Department of Agriculture and Rural Development

Review of Market for Organic Foods in Northern Ireland

August 2001

PwC

Assignment objectives

- What major foods are currently purchased in organic form?
- Who purchases organic foods?
- Frequency of purchase
- Major outlets for organic foods
- Price premium currently achieved

Methodology

- Taylor Nelson Sofres Northern Ireland consumer panel (Y/E 07/01/01)
- Government statistics:
  - Family Expenditure Survey
  - National Food Survey
- Benchmark products in 4 key product categories:
  - vegetables
  - dairy products
  - meat products
  - bread

Methodology

Key benchmark products:

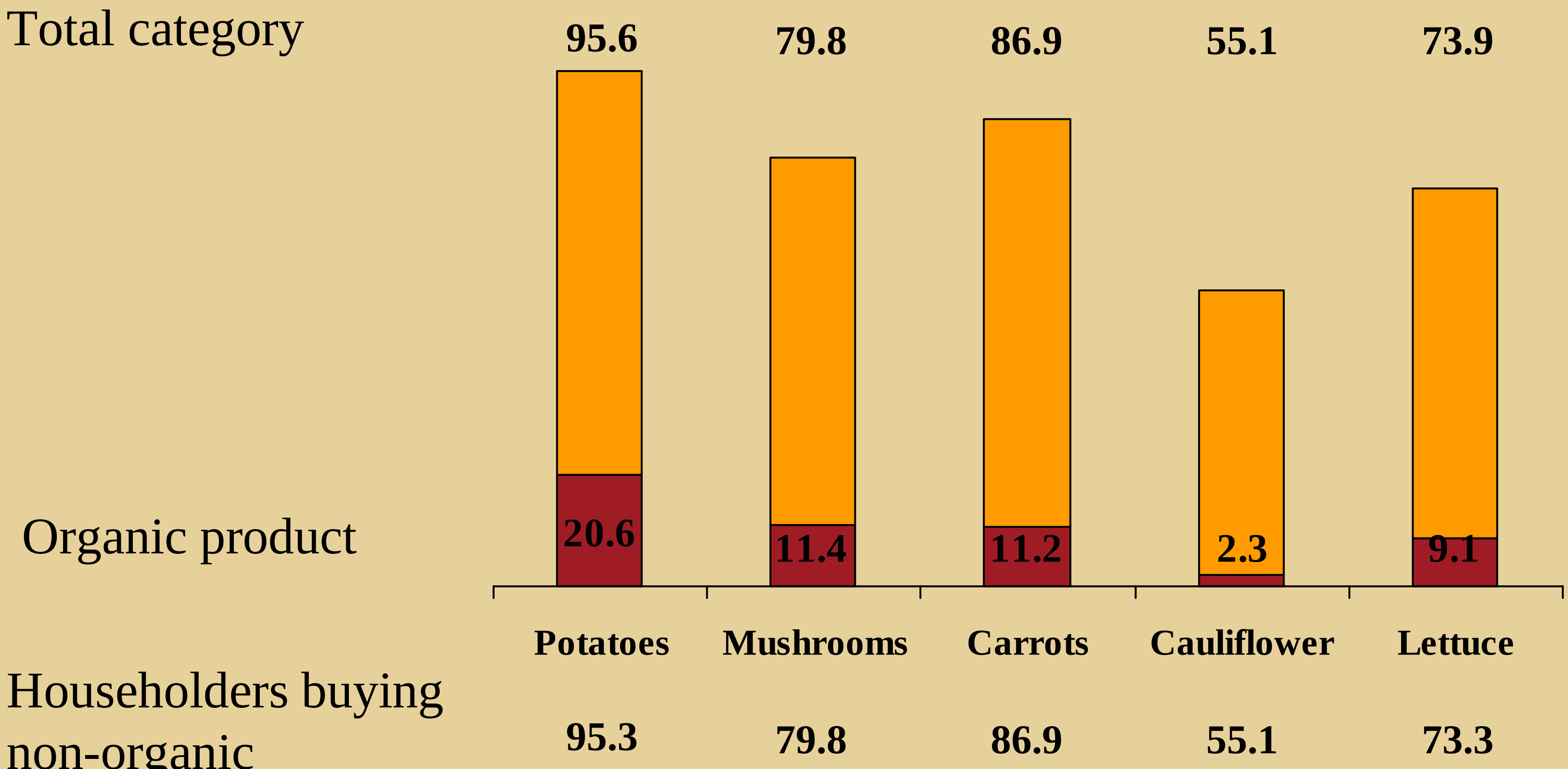
- vegetables - potatoes, mushrooms, carrots, cauliflower, lettuce
- dairy products - milk, yogurt, butter, cheddar cheese
- meat products - frying/grilling beef, lamb chops, prepacked back bacon, prepacked whole fresh chicken
- bread - large white pan

