ASPECTS REGARDING THE ORGANIC FOOD MARKET IN EUROPE

ASPECTE PRIVIND PIAȚA PRODUSELOR ALIMENTARE ORGANICE ÎN EUROPA

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Abstract: *The global organic market is increasing constantly, organic sales reaching over USD 50 billion per year. Organic Monitor estimates that international sales amounted to about USD 50,9 billion in 2008, more than the double of USD 25 billion in 2003. The organic demand is concentrated in North America and Europe, these two regions comprising 97% of the global revenues. The European organic food and beverage market is the largest and most complex in the world, evaluated at USD 26 billion in 2008.*

Key words*: market, demand, consumers, food products, increase, development*

INTRODUCTION

Although organic food industry in Europe has made constant progress in the past decade, it was only in the 1990's that it penetrated the retail market. This progress has come as a result of a series of factors and events on the market: food scandals that made consumers turn to natural alternatives, leading supermarkets that sell organic products, uniform certification standards implemented in Europe and governmental support for the producers who convert to organic production. These factors, besides aspects like industry development and industrial associations trademarks, are the main stimuli of market development.

Organic market development involves establishing the type of

organic product information that needs to be provided to the consumer, what these organic products represent and what organic method was applied for their production. Improving the knowledge on organic agriculture means providing better information not only to the consumer, but also to other interested factors in the production chain. Before supplying information, statistics must be developed and united. The information received from inspection organisms on different standards and requirements establish what is organic and what is not. Standard comparison is important for transparency reasons, especially concerning the intracommunity trade.

Global sales of organic food and drinks amounted to USD 23 billion in 2002, USD 28 billion in 2004, about USD 38.6 billion in 2006 and USD 50.9 billion in 2008. [1,2,3,4] Although organic agriculture is now practised worldwide, the organic demand is still the highest in Europe and North America. The two regions have problems with the reduced supply, because the production does not reach the level of the demand, so massive imports from other regions are required.

The countries with the largest organic markets and distribution of organic sales by country are presented in figure 1, 2.

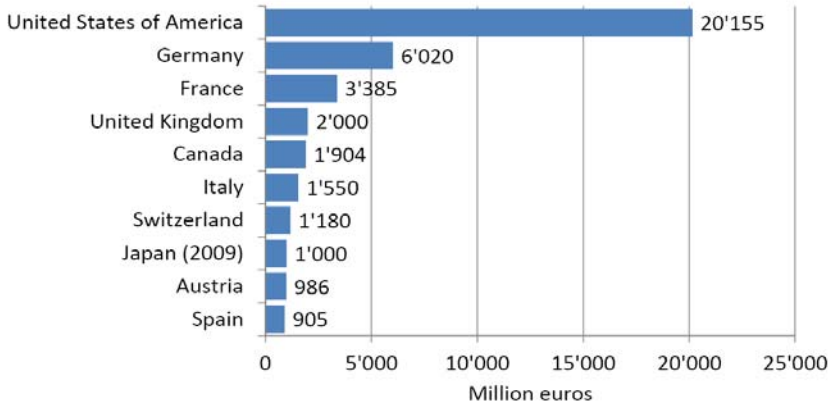


Fig. 1. The ten countries with the largest organic markets (2010)
(total 44.5 billion Euros)
Source: Willer Helga, *The European Market for Organic Food*, Forschungsinstitut für biologischen Landbau, (FiBL) Frick, BioFach 2012, 16.2.2012

Europe has the largest and most complex market of organic food and drinks in the world, evaluated at USD 20 billion in 2006, USD 26 billion in

2008. [2,4] The organic sales are concentrated in Western Europe, the German and the British market developing the fastest in the continent. Countries like Germany, the UH, France and Italy comprise over 75% of the regional revenues, while Denmark, Sweden and the Netherlands have a high demand, although their markets are much smaller because of the very small number of consumers. The largest consumers of organic foods, however, are in Scandinavian and Alpine countries. [4]

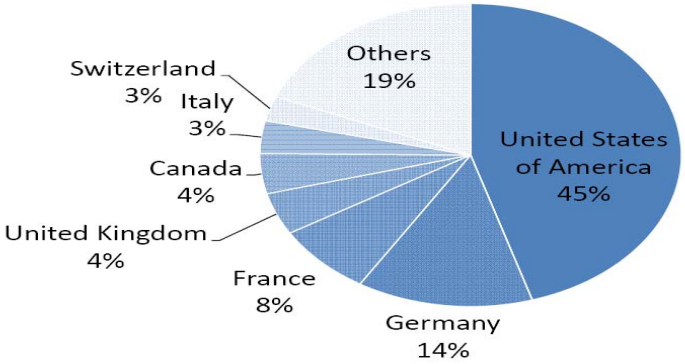


Fig. 2. Distribution of organic sales by country (2010)
Source: Willer Helga, *The European Market for Organic Food*, Forschungsinstitut für biologischen Landbau, (FiBL) Frick, BioFach 2012, 16.2.2012

In North America, organic food and drink sales are growing permanently. The retail sales were estimated at USD 17.3 billion in 2006, USD 23 billion in 2008. [2,4] The United States has the largest organic market in the world, estimated at USD 16 billion.

