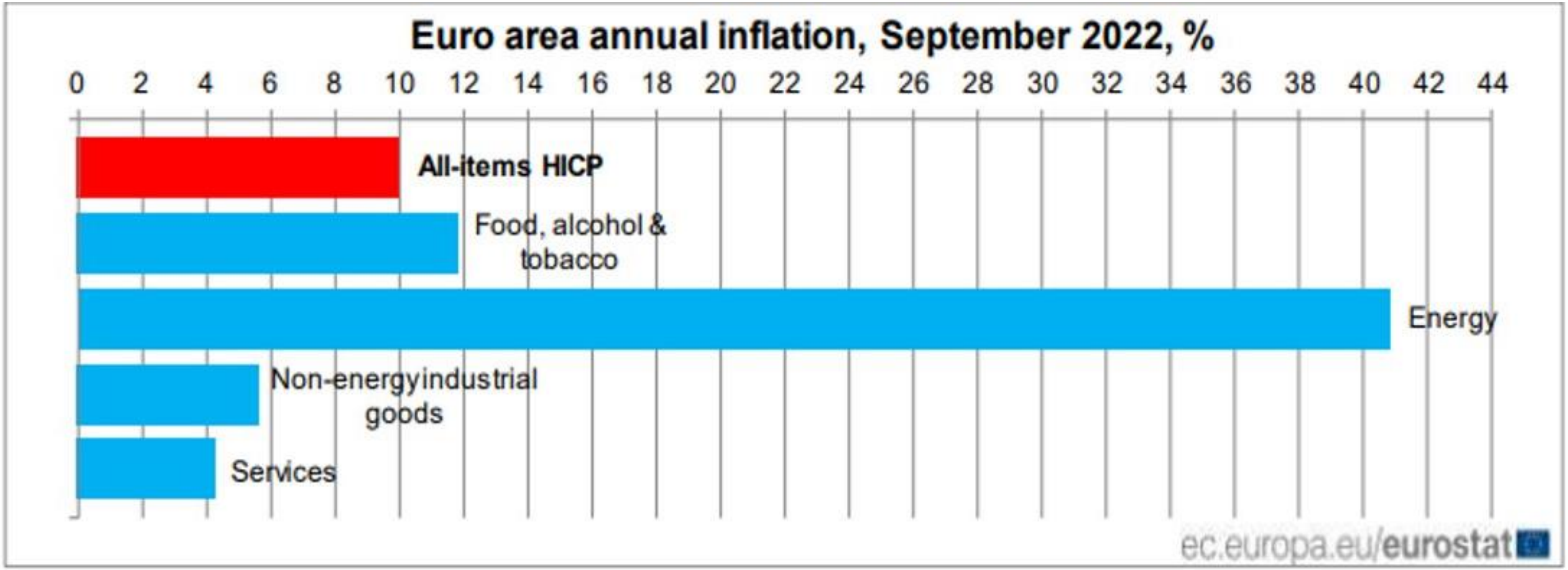
Trends on the European organic market

IFOAM Organics Europe
CDG on Organic Farming 12th May

2022 has been a year of inflation



inflation rates per country

Inflation rates (%) measured by the HICP

	Annual rate							Monthly rate
	Sep 21	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Sep 22
Belgium	3.8	9.3	9.9	10.5	10.4	10.5	**12.0e**	1.3e
Germany	4.1	7.8	8.7	8.2	8.5	8.8	**10.9e**	2.2e
Estonia	6.4	19.1	20.1	22.0	23.2	25.2	**24.2e**	0.4e
Ireland	3.8	7.3	8.3	9.6	9.6	9.0	**8.6e**	0.0e
Greece	1.9	9.1	10.5	11.6	11.3	11.2	**12.1e**	3.0e
Spain	4.0	8.3	8.5	10.0	10.7	10.5	**9.3e**	0.0e
France	2.7	5.4	5.8	6.5	6.8	6.6	**6.2e**	-0.5e
Italy	2.9	6.3	7.3	8.5	8.4	9.1	**9.5e**	1.7e
Cyprus	3.6	8.6	8.8	9.0	10.6	9.6	**9.0e**	-1.1e
Latvia	4.7	13.1	16.8	19.2	21.3	21.4	**22.4e**	1.8e
Lithuania	6.4	16.6	18.5	20.5	20.9	21.1	**22.5e**	2.8e
Luxembourg	4.0	9.0	9.1	10.3	9.3	8.6	**8.8e**	0.5e
Malta	0.7	5.4	5.8	6.1	6.8	7.0	**7.3e**	-0.7e
Netherlands	3.0	11.2	10.2	9.9	11.6	13.7	**17.1e**	2.9e
Austria	3.3	7.1	7.7	8.7	9.4	9.2	**11.0e**	2.5e
Portugal	1.3	7.4	8.1	9.0	9.4	9.3	**9.8e**	1.3e
Slovenia	2.7	7.4	8.7	10.8	11.7	11.5	**10.6e**	-0.3e
Slovakia	4.0	10.9	11.8	12.6	12.8	13.4	**13.6e**	1.0e
Finland	2.1	5.8	7.1	8.1	8.0	7.9	**8.4e**	0.7e

