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## BioFach 2019 - What's Beyond the Niche?

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#### [Maartje van den Berg](#)

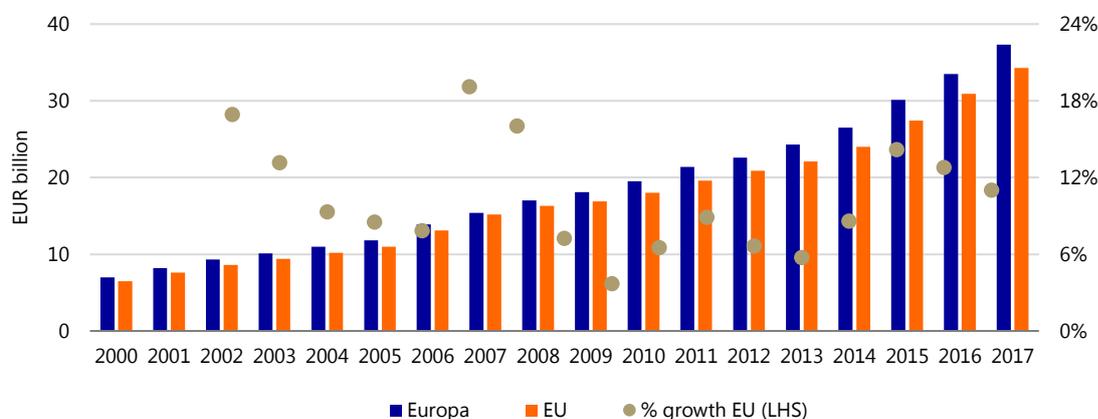
Senior Analyst Consumer  
Foods  
+31 30 7123810

Organic food is a high-growth niche market, with a market share of approximately 5% in Europe. At BioFach – the largest trade fair in organic food, where market developments, trends and new products are presented and discussed – we saw a sector that is looking ahead in various ways.

## New Market Figures: Astonishing Growth Continues

Market growth in organic food remains very strong, although there are some signs of this growth stabilizing (at high absolute levels). A few examples: market growth in France was 22% in 2016, and 18% in 2017. In the Netherlands, it was 9% in 2016 and 5% in 2017. The exception is Spain, where the market for organic food grew stronger in 2017 (+16%) than in 2016 (+12%). Overall, in Europe, the market for organic food grew by 11% in 2017 – very healthy compared to sluggish growth in the overall food market. Absolute growth has been relatively stable at around EUR 3.5bn per year over the past few years. Especially mentionable is that in foodservice, organic is now also growing fast, driven by both an increasing focus on organic in restaurants and by public purchasing (i.e. for school meals).

Figure 1: Organic food market development in Europe, 2000-2017



Source: FiBL, 2019

## Is There an Upper Limit?

One could argue that a fairly specific group of consumers is interested enough in organic food to be willing to spend the extra money, and, at the same time, has a high enough income to be able to spend the extra money. We estimate this to be a 5%-15% share of consumers – the wide range signalling large differences between countries. This could mean that in some countries (for example Denmark with 13% organic market share) organic consumption is already reaching its 'natural' limit. On the other hand, there are signs that the 'natural' reservoir of organic buyers is growing, as younger consumers are more geared towards sustainable consumption, and organic is trendy. Plus, of course, in many countries disposable incomes are rising, while at the same time,

price premiums of organic products are coming down ([as we explained in earlier reports and in our podcast](#)). This brings organic products within reach for more people and potentially shifts that 15% upper limit upward. Therefore, in my opinion, the recent stabilizing or slightly lower growth of the organic food market is more an effect of lower price premiums, with volumetric growth continuing.

## Quo vadis?

What really stood out for me at BioFach this year was the lively debate within the organic sector of 'where next'. Part of the sector focuses on volume growth within the current organic space – with as its main argument making organic available for an increasingly wider audience. But others are talking about 'greening' organic even further. The inroads biodynamic (with its Demeter label) is making, especially in German shops, show that a group of consumers is already shifting towards a 'darker green' option. And there is a – justifiable – worry in the sector that increasing sustainability efforts in 'regular' food and agriculture could harm the (perceived) added value of organic. Two very strong trends at BioFach must already be seen in this light: plant-based products (even more than last year) and sustainable packaging solutions. Specifically in processed organic food, a health element is added to this debate: should organic processed food – which many consumers buy because they perceive it as healthier – somehow ensure that it is by definition healthy?

## Branding and Diversification

Organic food players are already strongly diversifying their offer. Where a few years ago 'just' the organic label was enough to sell a product, we now see brands and products being marketed as healthy and natural (and organic), local and rustic (and organic), or plant-based (and organic), for instance. Such active marketing is increasingly essential in order to compete with other organic brands, but also with private label organic products.

## Wrapping up

The organic food sector has the wind in its sails, and I do not expect this positive market sentiment to change any time soon. It is encouraging to see the sector looking towards the future. While some of its internal debates will not be solved easily, it is important to have them, and ensure that any differences are embraced and used as strengths rather than divisive elements. The EU's organic regulation creates an all-important level playing field but a more flexible approach could be important going forward, naturally ensuring that there is no loss of clarity for the consumer. Whatever happens, it is crucial for the sector that the consumer continues to recognise organic as the 'better' alternative of choice.

# Imprint

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far.rabobank.com

Maartje van den Berg      Senior Analyst Consumer Foods      Maartje.van.den.Berg@Rabobank.com  
+31 30 7123810

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