The Asian market is also making progress both in the organic production and the organic sales; in 2006, the retail sales reached USD 780 de million. The largest markets for organic foods are in the most affluent countries, notably Japan, South Korea, Taiwan, Singapore and Hong Kong. [4] Australia is a major organic foods producer; the Australian organic market has less than de 1% of the global sales, estimated at about USD 340 million. The organic production and sales are also increasing in other regions, such as ca Latin America and Africa.

MATERIALS AND METHODS

Organic food market is no longer a niche market. On the larger markets, substantial turnover rates are accomplished from organic sales. The organic market is growing constantly especially in industrialised countries. As there are no official trade statistics, it is impossible to build up the complete image of the international organic trade, the total trade, the revenues this trade or the product categories bring. On most markets, the organic sector is part of the total trade, as the organic goods are sold to the consumers via the main market and store networks and specialised stores, like organic or natural stores, weekly markets or farm shops. There are very few data about the organic market in Europe.

RESULTS AND DISCUSSIONS

Total retail sales in Europe was estimated at nearly 26 billion USD in 2008. [4] The turnover of organic food and drink (from general retails sales, specialized shops, farmer to consumer direct sales, etc.) is now approximately 18’000 million Euros (2008). The largest market according to 2008 data is Germany with approximately 5’850 million Euros, followed by France (2'591 million Euros), the UK (2’494 million Euros) and Italy (1’970 million Euros). The highest market shares with around five percent of the total market or higher are reached in Denmark, Austria, and Switzerland. While the organic land has expanded rapidly in many new EU member states, as well as in candidate and potential EU candidate countries, consumption levels have remained very low in these countries, (less than 1 percent of the total food market). [4]

Germany is still the largest organic market in Europe. Organic sales increased with 11% in 2004-2005, reaching 3.9 billion euros, and in 2006, the retail sales increased with 18% and were estimated at 4.6 billion euros, which was about 2.7% of the total food market. [2] In 2008, multiple retailers (including discounters) sold 20 percent more organic products and accounted for 57 percent of sales. [4] In France, the organic market grew tremendously in 2008 - by 25 percent to 2.591 billion Euros. France thus surpassed the UK and Italy to become the second largest market in Europe.

Organic sales in Great Britain were worth an estimated 2.494 billion euros (1.99 billion pounds). [4] Since autumn 2008, the financial crisis has had a significant, twofold impact on the organic market in the UK.

Consumer interest decreased, and, simultaneously, the weak national currency increased the price of all imports, especially impacting the fruit and vegetable sector.

Figure 3, 4 shows the value of the organic product market in several countries.

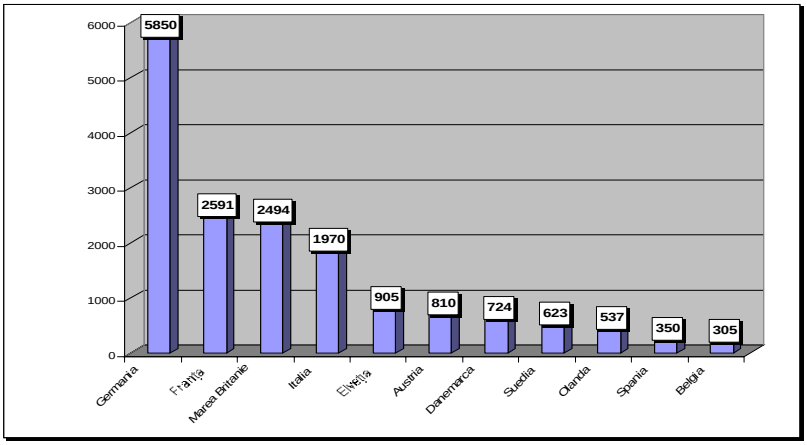


Fig. 3. The ten countries with the highest sales for organic food (Milioane Euro, 2008)

Sursa: Willer Helga, Kilcher L. (Eds.) (2010), *The World of Organic Agriculture. Statistics and Emerging Trends 2010*, International Federation of Organic Agriculture Movements (IFOAM) & Research Institute of Organic Agriculture (FiBL)

