

# Recent Developments in the EU Organic Food Market

Slides presented by Carlo Leifert

\*[Complete slide set](#) is also available

Slide 1.



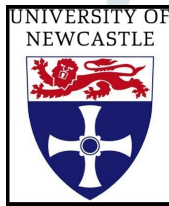
Acorn Conference,  
26<sup>th</sup> March 2004, Cornwall near Charlottetown, Canada

## Recent Developments in the EU Organic Food market

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European Commission  
Research DG



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## Geographical location

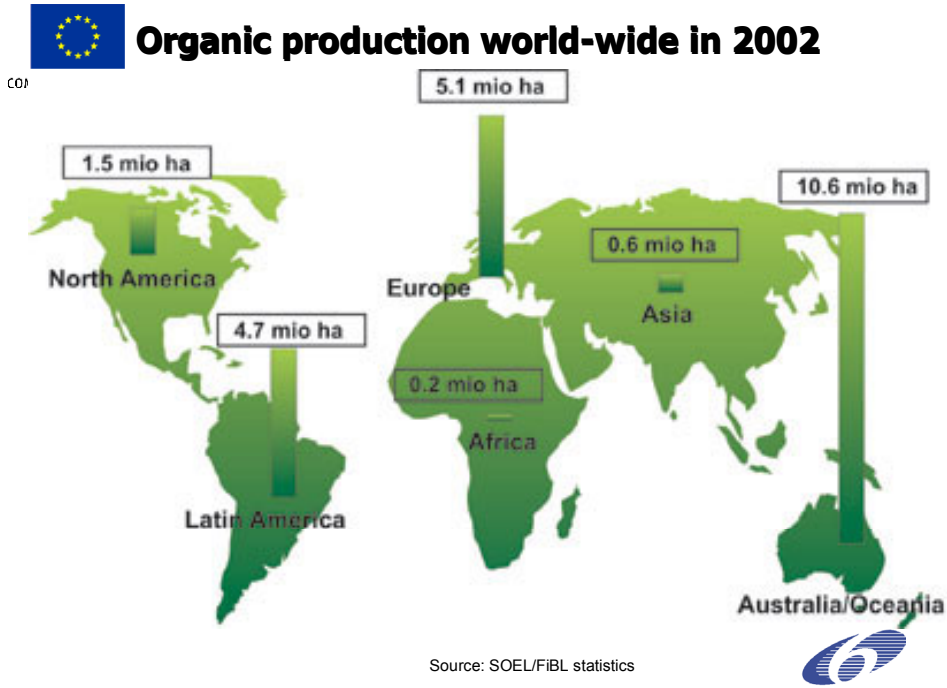
**STC and Newcastle  
are centrally situated  
in UK.**

