Growing Irish Organic Food in Europe

Pan EU
Research Report

2024

Agenda

1. Research Objective
2. Organic Market Size & Trajectory
3. Customer Mindset
4. Consumer Mindset & Segmentation
5. Role of Irish Organic
6. Key Takeaways & Next Steps
7. Q&A

BORD BIA Thinking House

Project Background & Purpose

BORD BIA Thinking House

Context:

Irelands Target % of land that will be Organic:

2020 **2030**

The importance of exports for the Irish organic sector will continue to increase aligned to the growth in the sector particularly form 2025 onwards

Bord Bia to leverage our insights capabilities to set up the organic sector to win in selected high potential export markets

Target Regions:

UK **Germany** **France** **NL**

Belgium **Austria** **Sweden**

Deliverables:

Insights to inform:

- Bord Bia Organic Strategy 24-28
- Organic clients export plans
- Identify commercial opportunities
- Irish organic export communication strategy
- Understand the latest market and category trends
- Deep understanding of organic shopper motivations
- €2.7 million EU Organic Beef & Lamb – Pasture Raised in Ireland Campaign

Research Approach

Insights to Inform & Guide Irish Organic F&D B2B Proposition and Export Strategy

Strategic Collation:
Collating this primary research with learnings to date from Organic Export Discovery, Organic Ireland, CPU, Sustainable Nutrition, Beef tracker, FBI and other studies.

Reviewed over 70 secondary market reports and research paper relevant to topic.

Ph 1: EU Situation Analysis

- **Stakeholder Depths**: **3** Topic Expert In-depths
- **Online Listening**: **500 Million** Online Data Points Searched Daily

Ph 2: B2B Customer Perspective

- **Customer + Expert In-depths**: **20** Relevant buyers across multiples, discounters, Organic Specialist retailers and Foodservice Covering 7+markets.

Ph 3: Consumers Perspective

- **Consumer U&A Survey**: **10,500** consumers across 7 markets
- **Mobile Ethnography**: **27** weeklong ethnography study across 3 markets

The Buyers & Experts We Interviewed

Organic Specific

Mainstream Retail

Topic Experts

N=23 Relevant Experts + senior director level buyers across multiples, discounters, Organic Specialist retailers and Foodservice Covering 7+markets.
Details of these profiles in appendix

BORD BIA Thinking House

2. Organic Market Size & Trajectory

BORD BIA Thinking House

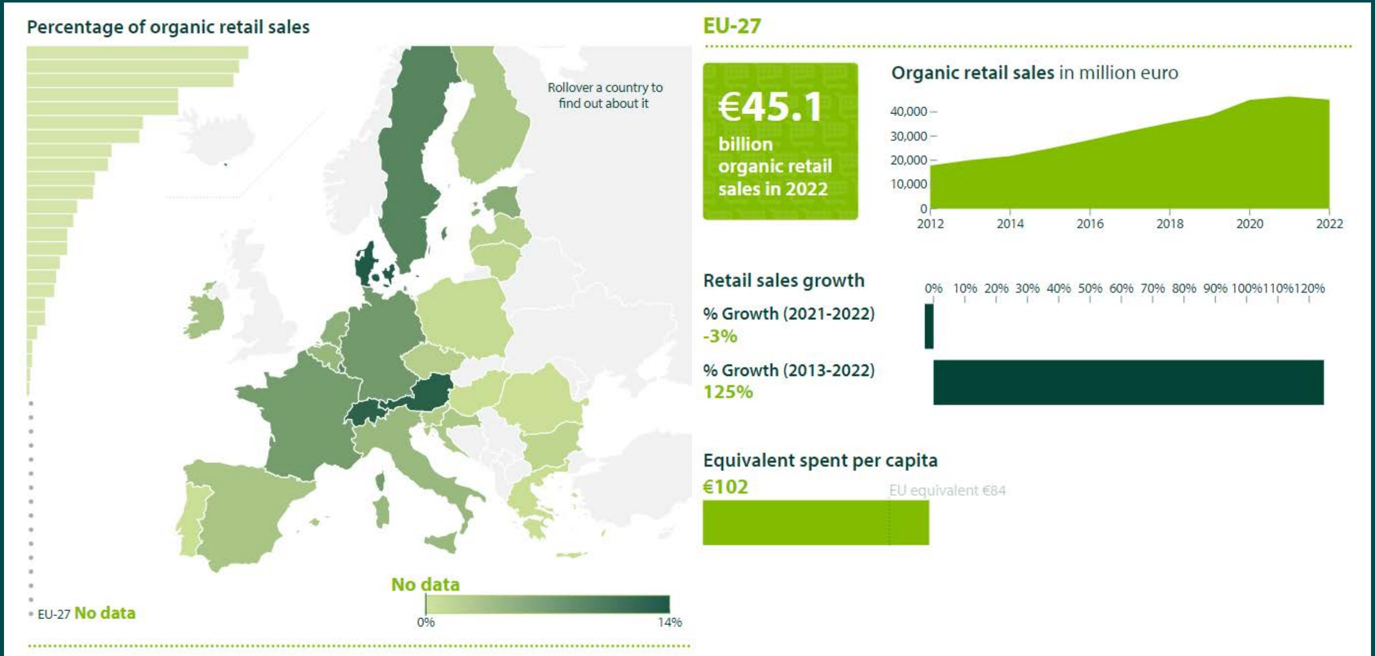
Global Stats on Organic – Long-term Growth CAGR of Organic has been very positive

Organic is a growing proportion of the food and drink we eat globally in the last 22 years.

	2000:	2022:	CAGR:
Revenue	€15 Billion	€135 Billion	+10%
Organic Agri Land	15m Hectares	96.4m Hectares	+9%
Producers	200,000*	4,500,000	+14%

BORD BIA Thinking House

Europe is the second largest region for Organic after North America with retail sales of €45.1 billion in 2022 and average spend per capita €102



Slight decline in retail sales in Europe in 2022 as cost inflation took centre stage, but still significantly above pre-covid levels.

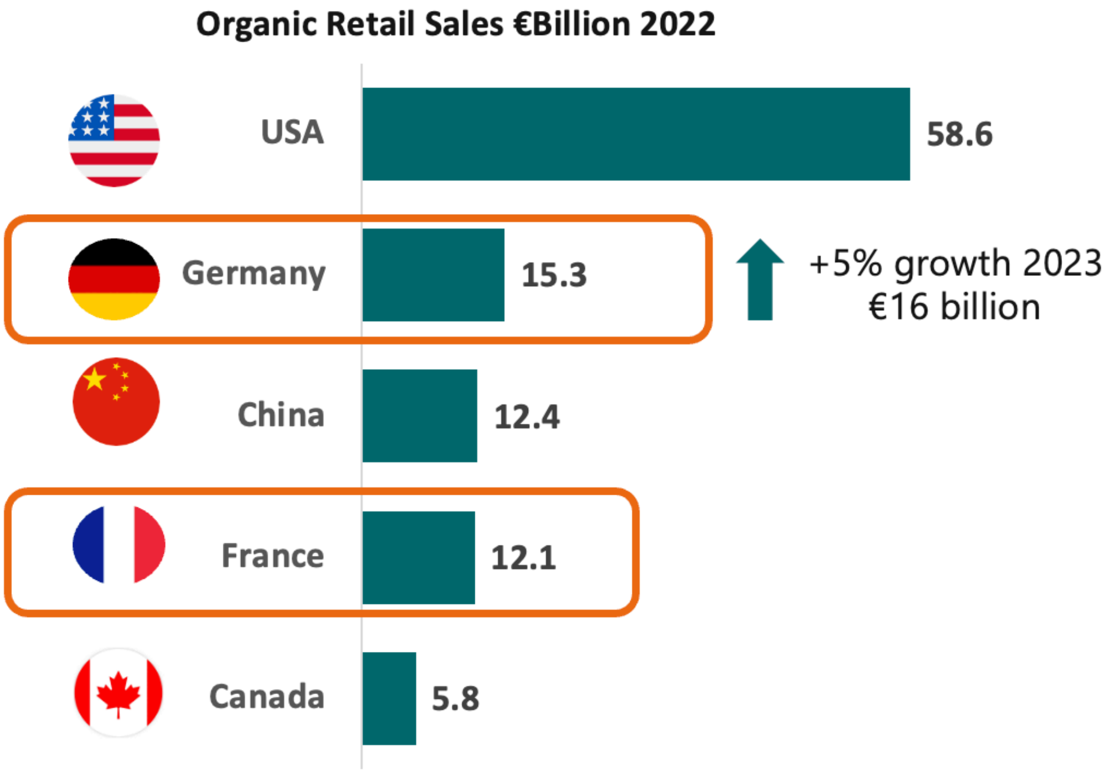
https://www.organicseurope.bio/about-us/organic-in-europe/

Germany and France in the top 5 Markets in the World for Organic Sales

Germany and France are in the top 5 countries globally for Organic.

While spend per person on Organic is highest in some of the other EU markets.

Note average per Capita consumption Globally is €17, while all EU markets are significantly above this.



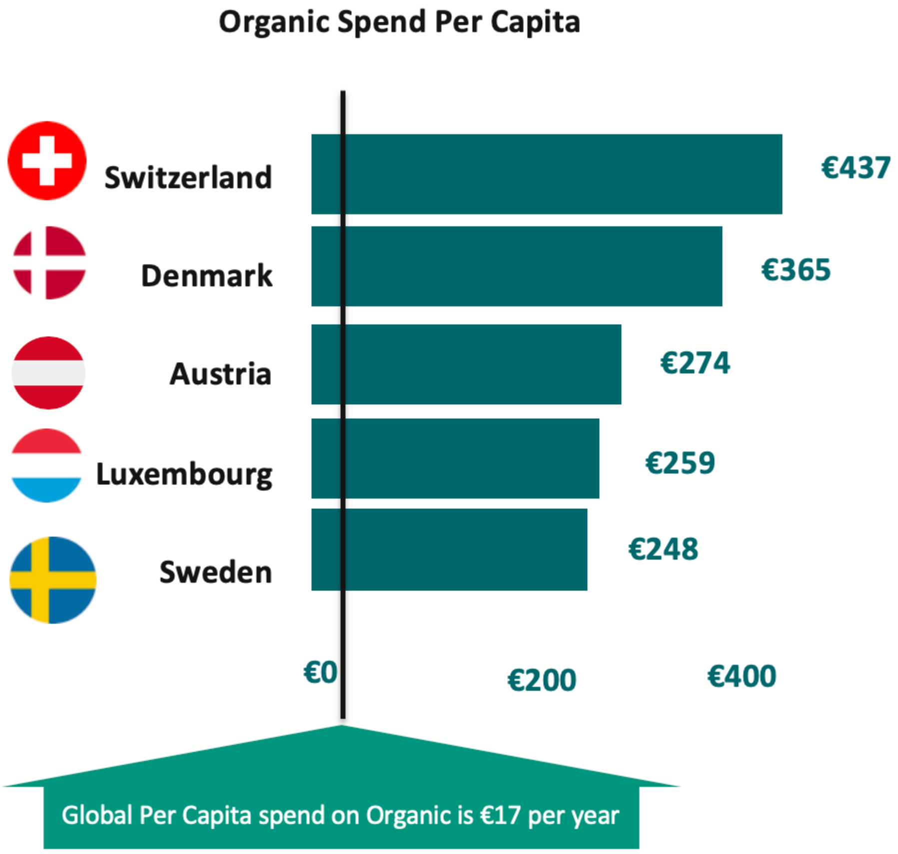
BORD BIA Thinking House

EU Countries Spend per Capita is Significantly Above Global Average

Spend per person on Organic is highest in EU markets.

Average per Capita consumption Globally is €17 per year….

…All EU markets are significantly above this.