e estimate   Source dataset: prc_hicp_manr

Reduction of the price difference between organic and conventional

Positive impact on demand …

Austria: in the first five months of 2022, organic prices increased less than conventional prices: **+2,5 % vs +6,5 %**
Note de conjoncture sur l'agriculture biologique septembre 2022 (p60)

Germany: "Organic retailer prices are perceived as more stable. Leading to a decrease in the price gap between organic and conventional products due to more regional and smallholder structures which are less affected by global trends."
voice from a German member

… with sometimes detrimental consequences on production

France: The market for organic meat suffers from the lower price difference between organic and conventional meat
→ **Farmers are ready to leave organic production**

Article des Echos du 5 octobre 2022, Prix élevés, bio déclassé : le marché de la viande déraille

Organic Agriculture in Europe 2021

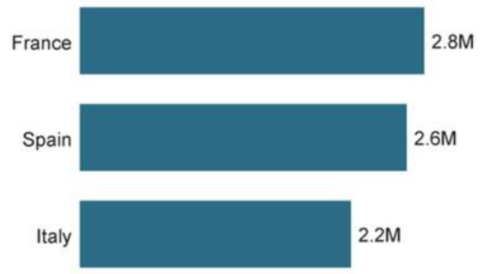
Organic Farmland

17.8M ha — Organic farmland in million (M) hectares (ha)

4.4% — Growth 2020/2021

3.6% — Organic share of total farmland

Farmland in million (M) hectares
Top 3 countries



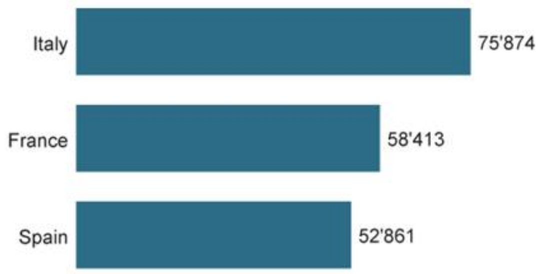
Organic Producers

The number of organic producers is increasing

442'274 — Organic producers

5.8% — Growth 2020/2021

Number of producers
Top 3 countries



Organic Market

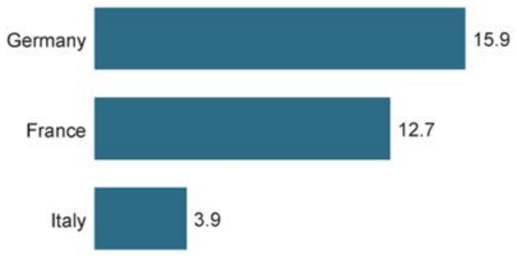
The European market is growing

54.5 — Europe´s organic retail sales in billion euros

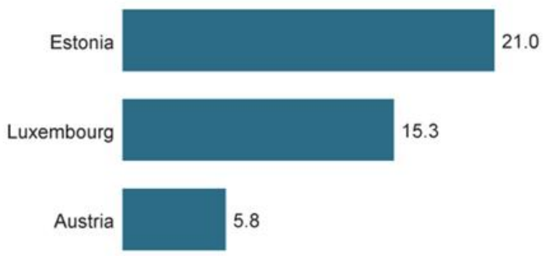
66 — Per capita spending in euros

3.8% — Organic market growth 2020/2021

Market in billion euros
Top 3 countries



Market growth in percent
Top 3 countries



FiBL

Source: FiBL survey © 2023
More information: www.organic-world.net - statistics.fibl.org

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EUROPE: ORGANIC RETAIL SALES 2021