**Ideally suited for  
work on a wide range  
of commodities**

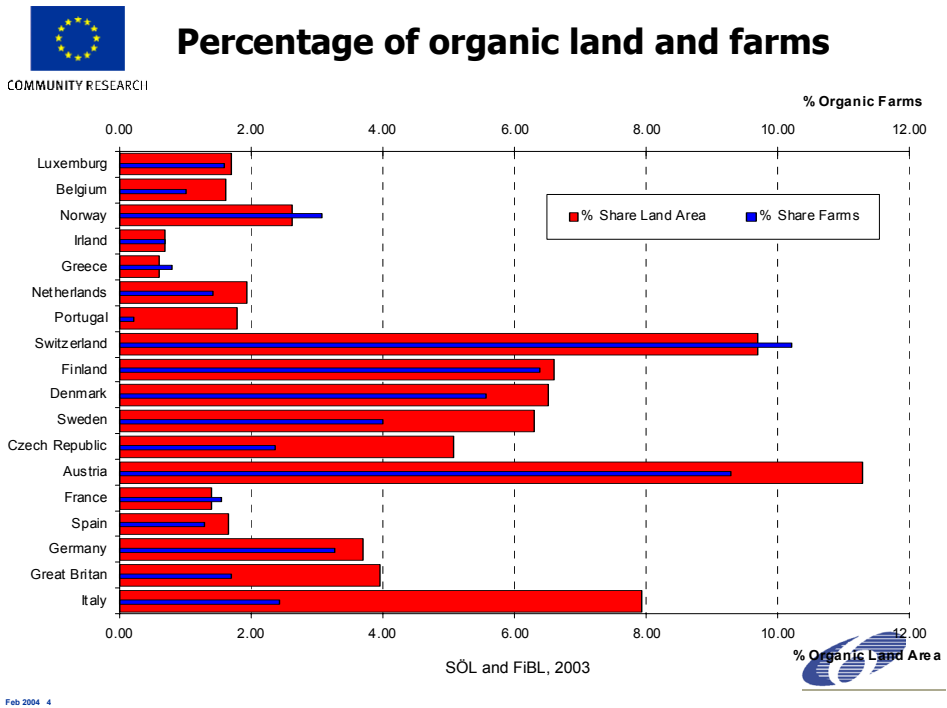


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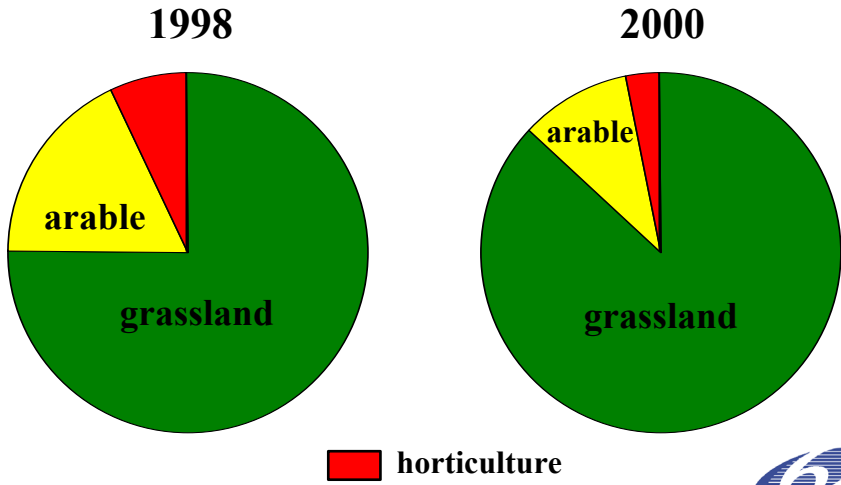
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## Proportion of different cropping systems in the UK

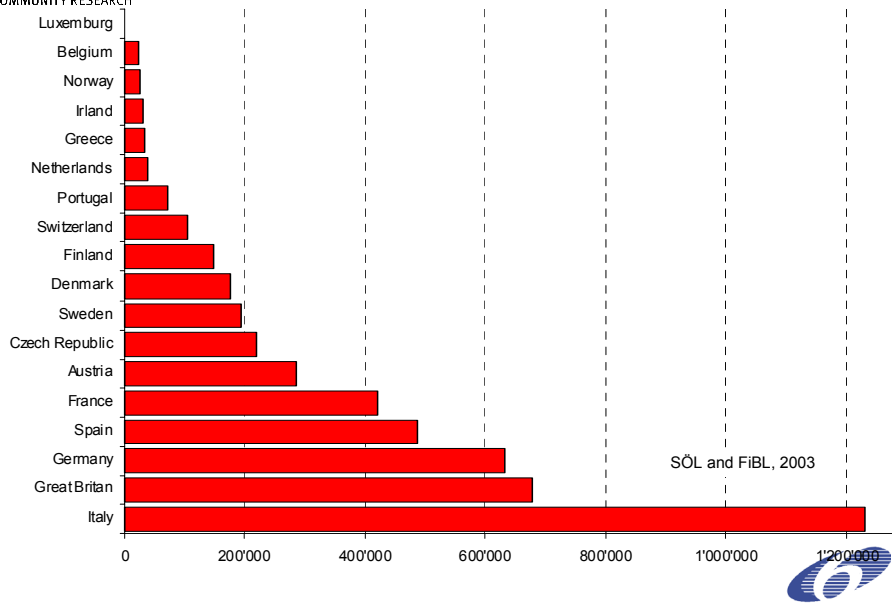


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## Organic land area in hectares