BORD BIA Thinking House

3. Customer Mindset

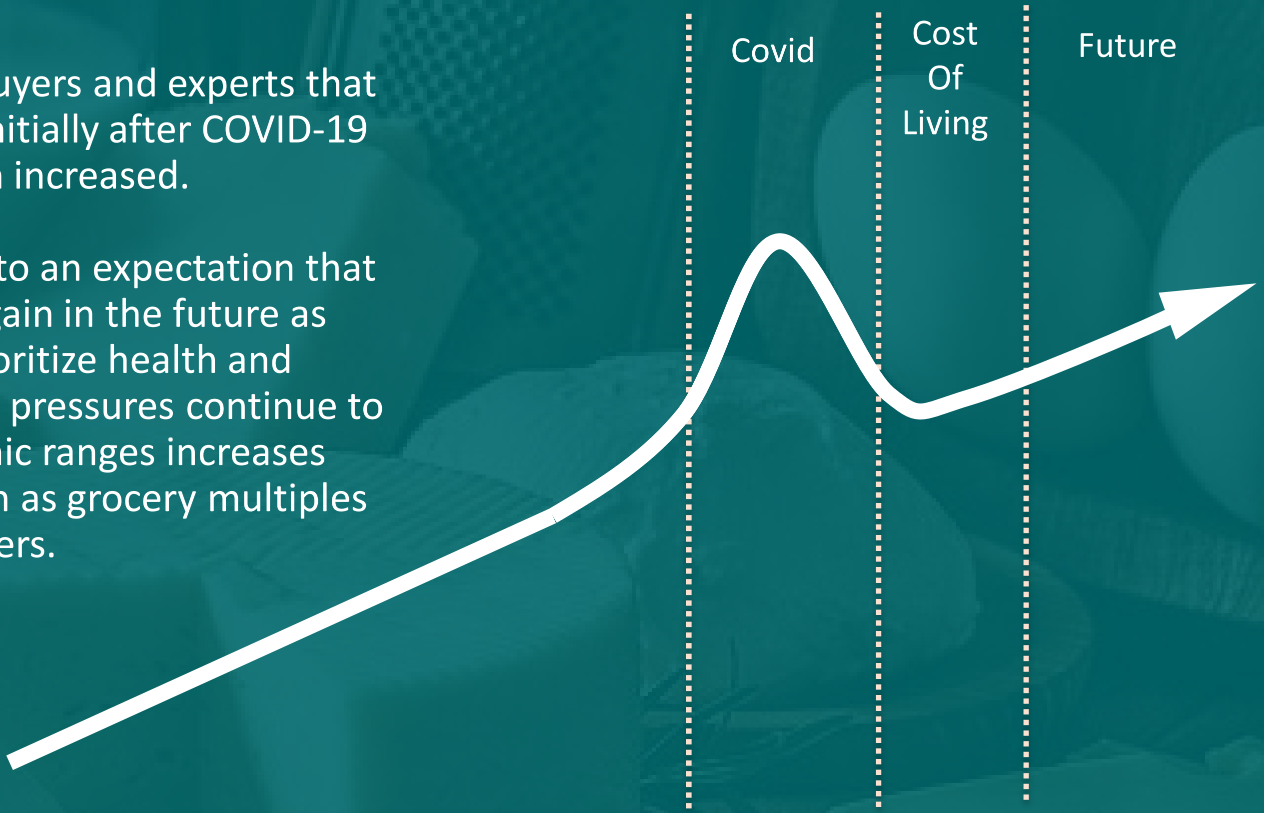
BORD BIA Thinking House

Organic Market Outlook from Organic Buyers & Experts

-Organic Foods Recent Decline Is Just a Blip

There is a general sense from buyers and experts that Organic food sales decreased initially after COVID-19 in Europe as inflation increased.

However early indications lead to an expectation that sales will steadily increase again in the future as consumers continue to prioritize health and environment, and once inflation pressures continue to ease and availability of organic ranges increases through different channels such as grocery multiples and discounters.

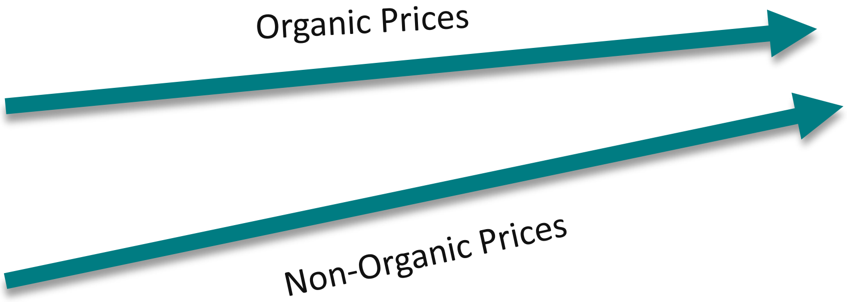


BORD BIA Thinking House

From Buyer Perspective:

Many Believe the Price Differential Will Close, but Organic will still be higher

Many retailers believe as Organic grows the price differential will not be as big but will be still a premium to standard non-organic food overall.



Key Drivers

Continued move into mainstream & discount retailers

Policy & Regulation

From Buyer Perspective: Important Factors for Buyers Buying Organic Food

The main factors that are influencing whether a buyer will list an organic product tend to be similar to why they would buy a non-organic food.

BUYER VALUE EQUATION – WHEN BUYING ORGANIC

WHAT GAP IT FILLS OR IS IT EXCLUSIVE?

+

CONSISTENCY OF SUPPLY

+

TRUSTED PROVIDER

+

PRODUCT QUALITY

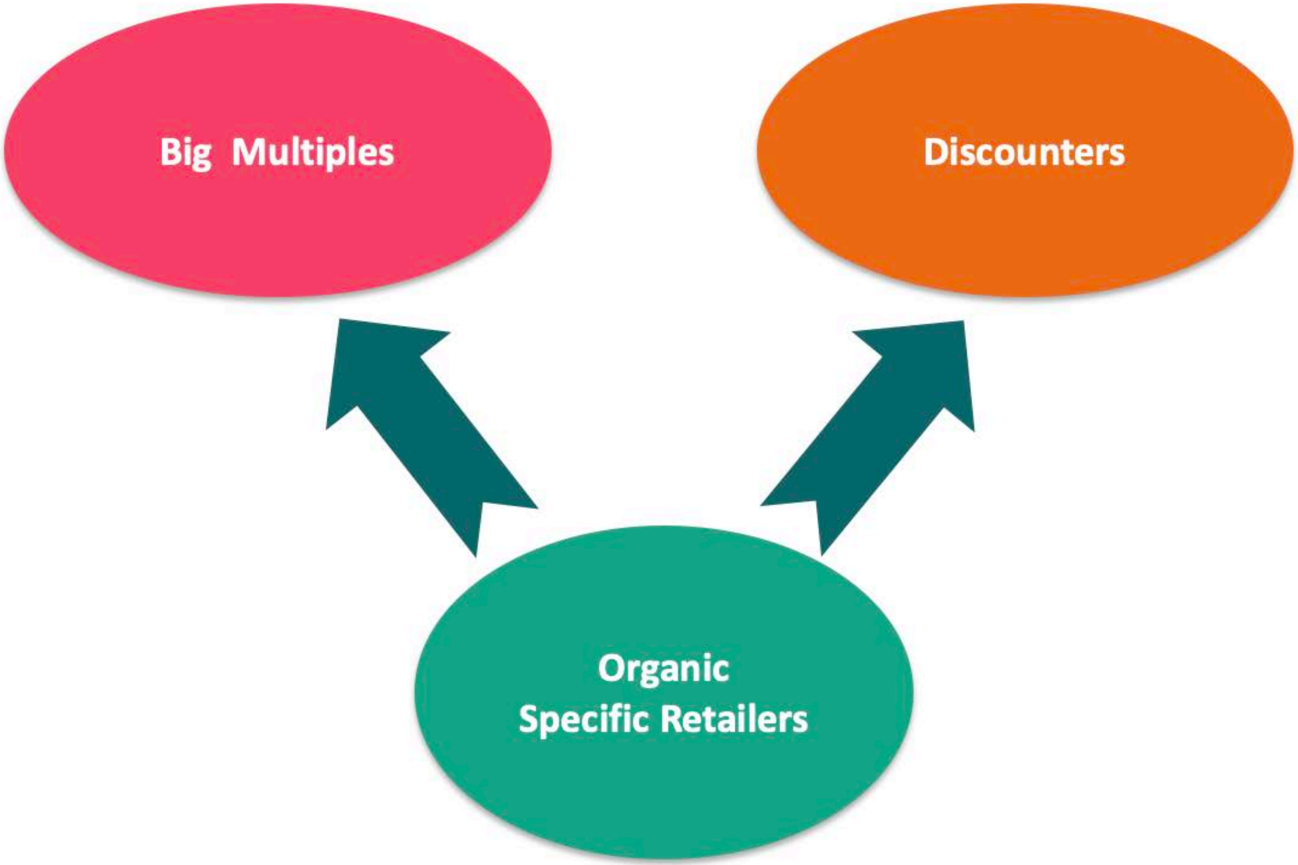
+

ORGANIC CERTIFICATION

+

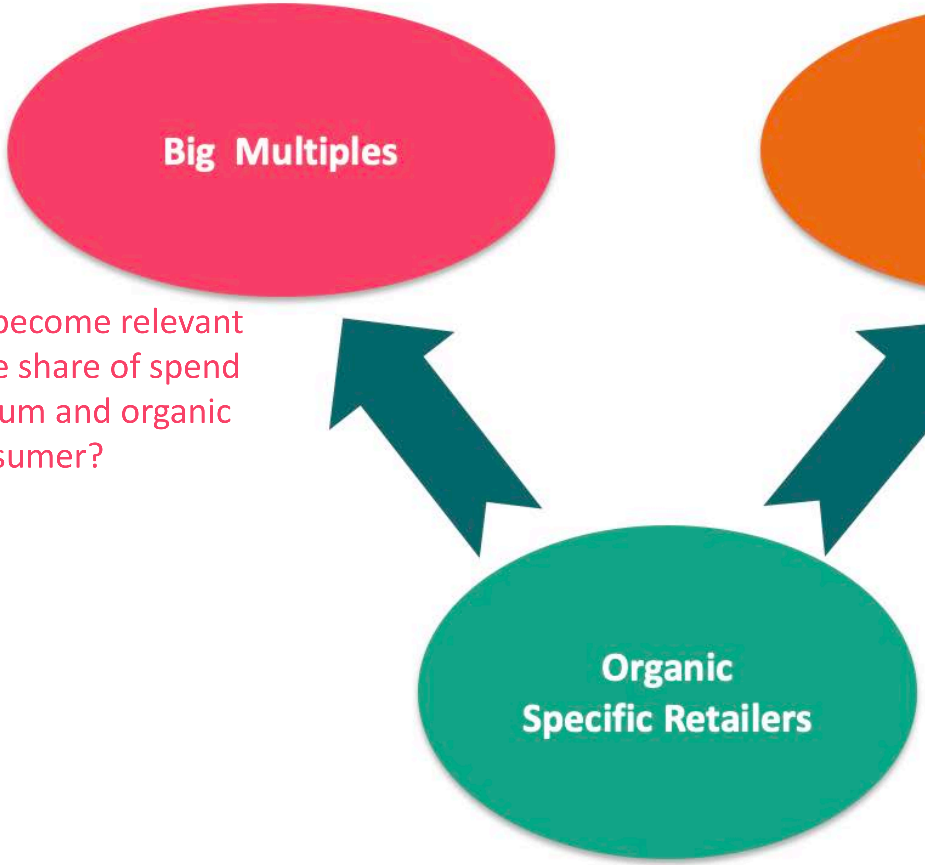
AT A COST/PRICE THAT FITS THEIR PLAN

From Buyers Perspective… Evolving Shift from Specialist to Retailers



BORD BIA Thinking House

From Buyers Perspective: Organic Plays a Different Role depending on Store Type



How can we become relevant and win more share of spend of the premium and organic consumer?