Europe
54.5bn€

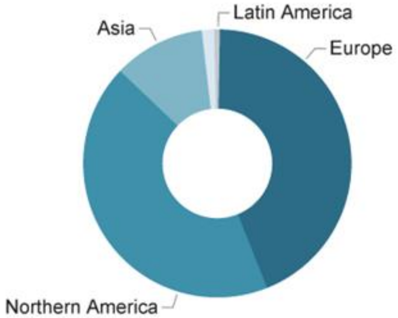
EU
46.7bn
€

Germany
15.9bn€

425 €
spent per
person in
Switzerland

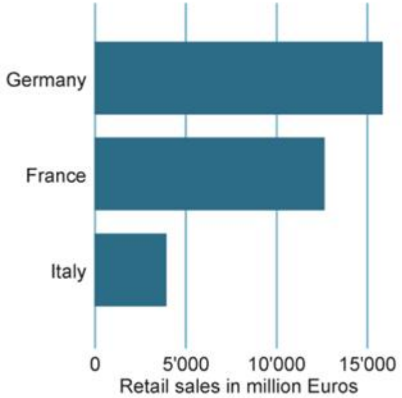
13.0%
of the
food market
in Denmark is
organic

By region, Europe had the lead with 54.5 billion (bn) €, followed by North America (53.9 billion €) and Asia (13.7 billion €),



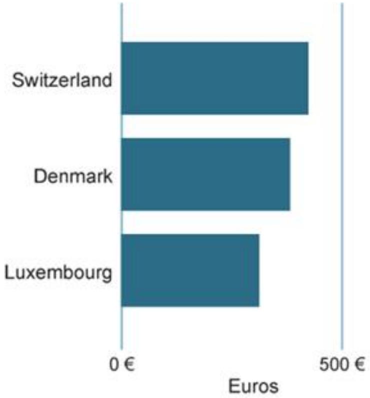
Distribution of retail sales by region 2021.

The European countries with the largest markets for organic food were Germany (15.9 billion €), France (12.7 billion €), Italy (3.9 billion €) and Switzerland (3.7 billion €).



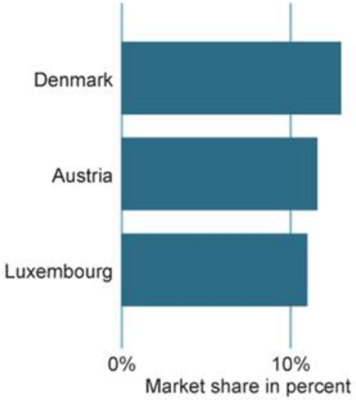
The 3 countries with the largest markets for organic food in 2021.

Switzerland had the highest per capita consumption worldwide, followed by Denmark, Luxembourg, Austria and Sweden.



Top 3 countries with the highest per capita consumption 2021.

The highest organic share of the total market was in Denmark, followed by Austria, Luxembourg, Switzerland, and Sweden.



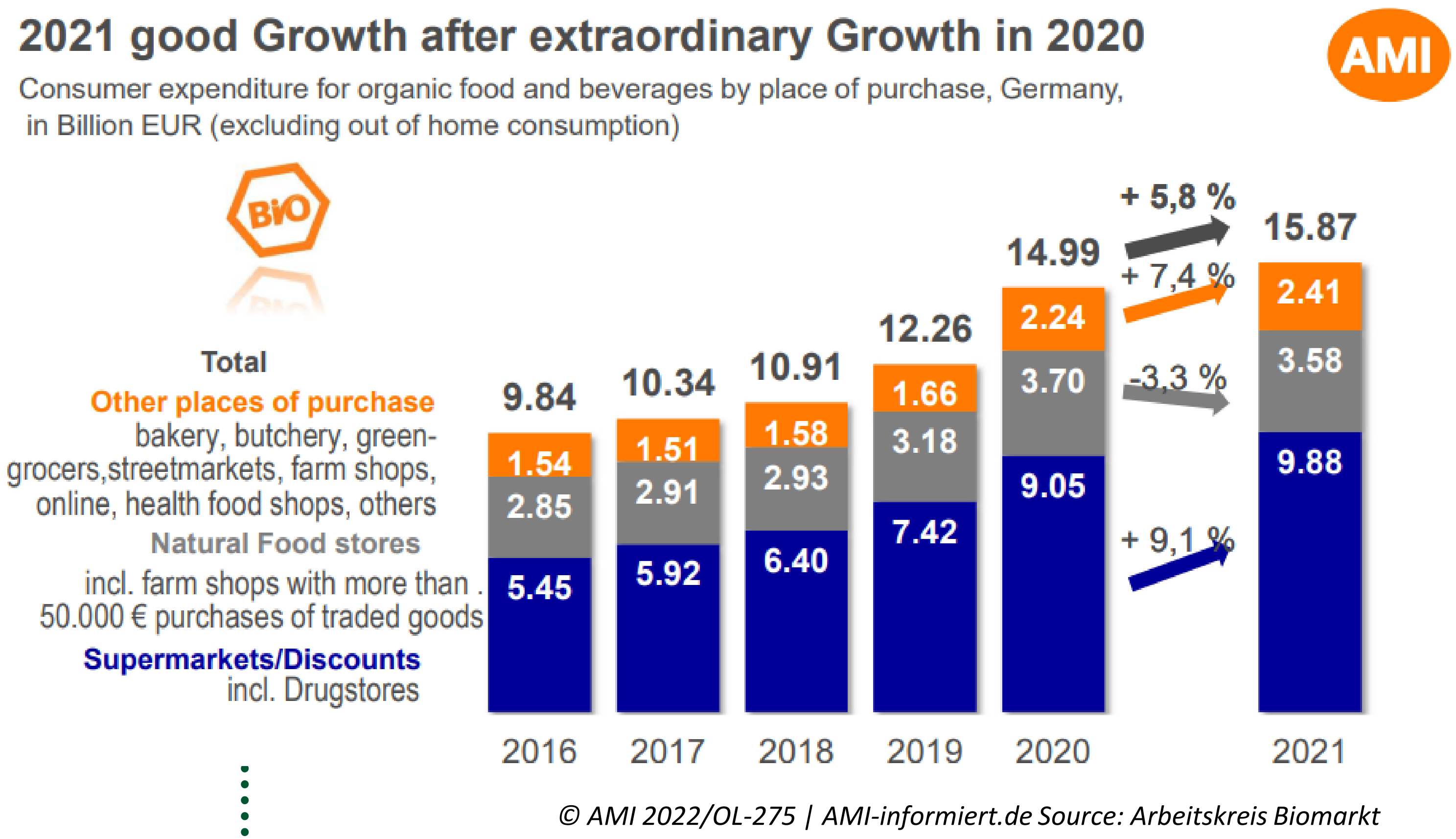
The 3 countries with the highest organic shares if the total market in 2021.