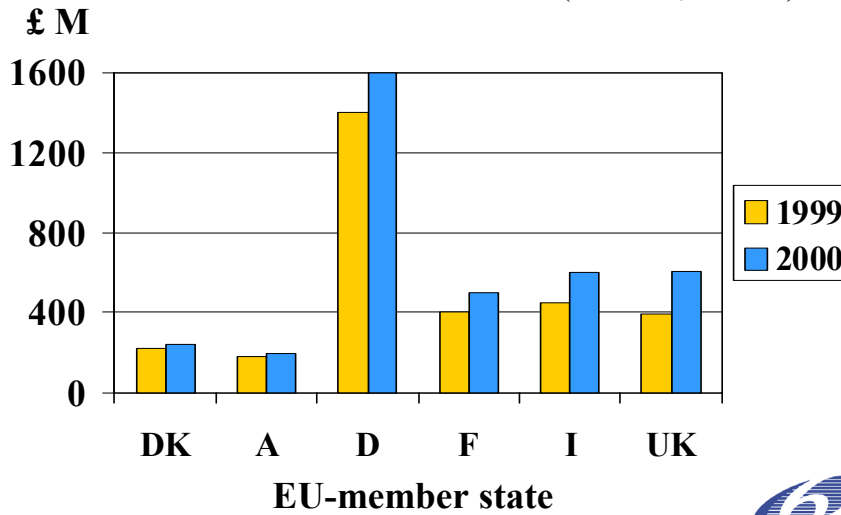
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## Relative size of European organic food markets

(CIR 1999, SA 2000)



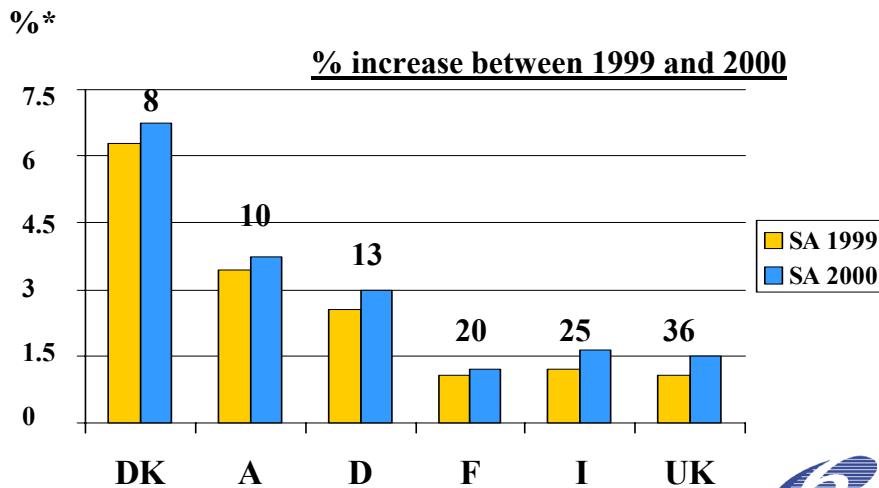
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## Organic sales per person (\* % customers regularly buying organic foods)



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## What affects demand?