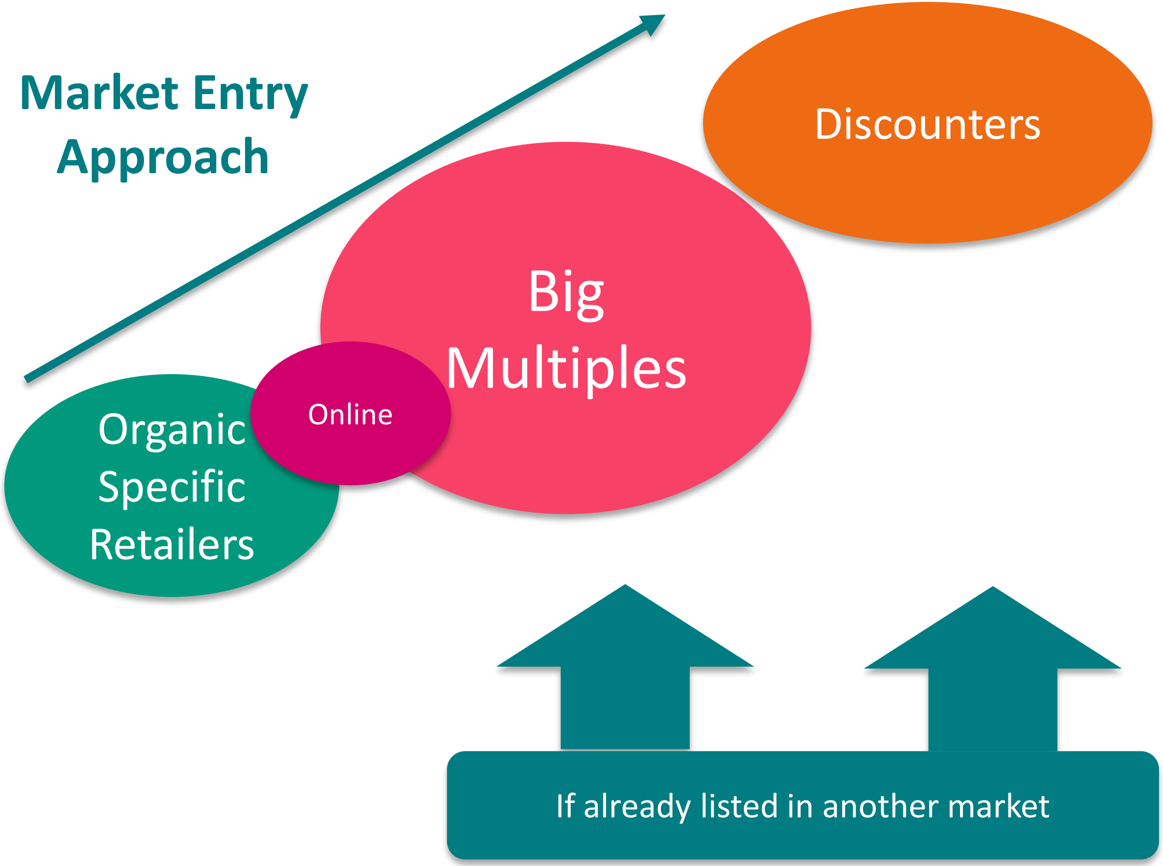
What is the next premium version (which can be organic) of the big selling SKUs in each category?

How do I supply Organic food that is better for consumers, environment and animal welfare?

BORD BIA Thinking House

Route to Market Approaches for Developing Irish Organic

As the big multiples tend to monitor what the organic specific retailers are listing in terms of organic this could be an effective route to get listed in stores over time.



BORD BIA Thinking House

4. Consumer Mindset and Segmentation

BORD BIA Thinking House

EU Perceptions of Organic Compared to Non-Organic food & drinks

3 POINTS:

1. Organic food & drinks perceived by most as better for the environment, our health, animal welfare by being less processed and less chemicals.
2. 64% want more information on certification.
3. There is somewhat of a sustainability halo effect of Organic in terms of perceived positive impact in terms of carbon emissions too.

Attitudes Towards Organic Food & Drinks - AGREE

(Base: All Organic Buyers in each Market n=10,500)

BORD BIA Thinking House

Organic Consumer Mindset Towards Organic

An illustrative clip of EU consumers articulating the benefits they perceive of organic foods.

Which are perceived as more natural with less processing and chemicals and in turn are healthy, good for environment, animal welfare and ultimately the sustainability of food.

Attitude towards Organic Purchasing – Segments

There are 5 clear consumer segments in the organic category – Each providing varying scope to grow Irish Organic Foods.

Pro – Active Seekers

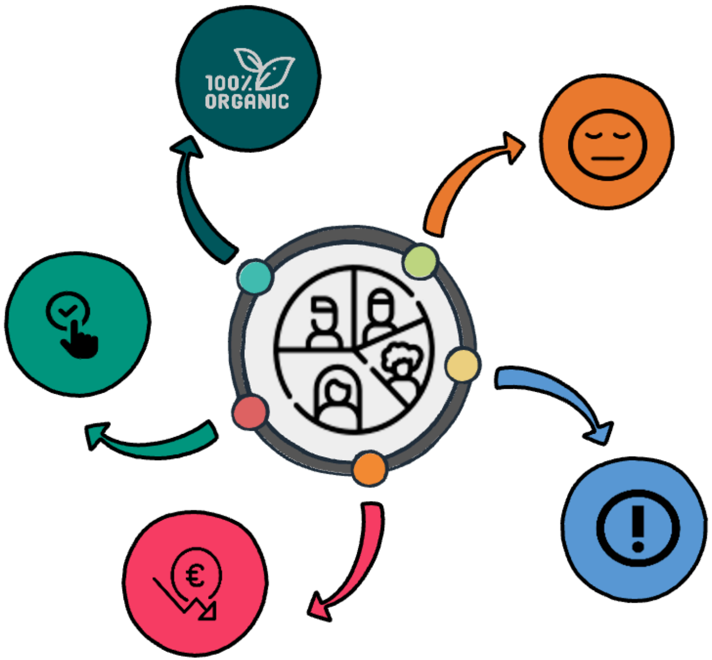
Organic is their Lifestyle choice

Convenience Seekers

Look for organic most of the time but sometimes don't have time or energy to search for it

Cost-Prohibited Seekers

Look for organic most of the time but have to chop and change due to cost



Passive Dabblers

Buy some organic but it's not that important to me

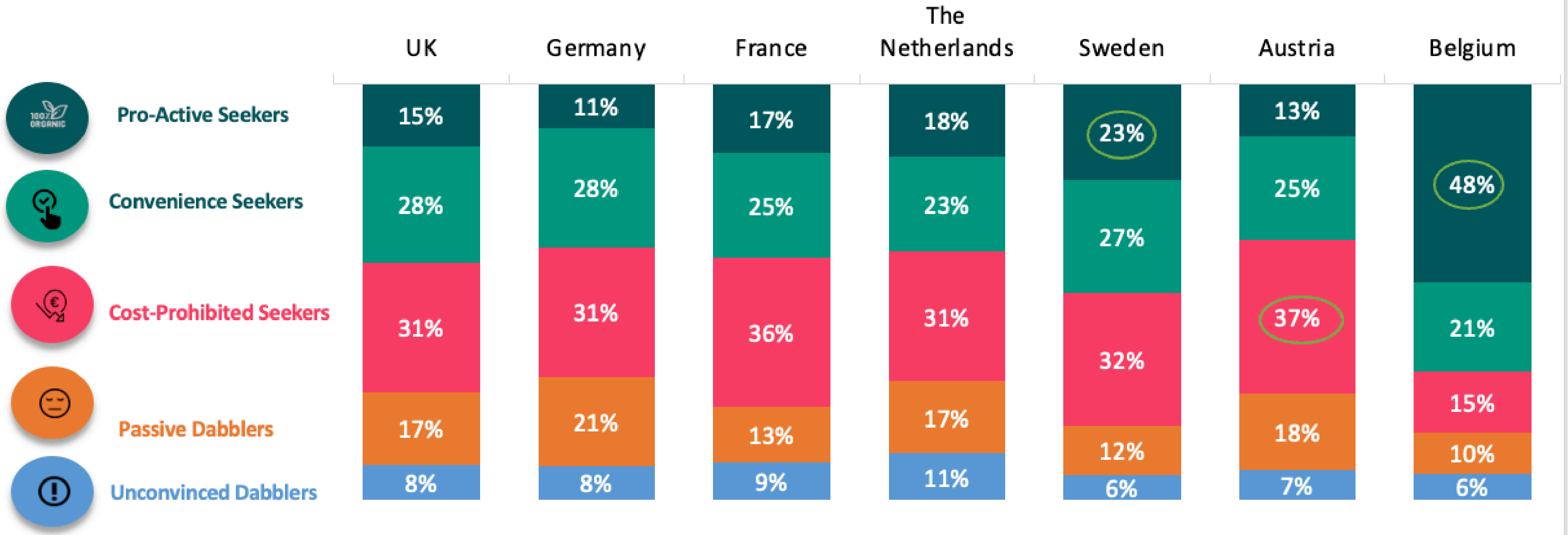
Unconvinced Dabblers

Buy a few organic items but not bothered whether buy organic or not

Highest levels of Pro-Active Seekers evident in Belgium, with the incidence of such also higher in Sweden. Cost Prohibited Seekers most evident in Austria

(Base: All Organic Buyers in each Market n=10,500)

Attitude towards Organic Purchasing – Segments

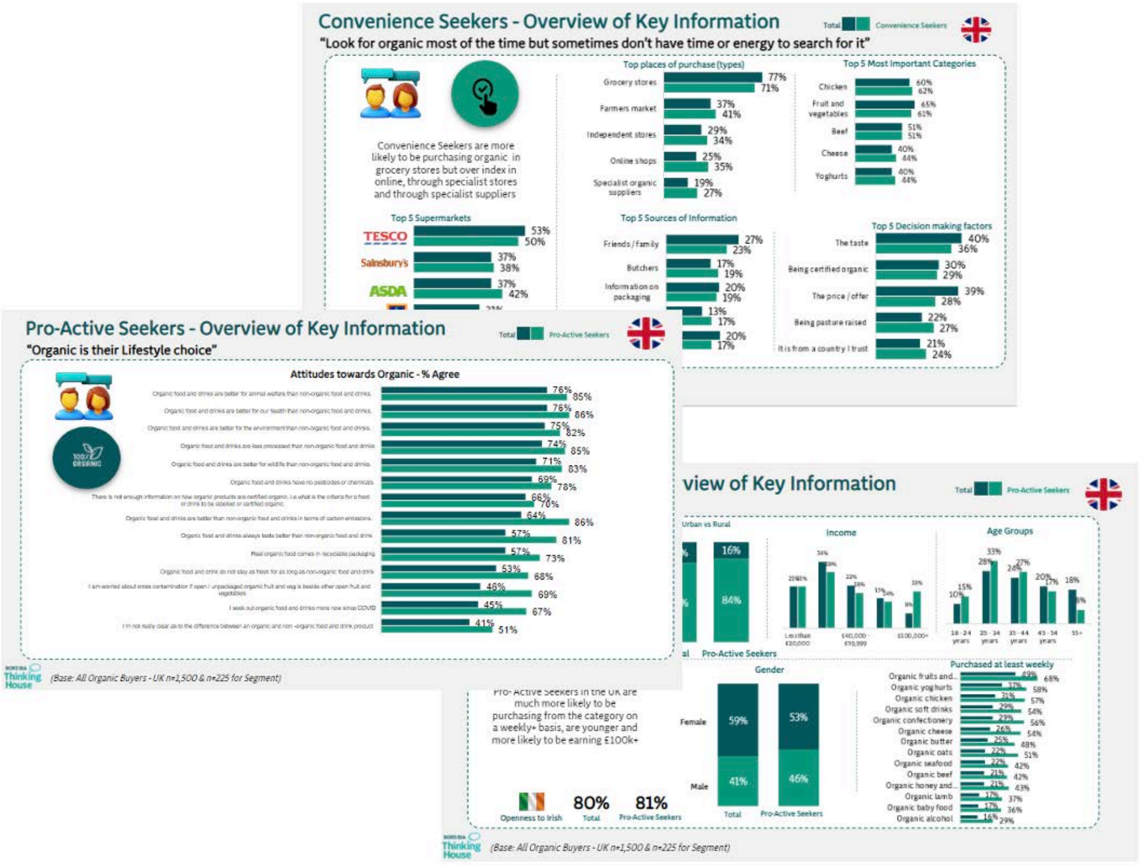


Explanation of Significant difference in appendix

Significant difference @ 95% confidence level

Market Reports – Detailed Profile Per Segment Per Market

- Pro-Active Seekers
- Convenience Seekers
- Cost-Prohibited Seekers
- Passive Dabblers
- Unconvinced Dabblers