Evolution of the European organic market in 2021 at a glance

Country	The market size in 2021 (Billion Euros)	Market growth	Consumption per capita (in €)	Ranking in terms of purchasing power (source: Eurostat)
Denmark	2,46 billion Euro	+5,5%	422 €	2
Austria	2,37 billion Euro	+15,2%	266 €	4
Sweden	2,69 billion Euro	-0,5%	259 €	6
Germany	15,87 billion Euro	+5,9%	191 €	3
France	13,27 billion Euro	-0,5%	187 €	9
Netherlands	1,60 billion Euro	+5,5%	78 €	3
Belgium	0,98 billion Euro	+4,6%	77 €	5
Italy	4,57 billion Euro	+4,9%	77 €	10
Finland	0,41 billion Euro	-0,5%	73 €	7
Spain	2,75 billion Euro	+8,9%	53 €	15

Tags: market research europe

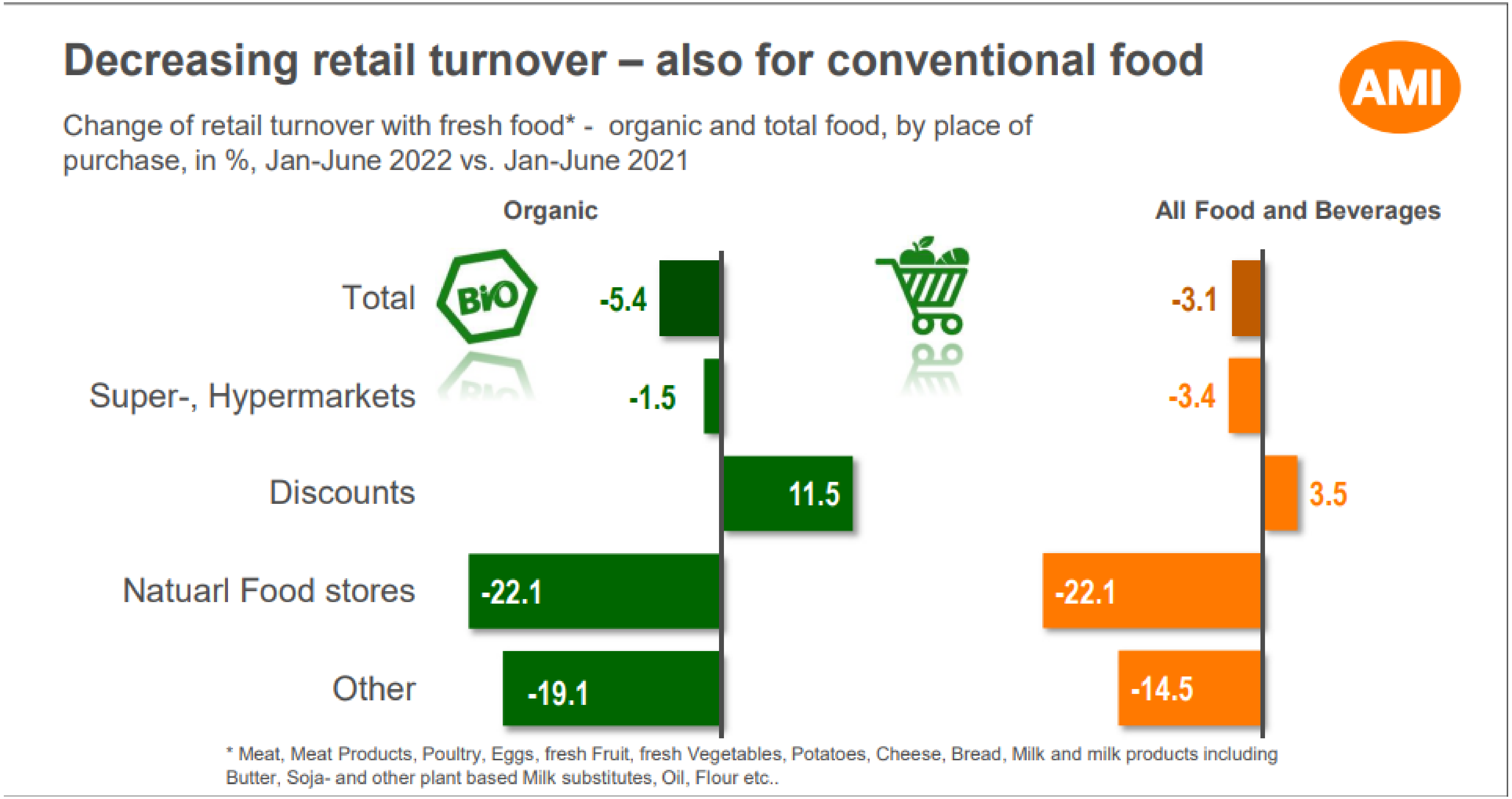
Evolution of the organic market: zoom on Germany