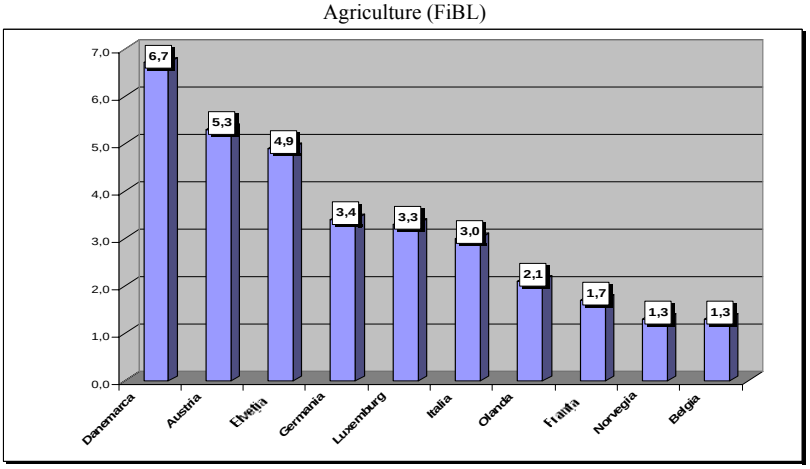


Fig. 4. The ten countries with the highest shares of organic food sales (%, 2008)

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The largest markets are in Germany, France, the UK and Italy. Denmark, Austria and Switzerland have the highest market shares; the countries with the highest per capita spending are Denmark, Switzerland and Austria. (table 1)

Table 1

Organic products market in Europe (2008)

Country	Retail sales, million Euro	Sales, Euro/person	Sales, %
Austria	810.0	**97.0**	**5.3**
Belgium	304.6	28.3	1.3
Bulgaria	4.5	0.6	-
Croatia	32.5	9.1	0.7
Cyprus	1.5	1.9	-
Czech Republik	68.0	6.6	0.8
Denmark	724.0	**132.3**	**6.7**
Estonia	5.8	4.3	0.2
Finland	74.2	13.9	1.0
France	**2,591.0**	40.5	1.7
Germany	**5,850.0**	71.2	3.4
Greece	58.0	5.2	-
Hungary	20.0	1.8	0.2
Ireland	104.0	23.6	-
Italy	**1,970.0**	33.0	3.0
Lichtenstein (2007)	3.0	84.9	-
Luxembourg (2006)	40.9	84.5	3.3
Montenegro	0.1	0.1	-
Netherlands	537.3	32.8	2.1
Norway	131.1	27.7	1.3
Poland	50.0	1.3	0.1
Portugal (2007)	70.0	6.6	0.5
Romania	**2.5**	**0.1**	**-**
Russian Federation	60.0	0.4	-
Slovakia	4.3	0.8	-
Slovenia	4.0	2.0	-
Spain	350.0	7.7	-
Sweden	623.0	67.8	3.4
Switzerland	905.0	**119.2**	**4.9**
Turkey	2.4	-	-
Ukraine (2007)	5.0	-	-
United Kingdom	**2,494.0**	40.8	-

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In Italy, the organic sales reached 1.97 billion euros in 2008. [4] Twenty-five percent of organic sales are Vegetables. Milk and milk products represent 18 percent of sales in second place.
The Swiss organic market valued 905 million euros in 2008. Swiss consumers spend on average 102 euros for organic products, the largest sum per capita in the world. Organic products measure 4.9% of the total food market. Eggs, bread and vegetables achieved the highest organic share of the total food market, with 16, 15 and 10 percent of sales respectively.

In 2008, Austrian consumers spent 6.3 percent more money on organic products compared to 2007. [4] After Denmark, Austria generates the second highest share of organic sales in Europe.

After Sweden, Denmark had the second highest growth rate in 2008. Danish consumers spent 29 percent more money on organic products in the multiple retailers, which accounted for at least 80 percent of organic sales.
In 2008, Sweden had one of the highest growth rates in Europe with 38 percent. Organic sales accounted for 5.99 billion Swedish Crowns, or 623 million Euros in 2008. [4] The strongest product category is dairy and eggs (34 percent), followed by vegetables (15 percent), fruit (14 percent), and bread and cereal products (9 percent).

CONCLUSIONS

Global sales of organic foods and drinks are growing at a high pace, reaching USD 38.6 billion in 2006, USD 50.9 billion in 2008. Although organic production is now obtained worldwide, supply is still concentrated in Europe and North America. The production of the developing countries grows much faster than in industrial states. Organic demand characterises mostly rich countries. The consumers with the highest incomes spend most on organic goods. Indeed, six of the G7 countries comprise 84% of the global revenue. The disparity between the organic production and consumption places industry on a precarious position. A temporary decrease of the demand in Europe and/or North America would have a strong impact on the global organic production. Industry could lose consumer trust when export markets are closed, leading to oversupply and reduced food prices.

Organic producers in regions like Asia, Africa and Latin America are advised to rely less on exports and develop domestic market for their products. On doing so, they will reduce the risk for the organic food production. The consumers will also benefit from access to regionally produced organic foods. Such initiatives ensure the continuous development of the organic food industry.

The analysis of the European organic market has shown that generally markets have very high growth rates. Most market researchers in Europe are positive that in the next years the organic demand will keep increasing. Many European countries offer grants to organic farms to support organic production. This production-oriented strategy will have guaranteed success if the market structures and the marketing channels will be able to face the rapidly increasing demand and if the sellers adapt their products, sales channels and prices to the consumers' demand.

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