

Organic Market Report 2007

Executive summary

Research shows that global sales of organic food and drink increased by £2.6 billion to £19.3 billion in 2006.

In 2006, retail sales of organic products in the UK were worth an estimated £1,937 million – representing a 22% increase since 2005. The retail market for organic products has grown by an average of 27% a year over the last decade.

The UK organic market is now the third largest in Europe after Germany and Italy.

Mintel's most recent Organics Report reveals that more than half of respondents had purchased organic fruit and vegetables within the previous 12 months, one in four consumers had bought organic meat or dairy products, and one in six consumers had purchased packaged organic goods.

The latest financial results from a Defra-funded survey of organic farms in England and Wales show the majority of farm types experienced better financial performance than comparable non-organic farms in 2003/04 and 2004/05.

The number of enquiries made to the Organic Conversion Information Service (OCIS) in England and Wales increased by 30% and by 63% in Scotland. Farmers and growers requested 877 organic advisory visits in 2006 – 44% of which took place in Wales.

In January 2007, there was a total of 613,470ha of organically managed land in the UK – representing little change since January 2006. Organically managed land now accounts for approximately 3.5% of the UK's total agricultural land area. The area of in-conversion land in the UK increased by 40%, with all countries seeing substantial growth – Scotland (110%), England (24%), Wales (20%) and Northern Ireland (25%) in 2006. However, fully organic land area declined by 7% over the same period. In January 2007, there were 4,639 organic producers in the UK, representing an annual increase of 7%. Organic holdings now represent approximately 1.6% of all farms in the UK.

Mintel research reveals that households with children under the age of 15 tend to buy a wider range of organic foods than those with no children.

In 2006, sales of organic baby foods in the UK increased by 7% to approximately £78 million. Over the same period sales of non-organic baby foods declined by 2%.

The organic poultry market continues to increase rapidly, showing no signs of slowing down. An estimated 12.4 million organic table birds were consumed in 2006 – an increase of 39% since 2005.

The combined sales value of free range and organic eggs exceeded that of cage eggs for the first time.

In the year to March 2007, the market for organic milk increased by approximately 20% – in line with the long-term average organic milk market growth.

Retail sales of organic products through box and mail order schemes increased by an estimated 53% – from £95 million in 2005 to £146 million in 2006.

An average of 66% of the organic primary produce sold by the multiple retailers was sourced in the UK, representing no change since 2005 – meat (79% UK sourced), dairy and eggs (96% UK sourced), vegetables (73% UK sourced), apples (12% UK sourced).

In contrast to the increased supply of organic meat, the UK's self-sufficiency in organic cereals fell below 50% during 2006, further increasing our reliance on imported organic grain.

In 2006, significant opportunities existed for growers at all scales of production as the UK organic fruit and vegetable market remained undersupplied.