Highlights 2021/22

- The Covid 19 pandemic pushed in home consumption in 2020 and 2021 and consumers decided more often for organic products when cooking at home
- In 2022: foodservices opened again, which lead to decreasing retail sales of conventional and organic products.
- Inflation, rising energy costs and insecurity due to the Ukraine war are factors which dampen consumer demand.
- Stagnation would be a good result for 2022 **taking into account the high level achieved in the 2 preceding years**

Evolution of the organic market: zoom on Germany



Source: AMI-Analyse nach GfK-Haushaltspanel

Evolution of the organic market: zoom on France

- **Evolution of the French organic market: sales of organic products declined overall by 6.3%** between January and September 2022. Strong decline for specialized stores: **-16%.**

  In mass retail (hypermarkets, supermarkets, hard discounters, convenience stores and drive-throughs), **sales of organic products declined overall by 5.3%:**

  - **-12.7% grocery products (without fresh products)**
  - **-11.3% for drinks**
  - **-16.2% for fresh products**

  As a result, mass retail is diminishing its offer of organic products - down 7.3% between January and September 2022.

- **Specialized stores**

  16.6% decrease in total sales first half of 2022 compared to the first half of 2021.

  But new stores continue to open.

  Organic stores continue to restructure and develop private labels.

Source: Data from "The French Organic Market" from Agence Bio at Biofach 2022 and numbers collected by our member FNAB

Evolution of the organic market: zoom on Austria

Market development – Turnover Total / Organic food retail

	2018	2019	2020	2021	2022
Wert (1.000 EURO)	542.059	580.859	718.548	799.324	828.877
% change compared to previous year's period	6,7	7,2	23,7	11,2	3,7
Preis / kg	3,65	3,59	3,78	3,63	3,90

- Without Covid-restrictions the markets are readjusting to their former shopping behavior
- Purchasing volumes (organic and conventional) in 2022 decreased by 8% compared to the same period last year and remained stable compared to the period before the Corona crisis