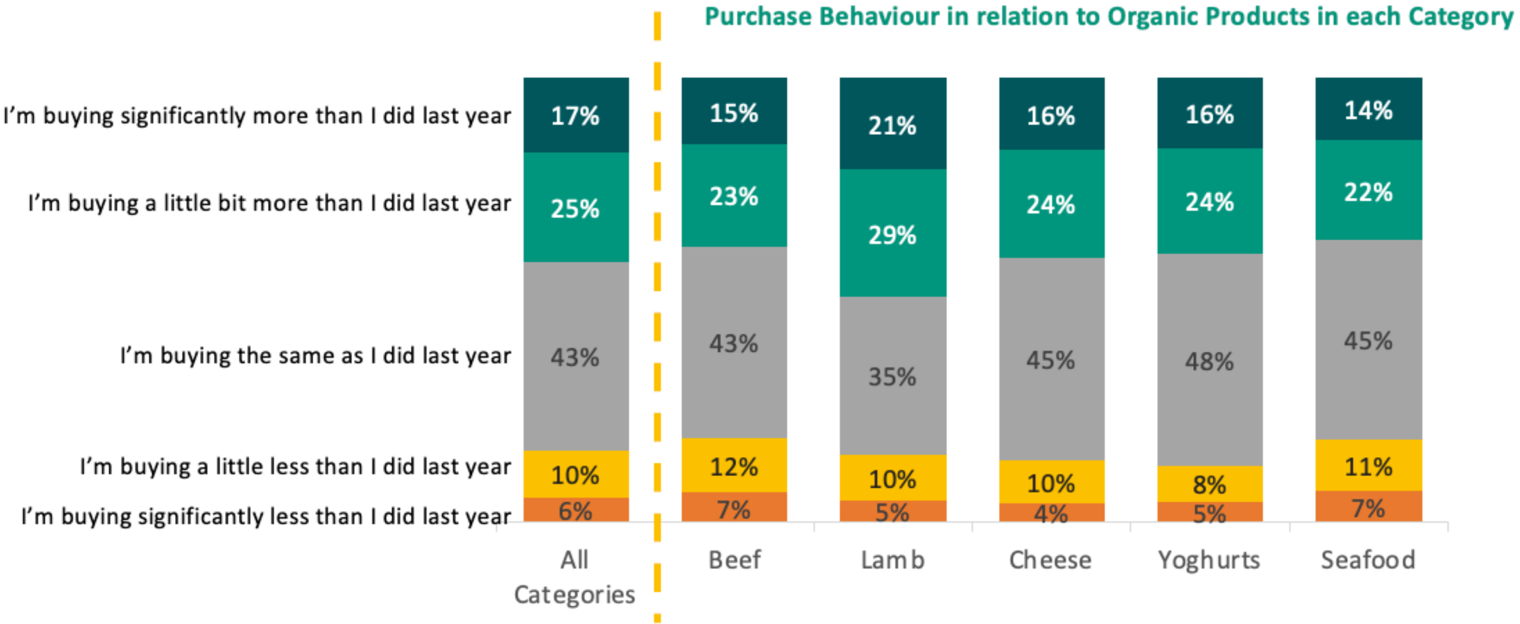


BORD BIA Thinking House

A Look into UK & European Organic Consumer Fridges

EU Organic seeker type consumers tend to have their home fridges packed with Organic foods.

Positive Momentum with Consumers claiming to buy More Organic Across the Key Categories

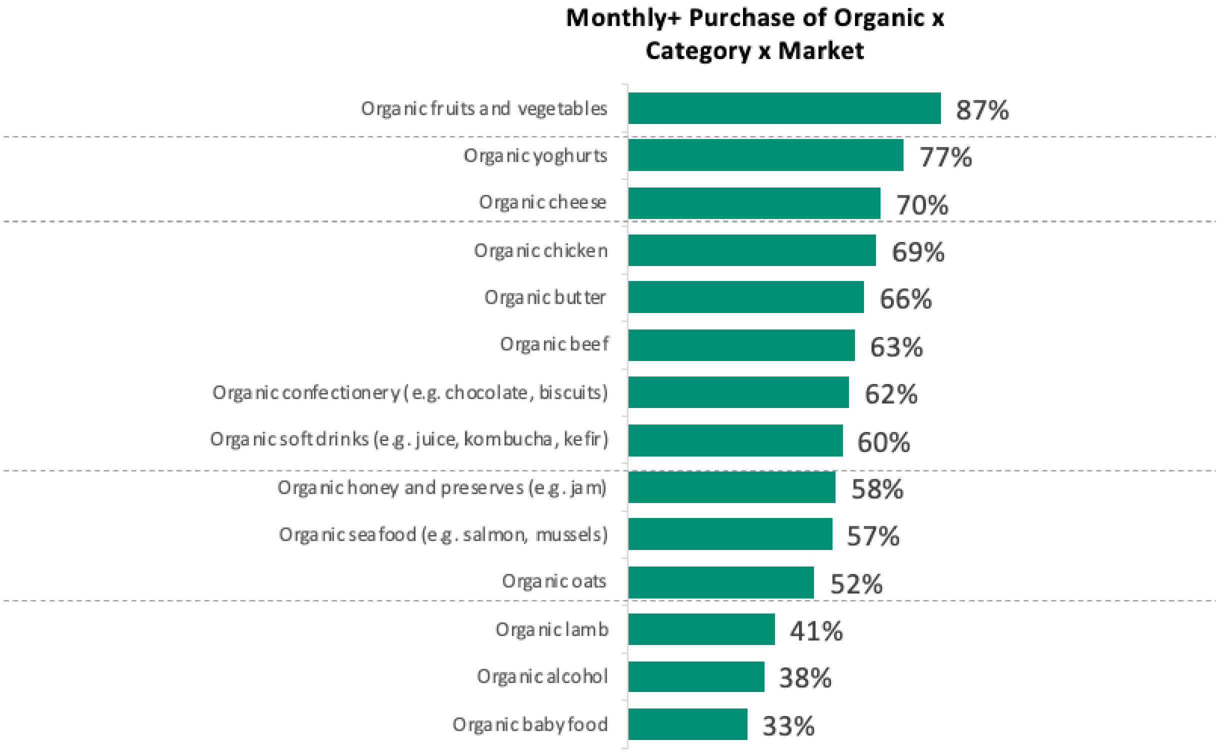


% Purchasing MORE	42%	38%	50%	40%	40%	36%

(Base: All Organic Buyers in each Market n=10,500)

Organic Categories Monthly+ Purchase Incidence Is Highest for F&V, followed by Dairy and then Meats.

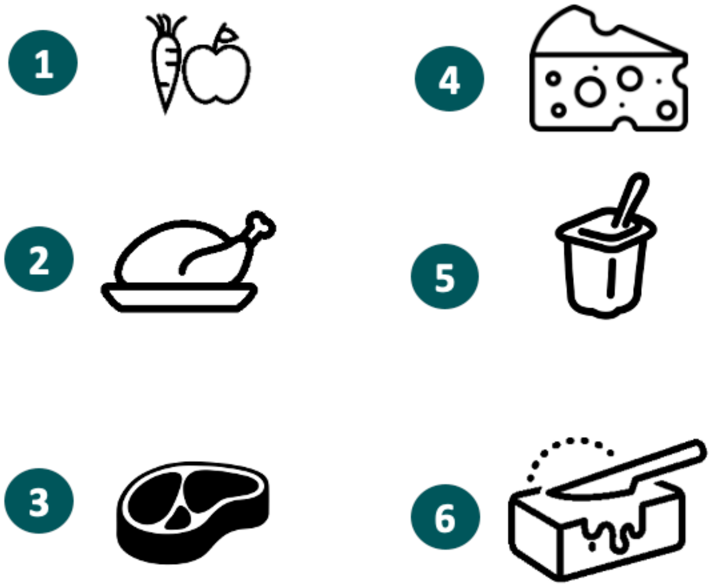
F&V are the most frequently purchased organic categories in the EU – and is a key category to learn from for dairy, meats and seafood.

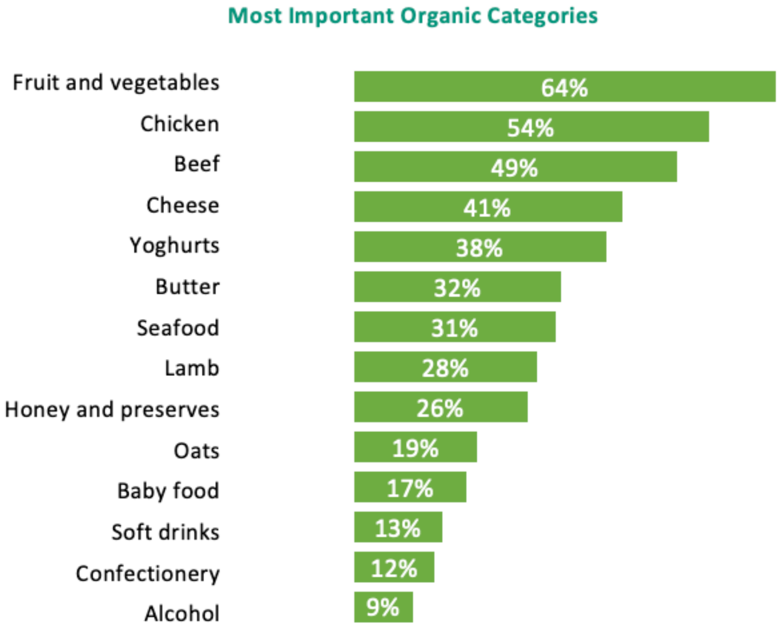


(Base: All Organic Buyers in each Market n=10,500)

Fruit & Veg, Chicken and Beef are the Top 3 most important categories to consume organic products from Consumers Perspective

(Base: All Organic Buyers in each Market n=10,500)

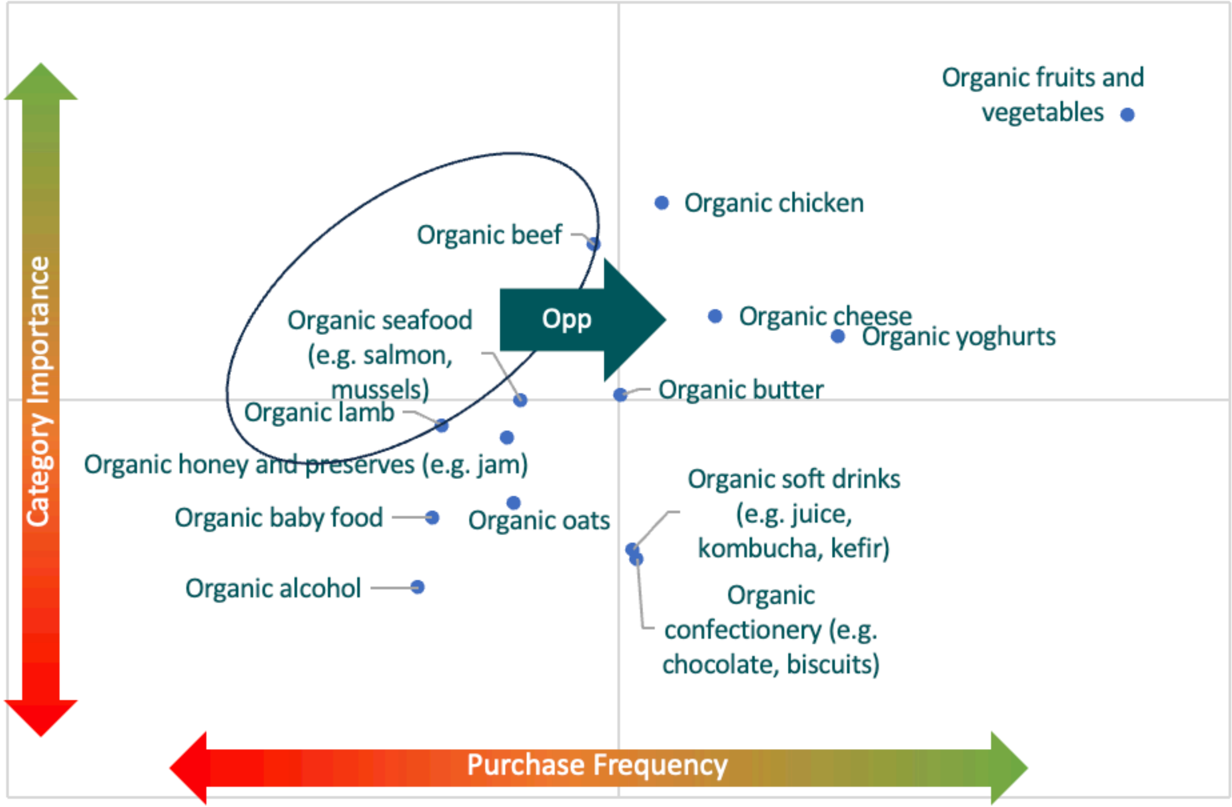




Frequency X Importance of Organic Products - Matrix

(Base: All Organic Buyers in each Market n=10,500)

Opportunity with meats and seafood (especially beef) to enhance frequency with consumers given perceived importance of organic versions is so high.

