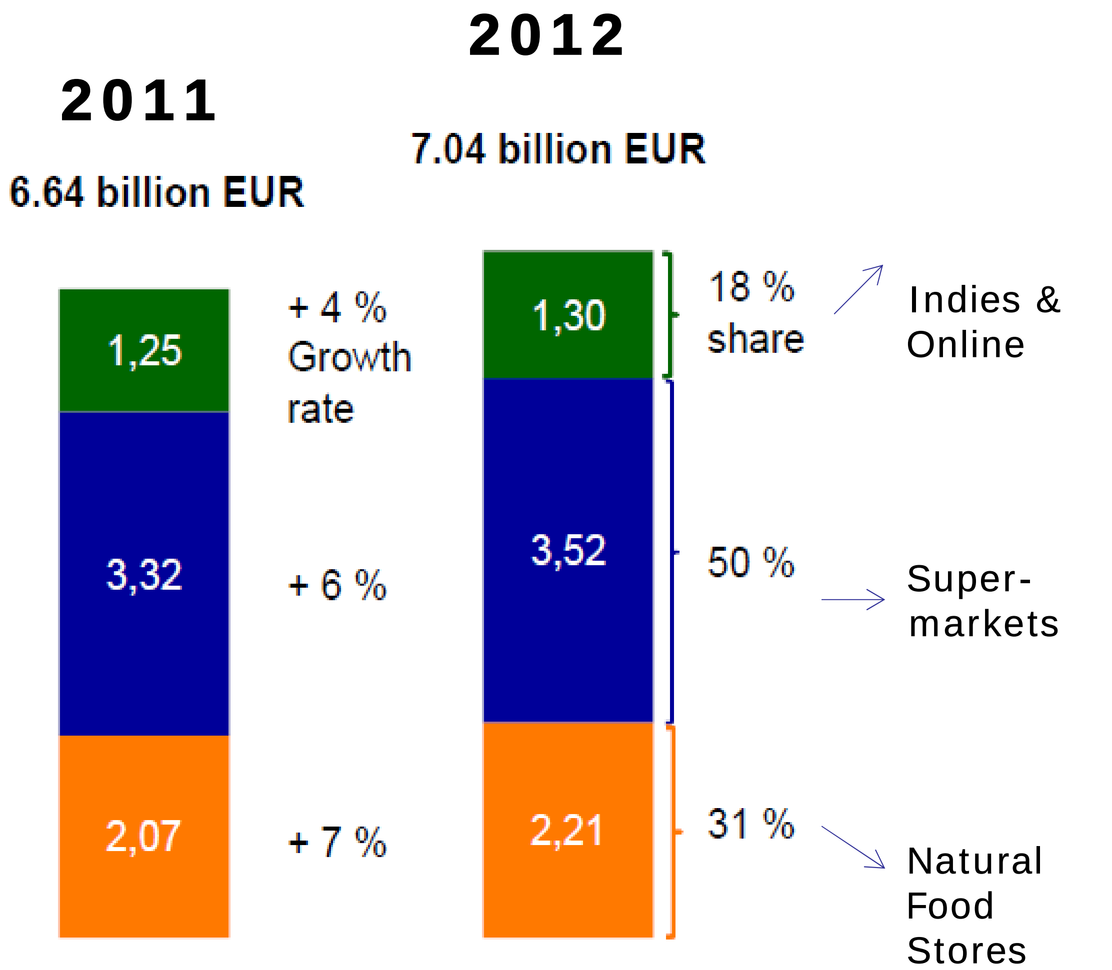
Focus on France

- Market structure skewed to the independents – organic stores in every smaller town
- National Action Plan, which is supported by all sectors
- Product availability in a wider spread of categories
- Regions in which consumers want to buy locally produced organic produce
- Shoppers are very interested in provenance
- Consumers see organic as the healthy option



Germany

- Supermarkets have only 50% share of the overall organic market
- Growth is coming through the independent sector, chains are expanding
- "Young Germans lead the organic food boom"
- Local organic is preferred
- German farmers missing out as organic is imported



Other Markets - difference

- Less concentration and power among the multiple retailing groups
- Greater accessibility through independent retailers, some exclusively organic
- Consumer Loyalty appears to be greater
- Consumer motivation – family health
- Media attention is more positive
- Country Action Plans are robust

France: presentation of organic action plan up to 2017

Author: Kai Kreuzer

The rapid, mostly double-digit growth of the organic industry in France in recent years is likely to continue without interruption. But there will still be more support from the state in the future. This was announced by Stéphane Le Foll, who became the Minister of Agriculture under Francois Hollande a year ago, at the beginning of France's Bio-Action Weeks. They were from 1 – 15.6.2013, and the minister took advantage of the launch to present to the public his programme for the future development of the organic sector called "Ambition Bio 2017". *(Picture: Press conference with Stéphane Le Foll, Etienne Gangneron and Elisabeth Mercier – all pictures © Agence Bio)*

Future Outlook

- Organic is a planned choice for a significant number of shoppers
- Future success depends on availability and accessibility through retailers
- More scientific evidence will help market growth
- Younger shoppers and future consumers are more ‘food savvie’
- Focus needs to be on supply and demand balance
- Organic must deliver on quality to maintain its future potential

Further information report 2014

The Organic Market Report 2014

will be available in March at

http://www.soilassociation.org/marketreport