Methodology

Key performance indicators:

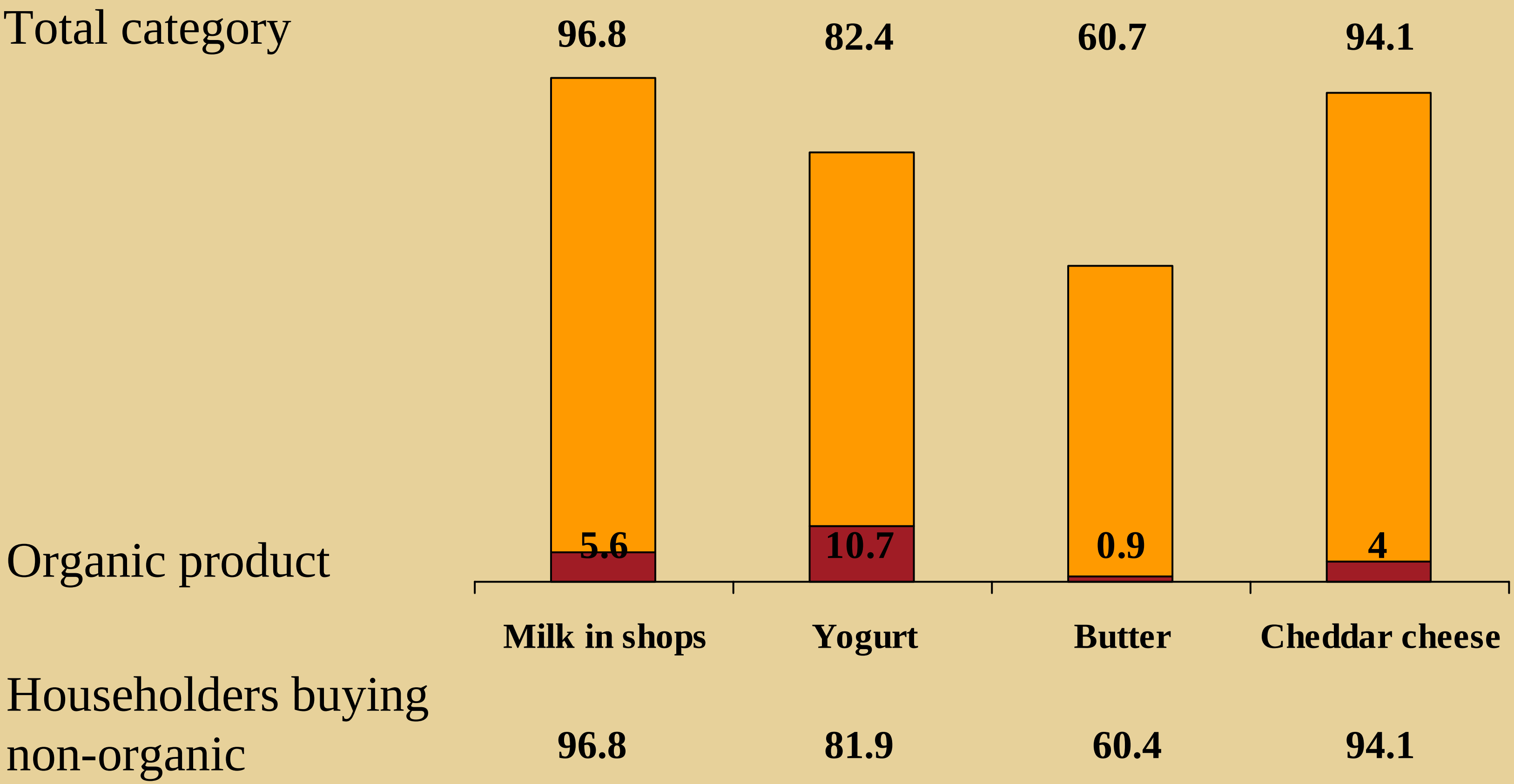
- household penetration - the proportion of households that have purchased the product during the year ending 7/1/01;
- market share - organic's share of total category sales;
- market value - total estimated household expenditure(at retail prices);
- average price - retail price per kilo, litre, lb or unit as indicated;
- volume per buyer - average volume bought during the year ending 7/1/01;
- average buying frequency - the average number of purchases made during the past year.