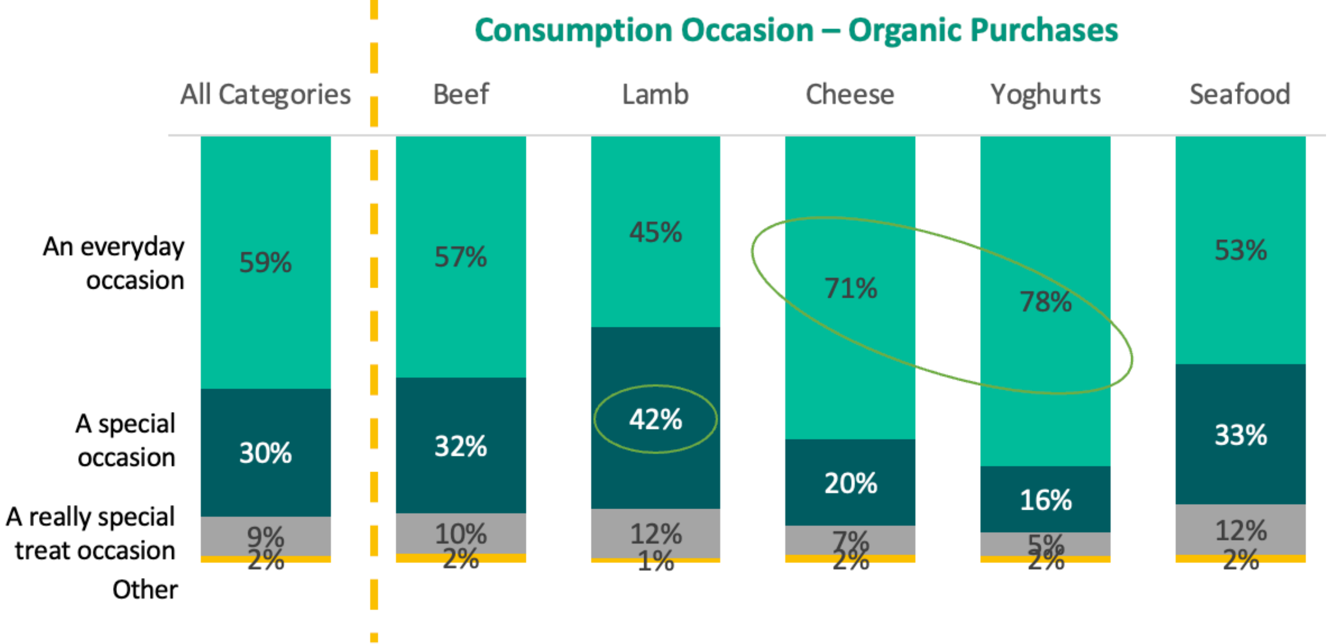


The mix of Organic Consumption in Everyday & Special Occassions Varies for Meat and Dairy Categories

(Base: All Organic Buyers in each Market n=10,500)

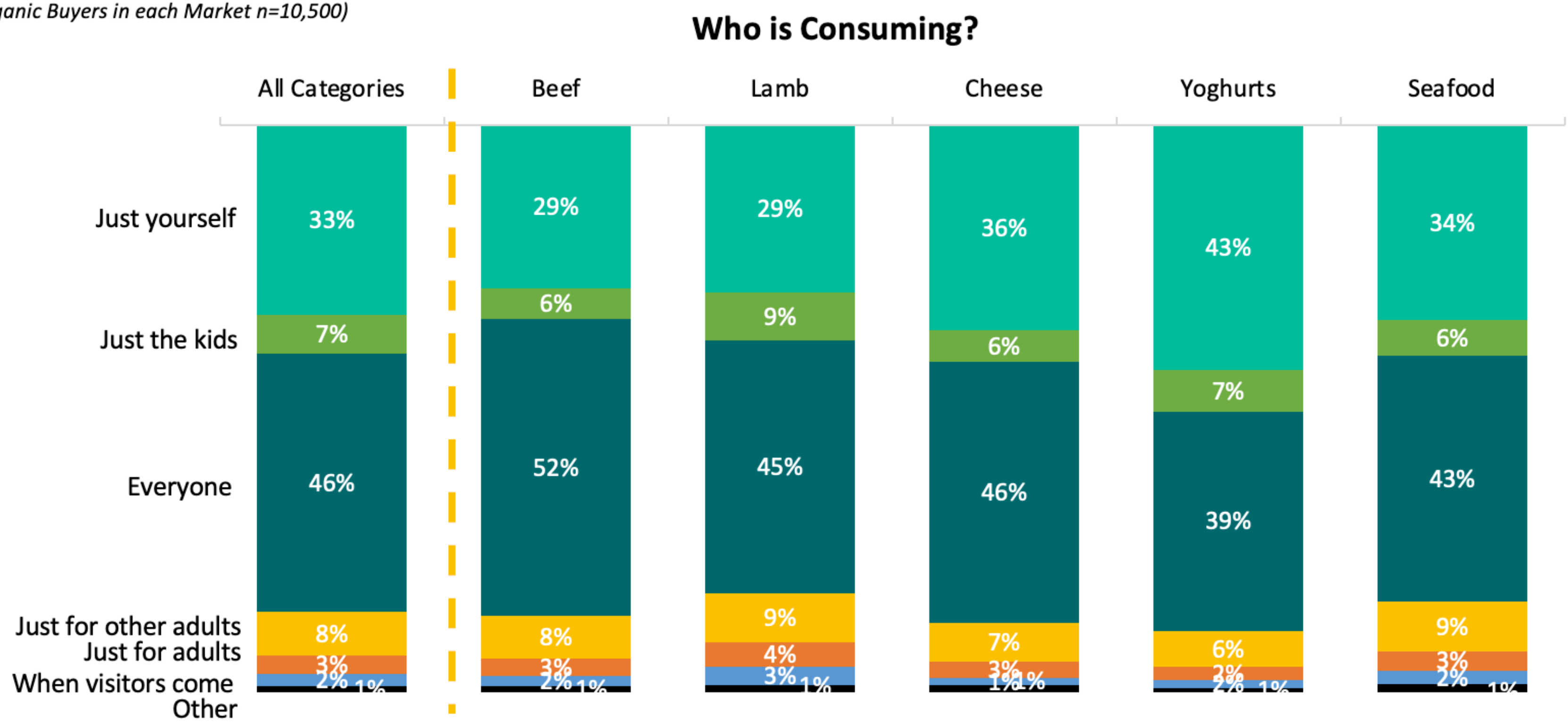
Organic is often consumed as part of everyday occasions, and especially in Dairy categories.

While for meat (especially Lamb) and Seafood a significant proportion of consumption is for special occasions.



Organic Consumption Tends to be Across Household – with a slight index for oneself in the Dairy categories

(Base: All Organic Buyers in each Market n=10,500)



BORD BIA Thinking House

Grocery stores are key channel for purchase, particularly in Germany, UK and The Netherlands. In France and Belgium, there is a higher incidence of non-grocery store purchase.

Channels Where Organic Food and Drink is Purchased	Total	UK	Germany	France	Netherlands	Sweden	Austria	Belgium
Grocery stores	66%	77%	77%	36%	78%	66%	69%	55%
Farmers market	40%	37%	39%	53%	31%	26%	51%	42%
Specialist organic suppliers	27%	19%	31%	36%	18%	18%	29%	40%
Independent stores	27%	29%	21%	37%	22%	23%	21%	39%
Online shops	18%	25%	10%	11%	16%	23%	10%	32%
Restaurants / cafés	14%	15%	8%	8%	14%	16%	7%	30%
Other	3%	1%	2%	9%	2%	1%	2%	2%

(Base: All Organic Buyers in each Market n=10,500)

Significant difference @ 95% confidence level

Discounters are Developing a Good Organic proposition across their ranges

"Aldi has a good selection of organic products. Both cheap and expensive branded products. There is an organic alternative product for most things."

-Pre-Family Female 18-34 Germany Occasional Organic Consumer

BORD BIA Thinking House

Example of Carrefour in France with a good Organic Standout & Range in the Meats Section

An example of good clear standout of Organic Meats in store, along with a good range from French Male Older family 35-54 Organic Occasional

Taste and Price/Offer separate themselves as the most important factors when purchasing organic, with certification also playing a prominent role

(Base: All Organic Buyers in each Market n=10,500)

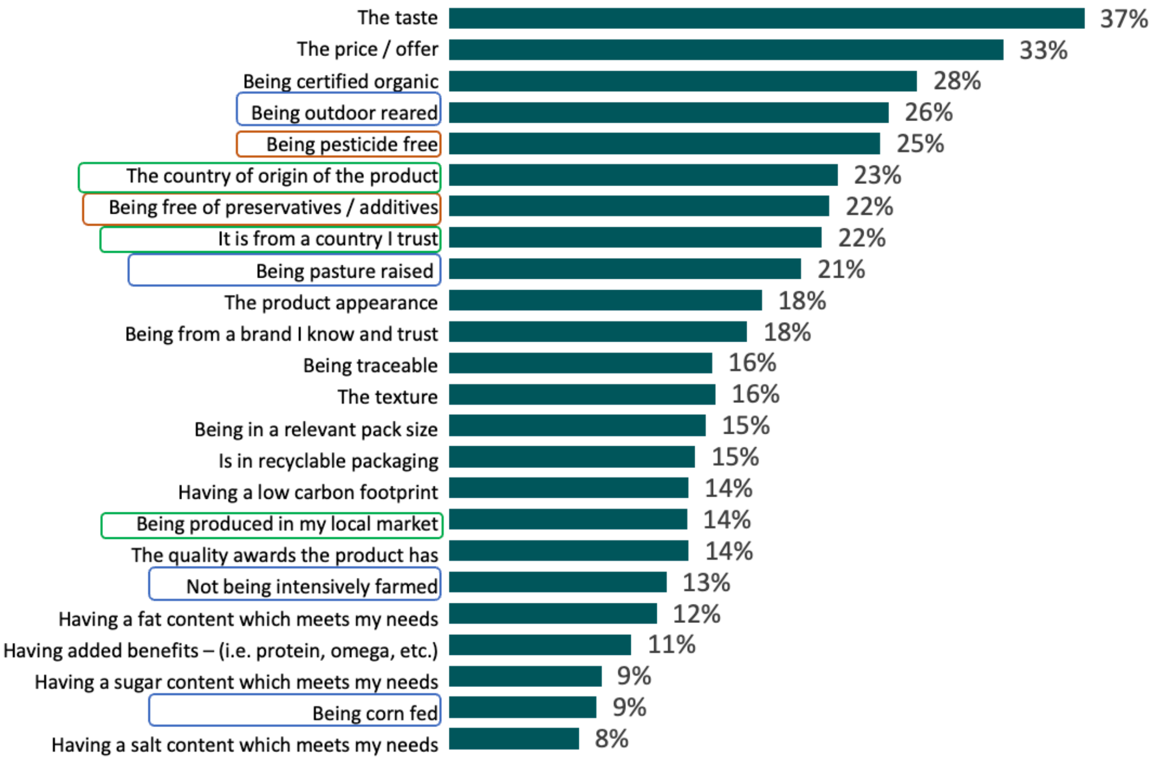
Taste and Price/Offer separate themselves as the most important factors when purchasing organic, with certification also playing a prominent role

Outdoor, pasture raised and not intensive

Free from … important

Country of origin / trust score higher than local market!

