

Is the future bright for organic food sales?

The Soil Association's Organic Market Report for 2009 would suggest the future for organic food sales is not as bleak as the media may have led us to believe. This report looks at the performance of different organic foods over a 12 month period.

Undoubtedly farmers and growers who supply the large multiple retailers have been hit hard, not least by Tesco's decision to pull many organic lines from their shelves when the recession was only a credit crunch. They have since admitted that this was the wrong decision and are now, once again, pledging support for organic farmers in the UK.

The report shows a new trend amongst organic consumers towards cooking more food from scratch, reducing waste and relying less on processed foods. Sales of home cooking ingredients increased by 13.5%. Sales of ready meals have been more adversely affected than sales of fresh, raw produce.

In the independent sector the report indicates that there was some growth during 2008 even though the economy was slowing.

- Dynamic growth in sales of organic food through farmers' markets where figures increased an estimated 18.6% to £23.7 million last year.

- Around £11 million is now spent on organic products through independent retailers every week.

- An Institute of Grocery Distribution report published in June 2008 found that farm shops were the fastest growing format for food retailing.

- FARMA (a trade and lobbying association for farm shops, farmers markets, pick your own and box schemes, estimates that there are 4,000 farm shops throughout the UK, with FARMA itself representing approximately a quarter of these.

• The Soil Association estimates that the value of organic produce sold through farm shops was £37.9 million in 2008, representing a 1.5% increase in sales since 2007

The table below compares the market share and sales growth of organic products in 2007 and 2008. We can see that box schemes have seen a slight decline but farmers markets and farm shops have seen an increase in sales between 2007 and 2008.

Outlet

2007

2008

Percentage of market, 2008

Multiple retailers

£1,517 million

£1,545.4 million

73.10%

Box schemes/home delivery/mail order

£171.8 million

£170.9 million

8.10%

Farm shops

£37.4 million

£37.9 million

1.80%

Farmers' markets

£20 million

£23.7 million

1.10%

Catering

£18.4 million

£18.3 million

0.90%

Other independent retailers

£312.8 million

£317.3 million

15%

Total

£2,077.4 million

£2,113.5 million

What does the future hold?

While none of us has a crystal ball, it would seem that organic farming has a key role to play in helping this country achieve its carbon emission reductions. Ed Miliband (as Climate Change Secretary) committed the UK to cutting greenhouse-gas emissions by 80% by 2050 in a bid to tackle climate change on 16th October 2008. This replaced the previous goal of 60% reduction.

At the time it was hailed as ambitious but necessary. Agriculture accounts for a large percentage of green house gas emissions.

In 2006 agriculture emissions accounted for 7 per cent of UK greenhouse gas emissions; agriculture accounted for 45 per cent of all non-CO2 emissions - mostly methane and nitrous oxide; the main non-CO2 emissions came from fertilizer (54 per cent) and livestock (37 per cent); agricultural non-CO2 emissions have fallen 18 per cent between 1990 and 2006 but government projections suggest they will only fall by a further 1 per cent by 2020.

While organic farmers still use machinery they tend to have higher labour demands so providing jobs in the local community, but the big saving comes from the lack of nitrogen based fertilisers (which accounted for a whopping 54% of UK agriculture's emissions in 2006). Utilising clovers, farmyard manures and rotation systems, organic farmers can maintain high levels of fertility in a self sustaining system.

If we need organic production then all that remains is to build a strong market for those products by identifying the problems organic food and textiles solves for the consumer. They are not necessarily the problems that organic farming can solve for mankind as a whole.

What do you think? Are you involved in organic production, have you recently de-registered, or do you think there's no future for organic farming? Please comment on Steve's blog.

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