- **Price** (relative to conventional?)
  - subsidies
- **Quality** (appearance, nutrition, taste, label)
- **Availability**
  - range and continuity of supply
- **State of the economy**
- **Credibility of the “Organic” Industry**
  - standards (EU, UK)
  - certification systems/sector bodies



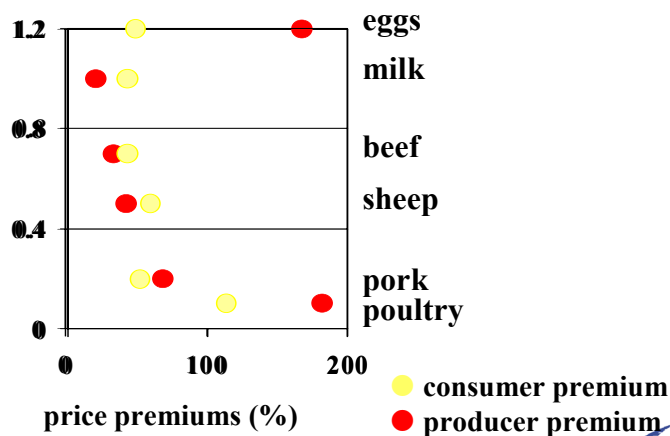
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## Correlation between price premiums & consumer participation (EU average)

Market share by volume of organic products (%)



Data from Hamm et al. 2002

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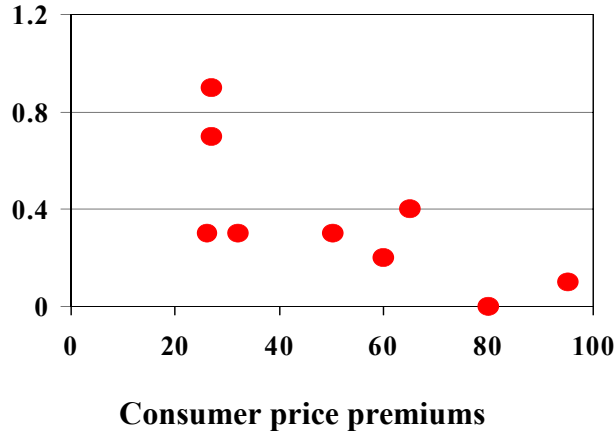


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### Correlation between pork price premiums in different EU-countries and consumer participation

Consumer participation (%)

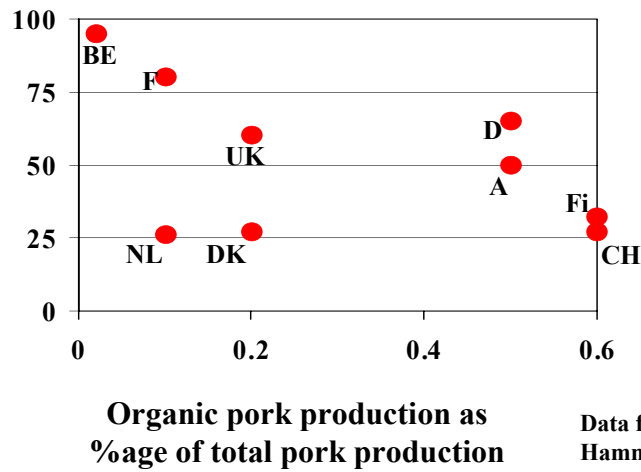


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### Correlation between the level of organic pork production level and consumer price premiums in different EU-countries