Most Important Factors when purchasing Organic – Categories Grouped



BORD BIA Thinking House

Taste Perceptions of Organic Need to Improve For Organic to Grow

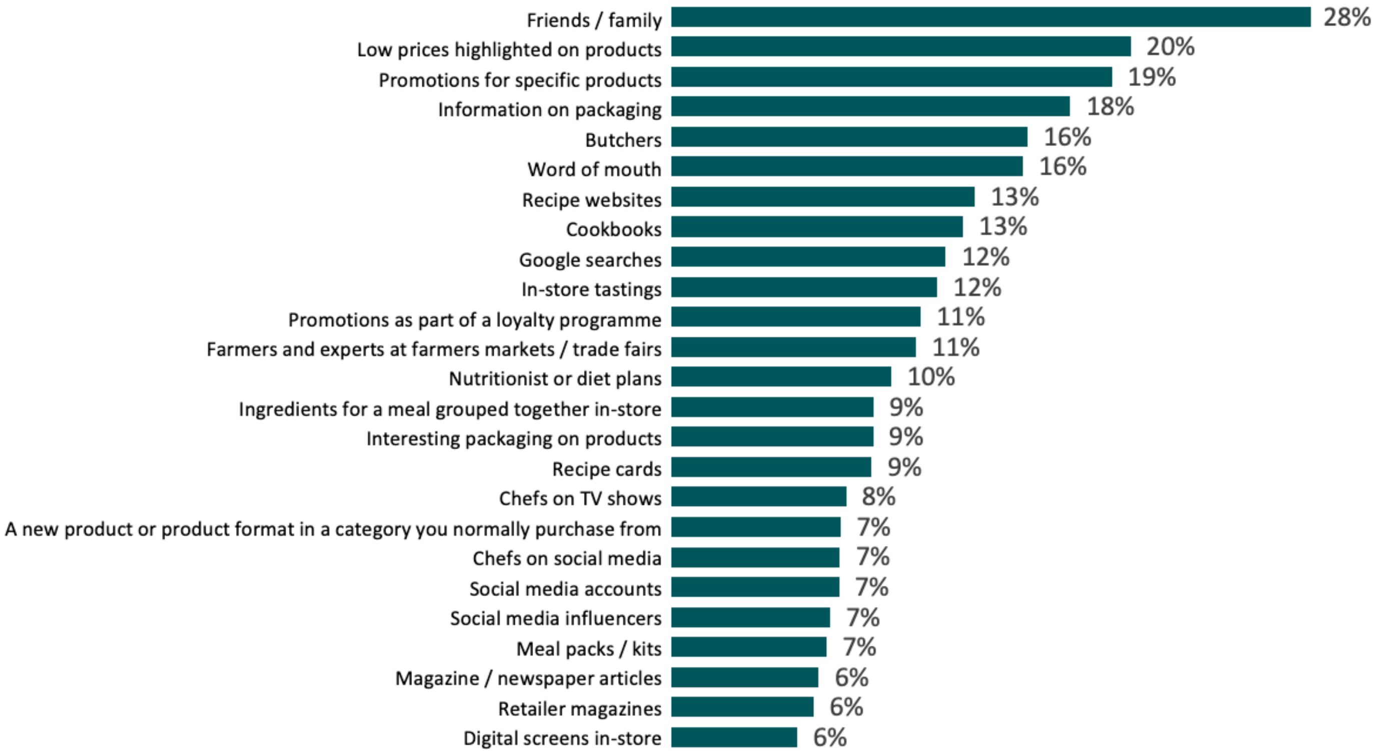
Taste is the MOST IMPORTANT factor when deciding to buy Organic foods….

BORD BIA Thinking House

Information on pack is a key influence factor when it comes to purchasing organic, with word of mouth and offers/promos also to the fore

(Base: All Organic Buyers in each Market n=10,500)

Most influential Elements in Buying Organic – TOP 3 Ranking



BORD BIA Thinking House

Information on certification is a key factor to Re-assure EU Organic consumers they are purchasing the appropriate Organic Food.

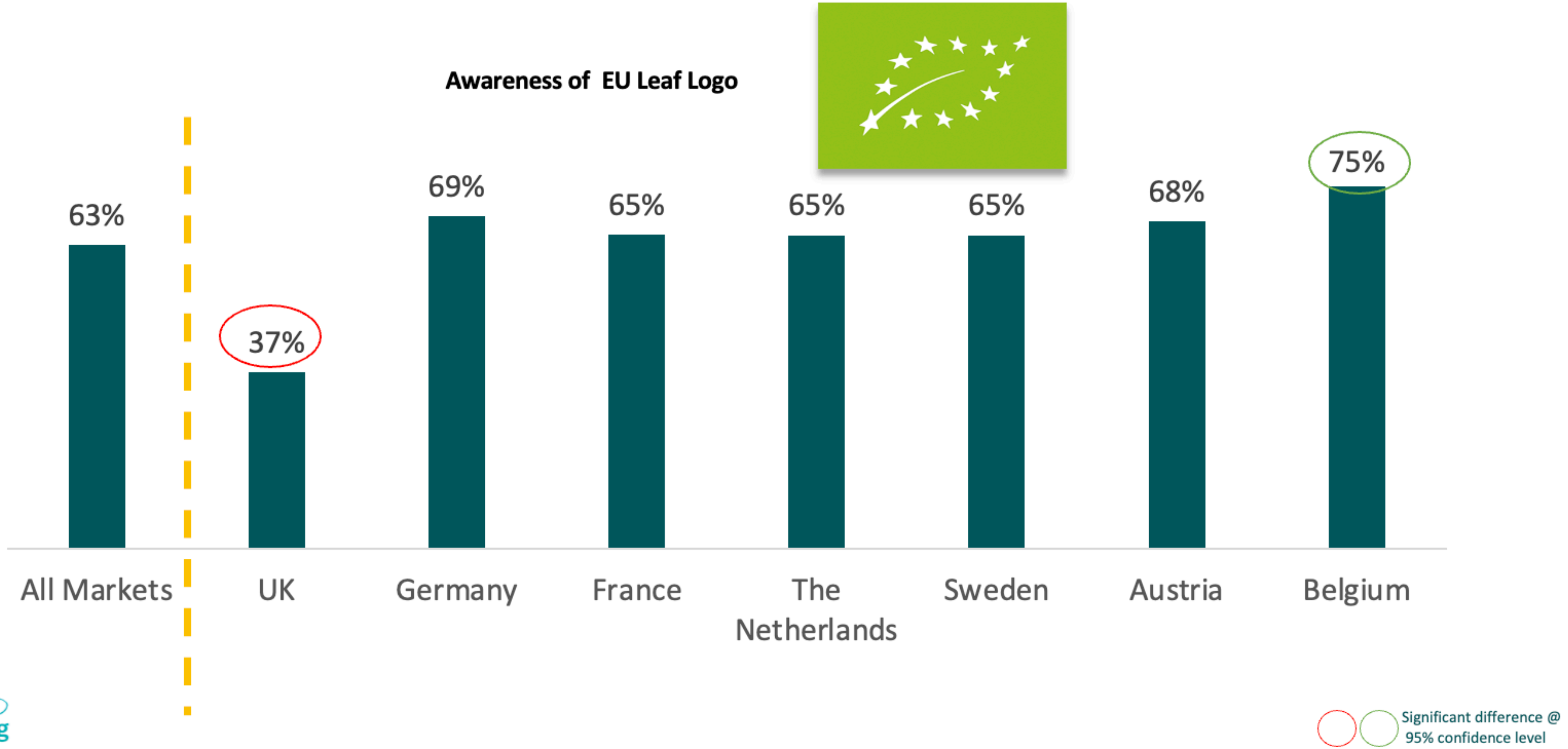
64%

of EU Organic Consumers Believe…

‘There is not enough information on how organic products are certified organic. (i.e what is the criteria for a food or drink to be labelled or certified organic).’

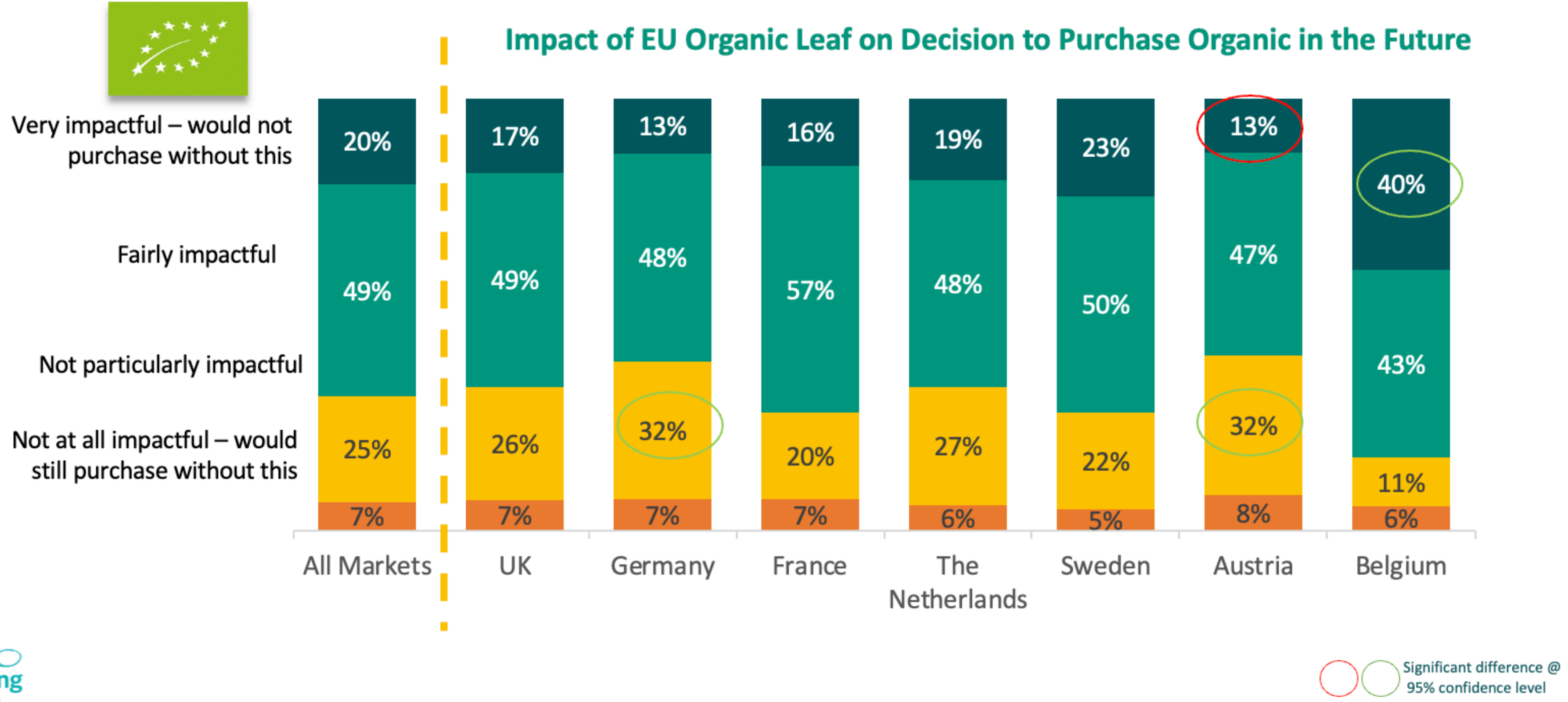
Almost two thirds are aware of the EU leaf logo, but awareness levels are significantly lower amongst those in the UK

(Base: All Organic Buyers in each Market n=10,500)



Almost 7 in 10 claim the EU organic leaf logo is impactful in their decision to purchase organic food and drink, with impact most pronounced in Belgium

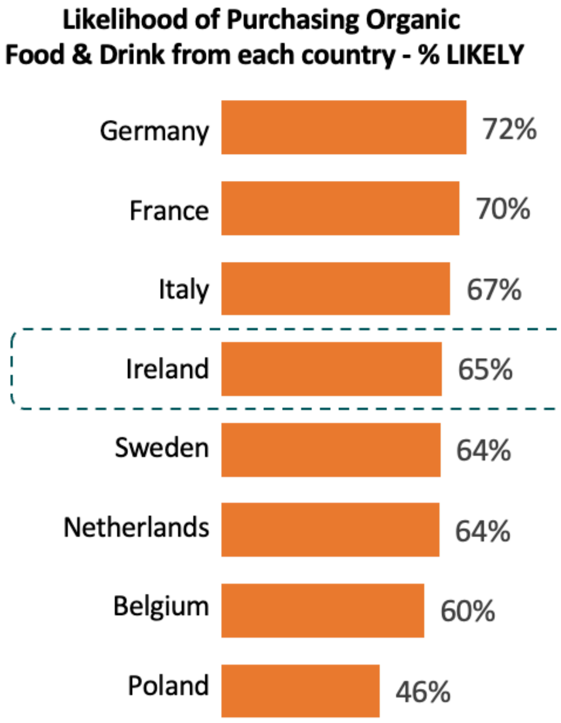
(Base: All Organic Buyers aware of the EU Leaf Logo n=6,720)



5. The Role for Irish Organic

BORD BIA Thinking House

High levels of likely purchase of Irish Organic food and drink evident overall, with likely purchase highest in the UK and Belgium, and strong likelihood also evident in The Netherlands and Germany.