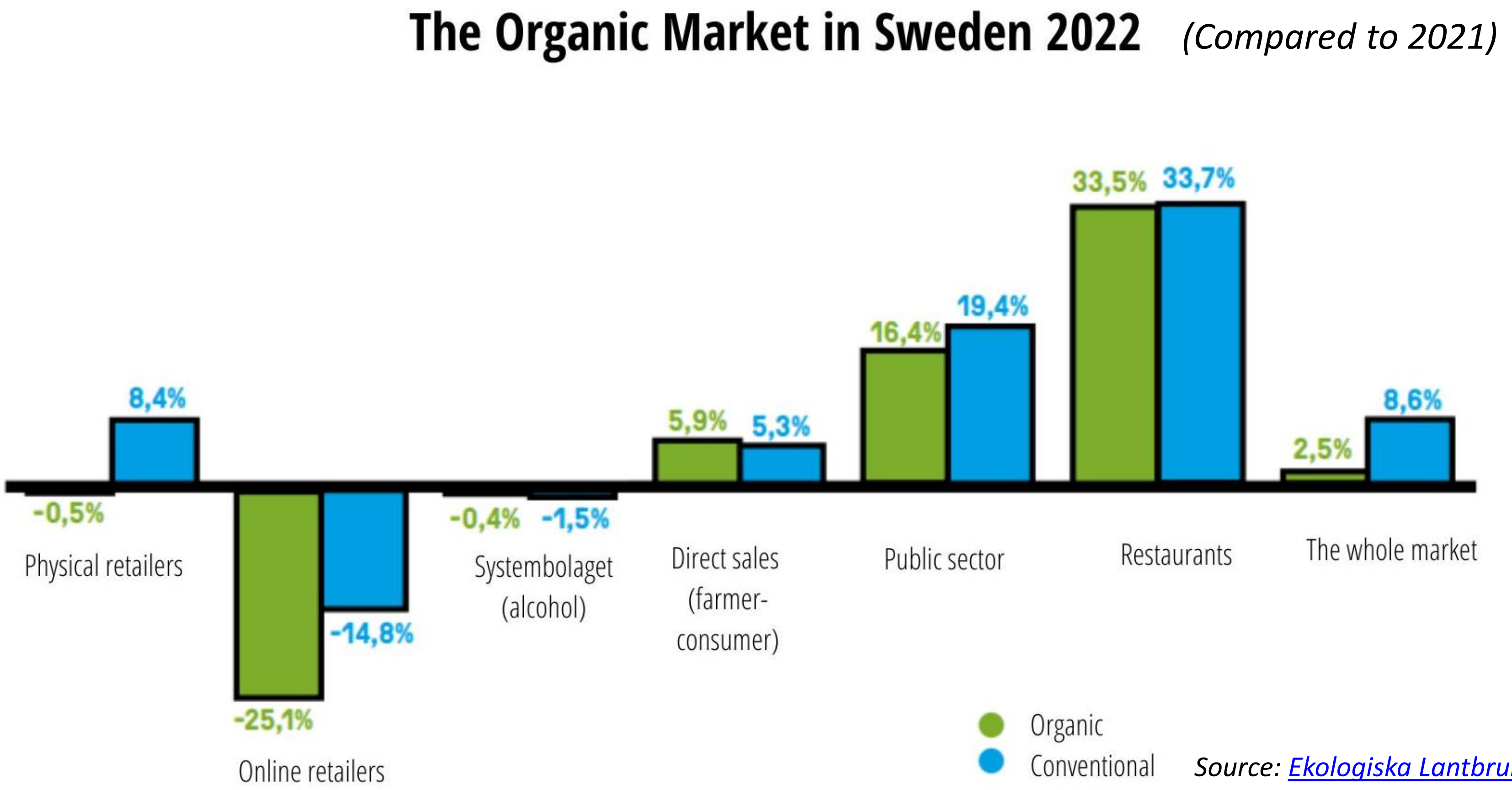
Evolution of the organic market: zoom on Denmark

Source: [Statistics Denmark]

Between 2021 and 2022: -2.74%

Between 2019 and 2022: +9.47%

Evolution of the organic market: zoom on Sweden



Source: [Ekologiska Lantbrukarna]()

- The growth in the public sector and in restaurants is **highly linked to the pandemic** (sales dropped in those sectors in 2021), so it's more of a stabilization and a growth.
- Numbers are in value, not volume

Evolution of the organic market (sales): Belgium, Spain and the UK

BELGIUM
+4,6% in 2021 (of which +8% in Supermarkets) compared to 2020
Organic shops : -20% for 2022 Compared to 2021

Source: member of IFOAM

From our member
"Organic sales are down; loyal customers are staying but buying less.""

UNITED KINGDOM
+1.6% in 2022 compared to 2021 ***11th year of positive growth***
+25.4% between 2019 and 2022

Source: The Organic Market Report 2023, Soil Association

SPAIN
loss of organic consumption both in conventional and specialized retail
→ specialized shops being more affected

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Evolution of the organic market (sales): Switzerland and Italy

SWITZERLAND
Food sales: -4.6% in 2022 compared to 2021 **Organic : -2.2% in 2022 compared to 2021** **Non-organic**: -4.9% in 2022 compared to 2021
Organic: +22.5% between 2018 and 2022 from CHF 2.68 billion to CHF 3.28 billion

Source: Federal Office for Agriculture

ITALY
Organic sales in the modern distribution channel: **+0.4% in 2022 compared to 2021**
Organic in direct sales in markets**: +5%** in 2022 compared to 2021
Organic sales in out-of-home consumption: +53% in 2022 compared to 2021