Data from Hamm et al. 2002

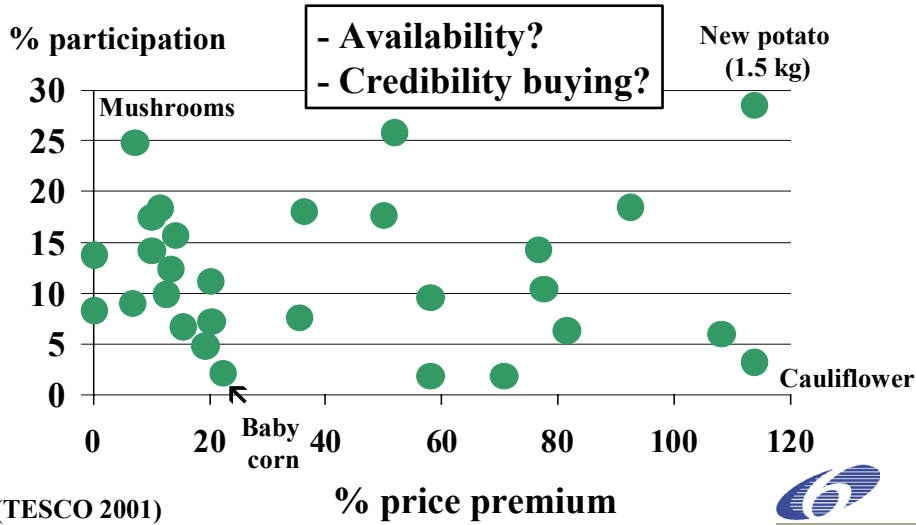


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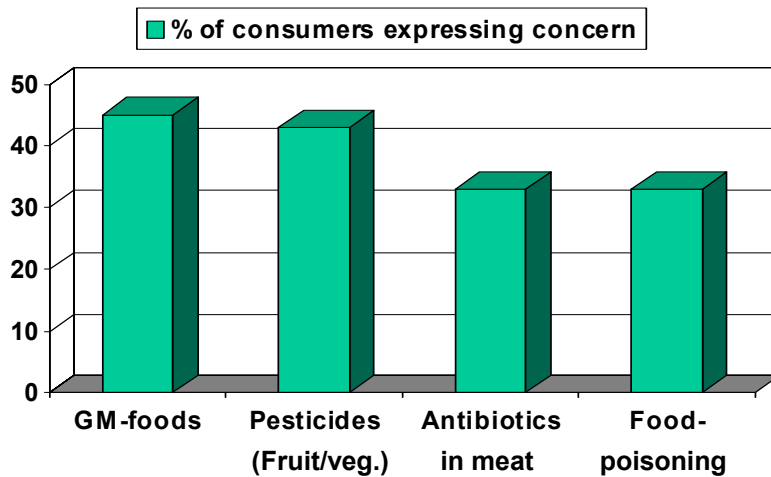
## Interaction between price premium and participation in organic vegetables



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## Food issues consumers are concerned about (Mintel 1999)



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## The organic phenomenon

Annual organic sales of over £250 million

Over 1000 organic products on offer

Tesco is the top UK organic retailer (27%)



TESCO October 2002

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## Why do people buy organic?

### People who do buy:

- Reduced health risk (lack of chemicals) 36%
- Taste 31%
- More natural 25%
- Lack of GM 12%
- Environment 5%

### People who don't buy:

- High price 53%
- Don't believe 22%

TESCO August 2001



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## Credibility of Organic Food

**Effect of a newspaper article describing that organic pork in TESCO is from production systems in which piglets weaned from conventional sows are finished in organic production systems:**

- 40% reduction of organic pork sales in TESCO
- similar reduction in organic pork sales in other supermarkets
- **>15% reduction in conventional pork sales**

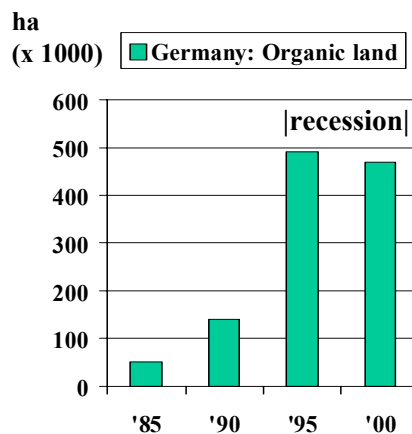
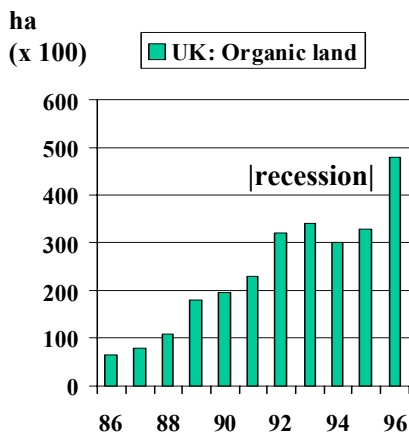


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## Effect of recession periods on organic conversion rates (demand)



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