	UK	Germany	France	The Netherlands	Sweden	Austria	Belgium
Germany	68%	n/a	52%	79%	70%	80%	83%
France	72%	66%	n/a	72%	70%	49%	89%
Italy	72%	61%	53%	67%	71%	67%	81%
Ireland	80%	69%	47%	73%	63%	41%	81%
Sweden	71%	65%	49%	74%	n/a	45%	80%
Netherlands	71%	68%	48%	n/a	65%	44%	88%
Belgium	66%	59%	53%	77%	62%	39%	n/a
Poland	57%	41%	26%	48%	54%	28%	72%

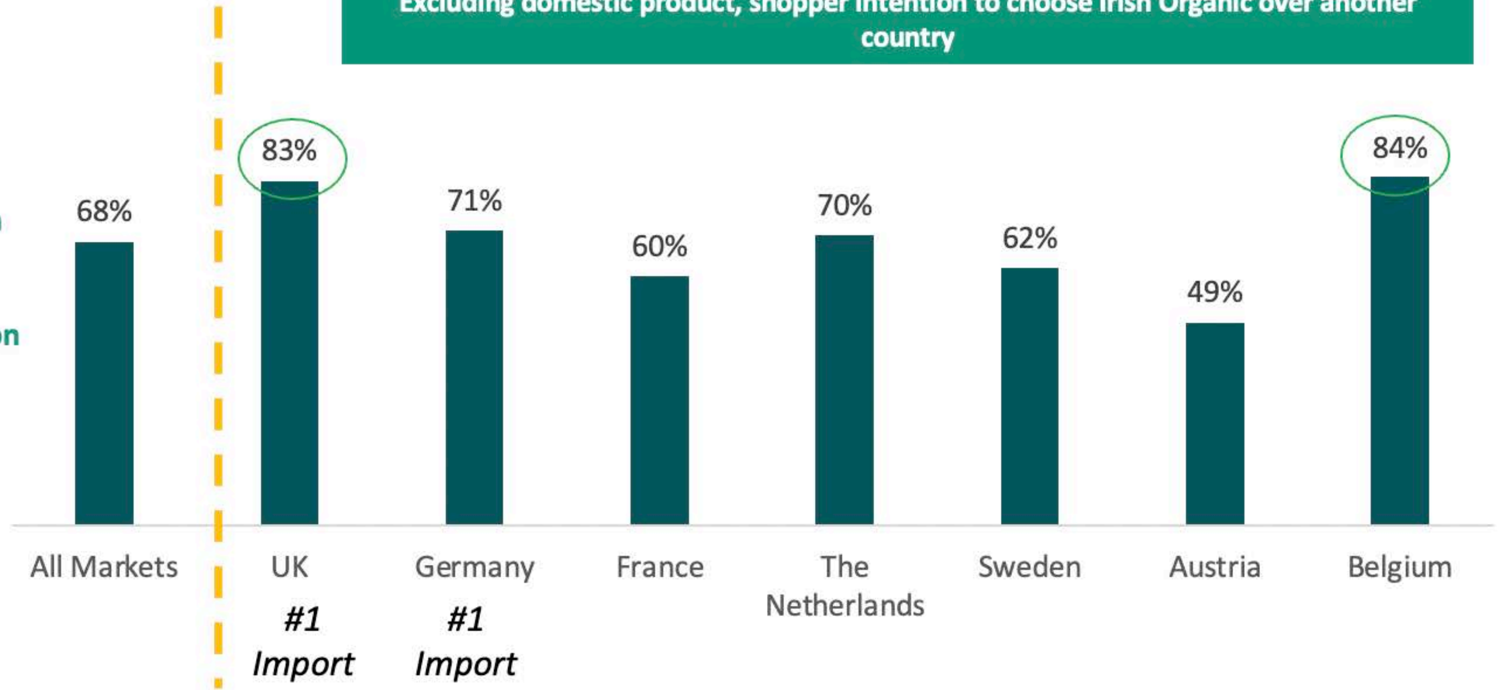
(Base: All Organic Buyers in each Market n=10,500)

BORD BIA Thinking House

Very Strong Shopper Openness to Irish organic food and drink vs other importers

Excluding domestic product, shopper intention to choose Irish Organic over another country

% would be much more likely to purchase the Organic Irish version than another competitor



(Base: All Organic Buyers in each Market n=10,500)

BORD BIA Thinking House

BORD BIA Thinking House

Being pasture raised and being better quality are key motivators in the decision to choose Irish Organic over organic from other non-native countries

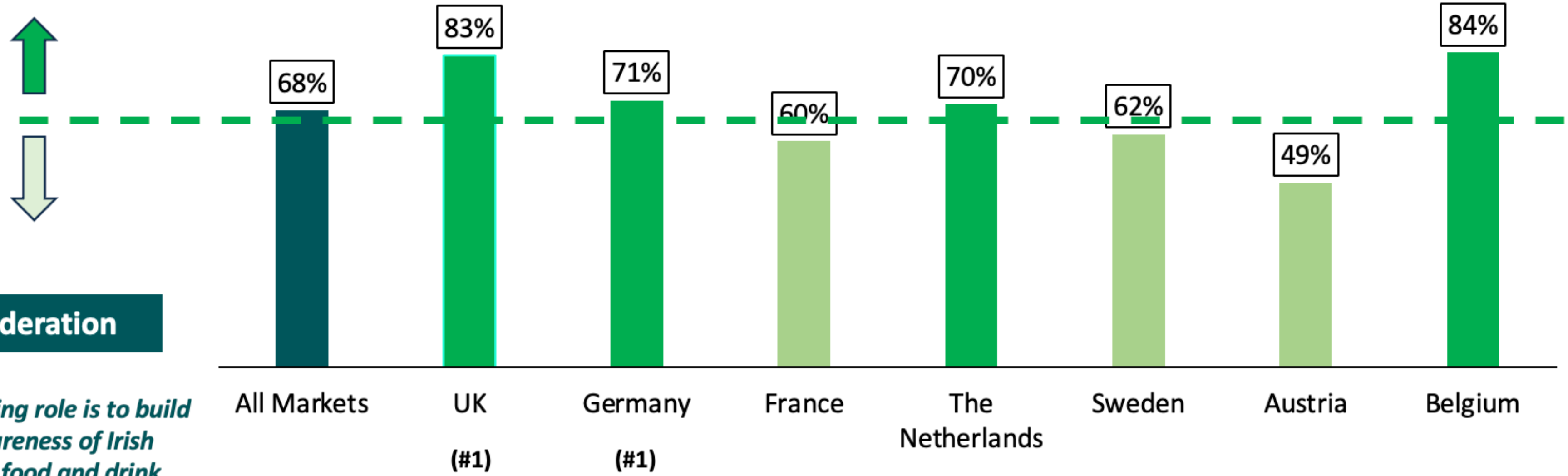
BORD BIA Thinking House

(Base: All Organic Buyers in each Market choosing Irish over competitor n=7,140)

Conversion vs Consideration

Conversion

High awareness and consumer acceptance to Irish organic – focus to leverage marketing to convert customers



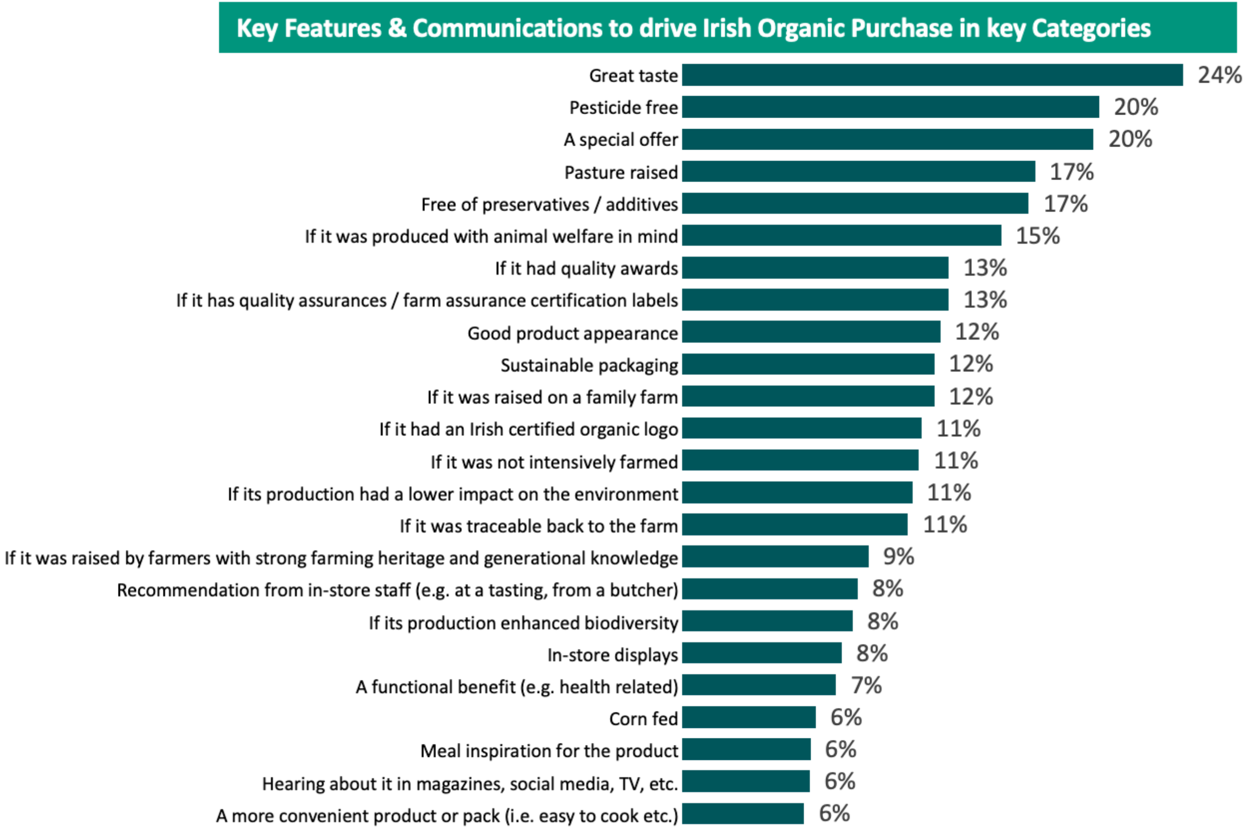
Consideration

Marketing role is to build the awareness of Irish organic food and drink

BORD BIA Thinking House

Taste and Naturalness Key Features of Irish Organic to Communicate

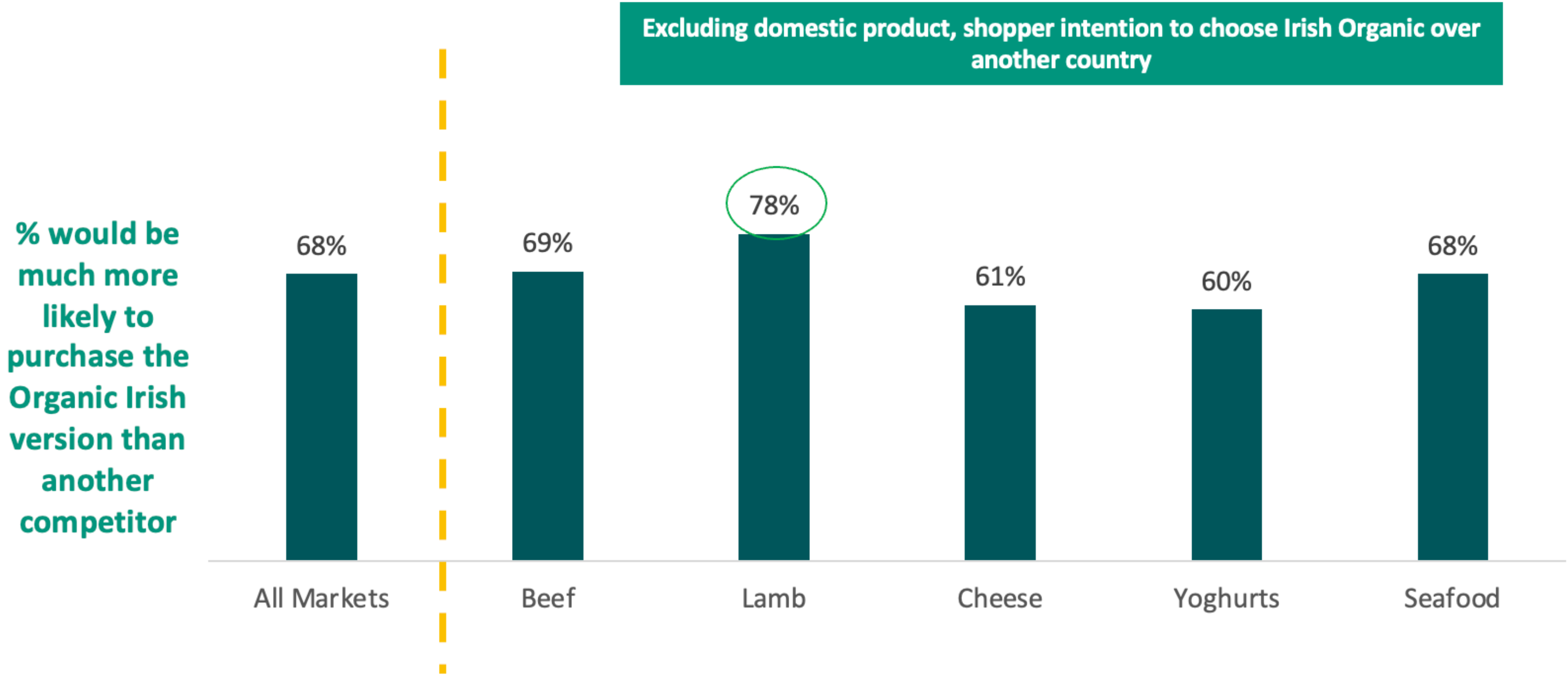
Dialing-up taste will be key to drive purchase with Irish organic products, along with Naturalness of Product in likes of / pasture raised and no pesticides/ preservatives.