Source: Osservatorio Sana 2022, Study conducted by Nomisma

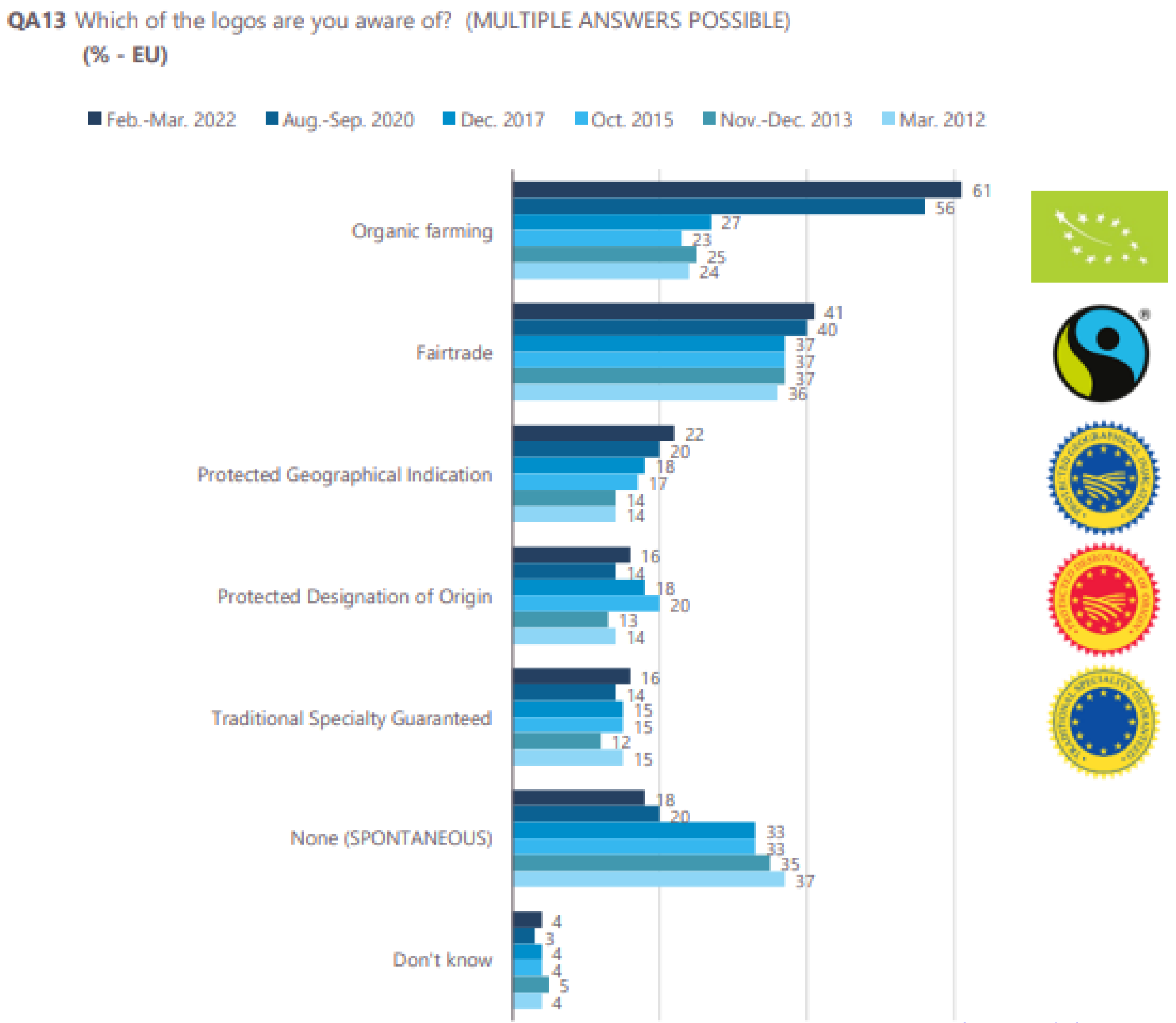
Evolution of the organic market: takeaways

- European consumers are willing to buy more organic products but the rise of cost of living and food inflation hinder them to do so.

- The "decline" of the organic market is to be put in perspective because:
  - Extraordinary growth during the Covid period because of external factors: 2020 cannot be taken as a reference year;
  - When looking at the long-term, the organic market is still growing.

- However, organic producers are hit hard by the economic crisis and should be supported to limit the risk of deconversion.