(Base: All Organic Buyers in each Market n=10,500)

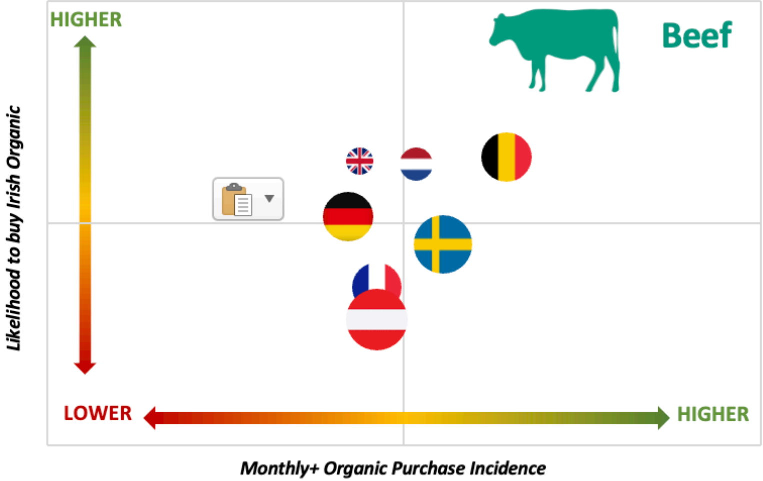
BORD BIA Thinking House

Strong Intention to purchase across key Irish organic sectors with lamb over-indexing significantly



(Base: All Organic Buyers in each Market n=10,500)

Significant difference @ 95% confidence level

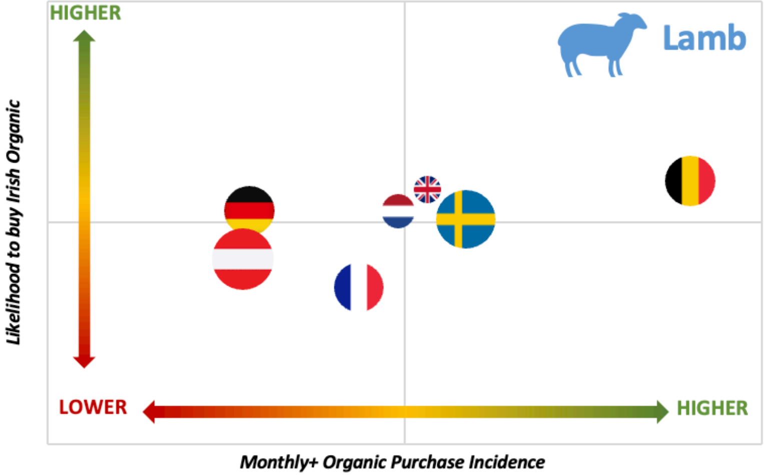


Overview of Beef

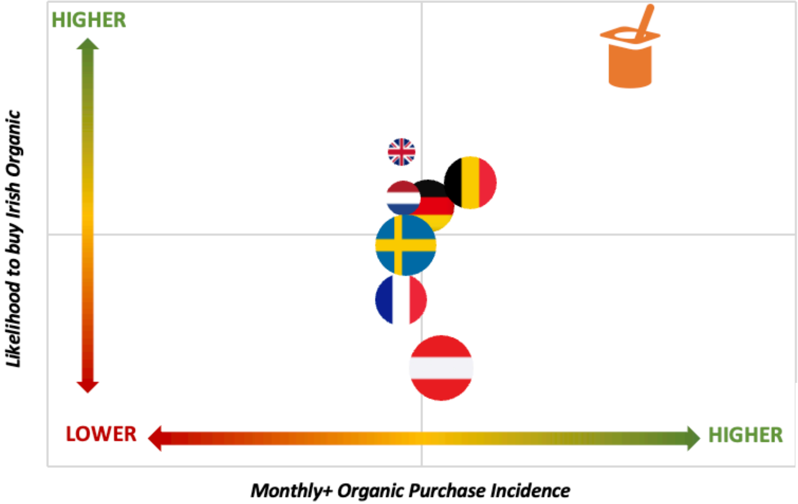
Propensity to purchase Irish organic beef is highest in Belgium, The Netherlands and the UK. However, Sweden, Austria and France are high spenders in the category and purchase with good frequency, so a significant opportunity exists for Irish Organic here

Overview of Lamb

Propensity to purchase Irish organic lamb is relatively even in most markets, with intention lowest in France. Opportunities in Belgium, Sweden and the UK given current purchase levels of organic lamb



Bubble Size = Average Per Capita Spend on Organic

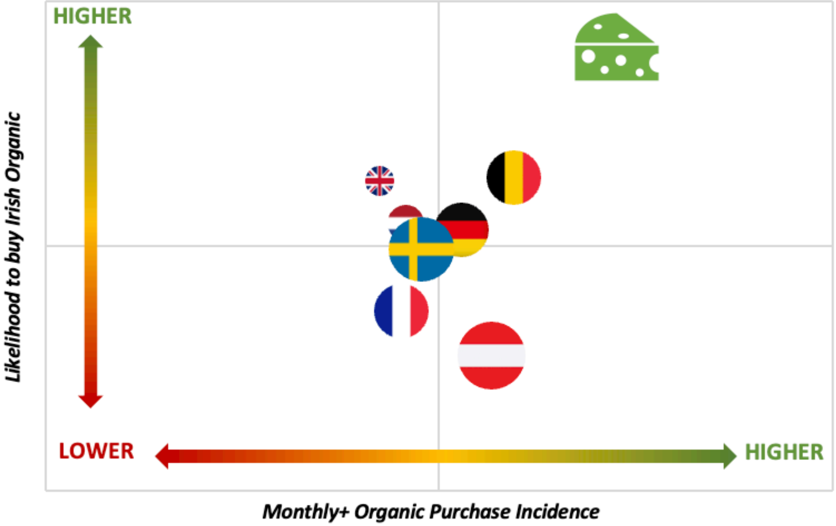


Overview of Yogurt

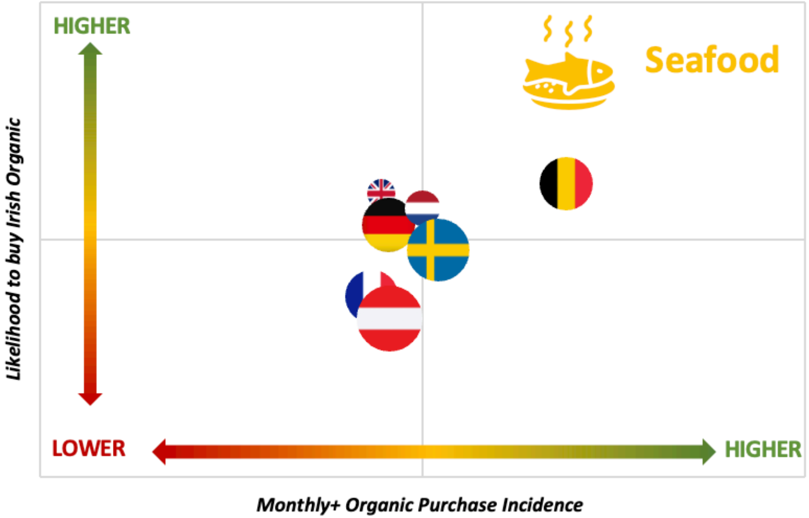
While propensity to purchase Irish Organic is lower in Austria currently, they do over-index in category purchase and are high spenders. Overall, most markets are quite tightly grouped in this category.

Overview of Cheese

Organic cheese purchase is currently higher in incidence in Belgium, Germany and Austria which makes these markets key for growth. Strong potential in the UK in terms of Irish organic but lower than average purchase levels currently.



Bubble Size = Average Per Capita Spend



Overview of Seafood

Most markets are closely grouped in terms of current purchase incidence of Organic seafood, with a strong opportunity evident in Belgium.

Bubble Size = Average Per Capita Spend on Organic

6. Key Takeaways & Next Steps

BORD BIA
Thinking House

Key Takeaways

BORD BIA Thinking House

EUROPE PROMINENCE IN ORGANIC

HIGH ORGANIC PER CAPITA CONSUMPTION IN EU

MAINSTREAM Vs DISCOUNTERS

Buying Factors similar to conventional

ORGANIC ASSOCIATED WITH ENVIRONMENT, HEALTH & ANIMAL WELFARE

MORE PROOF OF CERTIFICATION WANTED

BIG OPP IN TASTE

High openness to Irish organic food across Europe

Pasture raised/outdoor is a key USP for Irish organics for specific categories

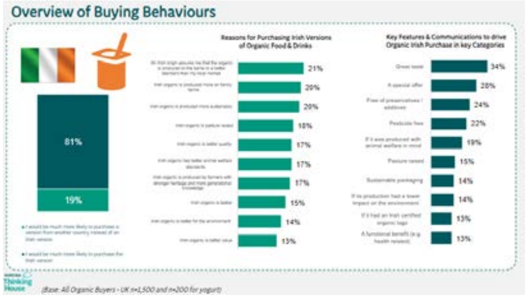
Key Takeaways.

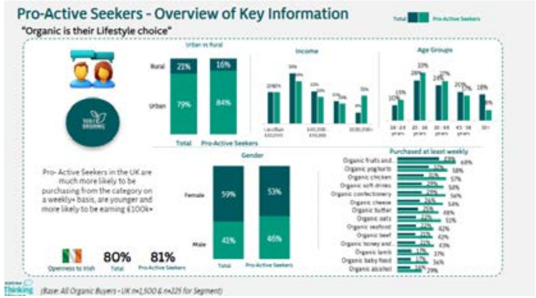
BORD BIA Thinking House

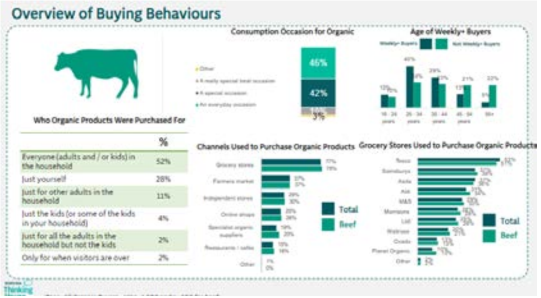
STRONG POTENTIAL FOR IRISH ORGANIC F&D

DRIVE CONVERSION WHERE PREFERENCE IS HIGH - UK, DE, BL, NL

DRIVE CONSIDERATION IN FRANCE, SWEDEN, AUSTRIA

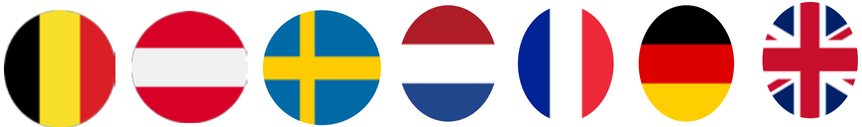






Detailed Market Reports

- Segmentation per market
- Category information per market



Q&A

BORD BIA Thinking House