Organic is still the best known label in Europe



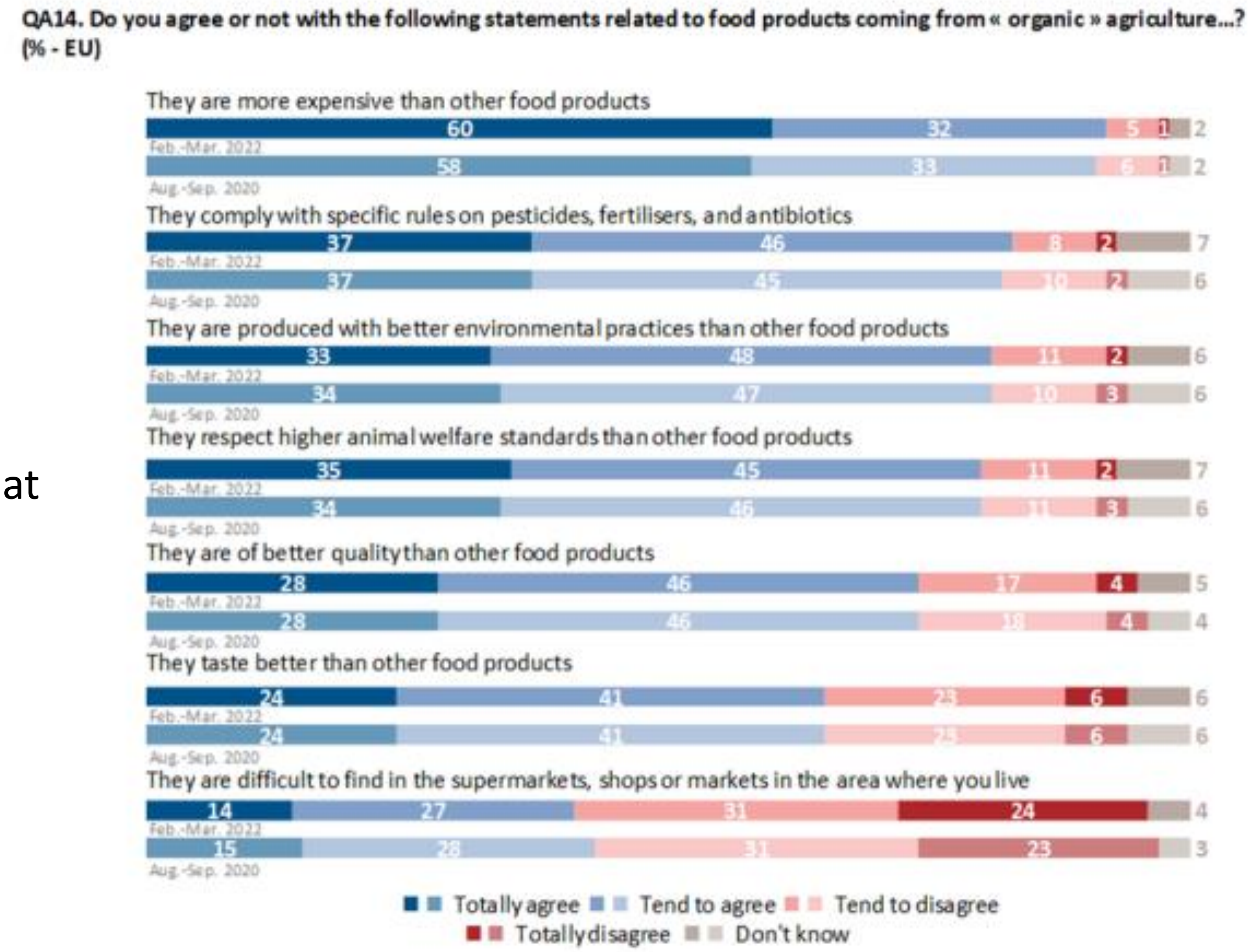
What about national and less ambitious labels?

[*Source: Europeans, Agriculture and the CAP, Eurobarometer 2022*]

Organic remains a guarantee of quality

- Almost **¾ of Europeans** believe that organic products are of better quality than other food products (74%)

- And **81% of them** think that organic products are produced with better environmental practices than other food products.



Source: Europeans, Agriculture and the CAP, Eurobarometer 2022

Trends affecting the organic market

- European consumers spend less on food overall, and organic consumers tend to choose a cheaper version of the same product (e.g. retailer brand, discounter)
- Competition from "**local**" products: 87% of European consumers state that short supply chains are an important factor in their motivation to buy. In France the turnover of local brands progressed by 6.1% since 2020.
- Competition **from less ambitious and cheaper national labels**: HVE, Eco-Score, etc.

Eurobaromètre Les Européens, l'agriculture et la PAC, juin 2022

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