Householders buying organic vegetables (%)



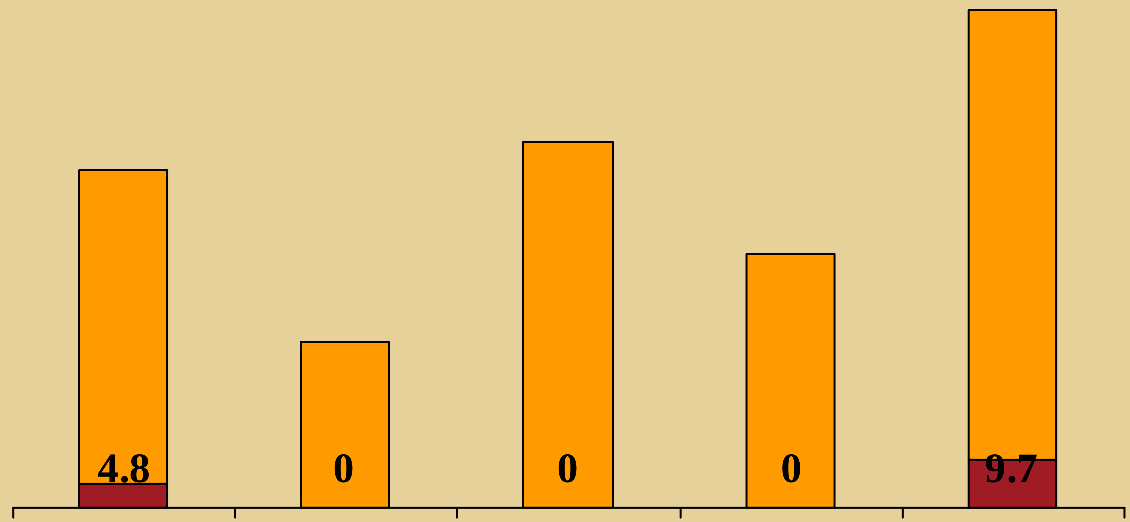
PricewaterhouseCoopers

Householders buying organic dairy products (%)



PricewaterhouseCoopers

Householders buying organic meat products/bread (%)



	Frying/grilling beef	Lamb chops	Pre-packed bacon	Pre-packed whole fresh Chicken	Bread - white pan
Total category	**67.2**	**33.2**	**73.0**	**50.8**	**99.3**
Organic product	**4.8**	**0**	**0**	**0**	**9.7**
Householders buying non-organic	**67.1**	**33.2**	**73.0**	**50.8**	**99.3**

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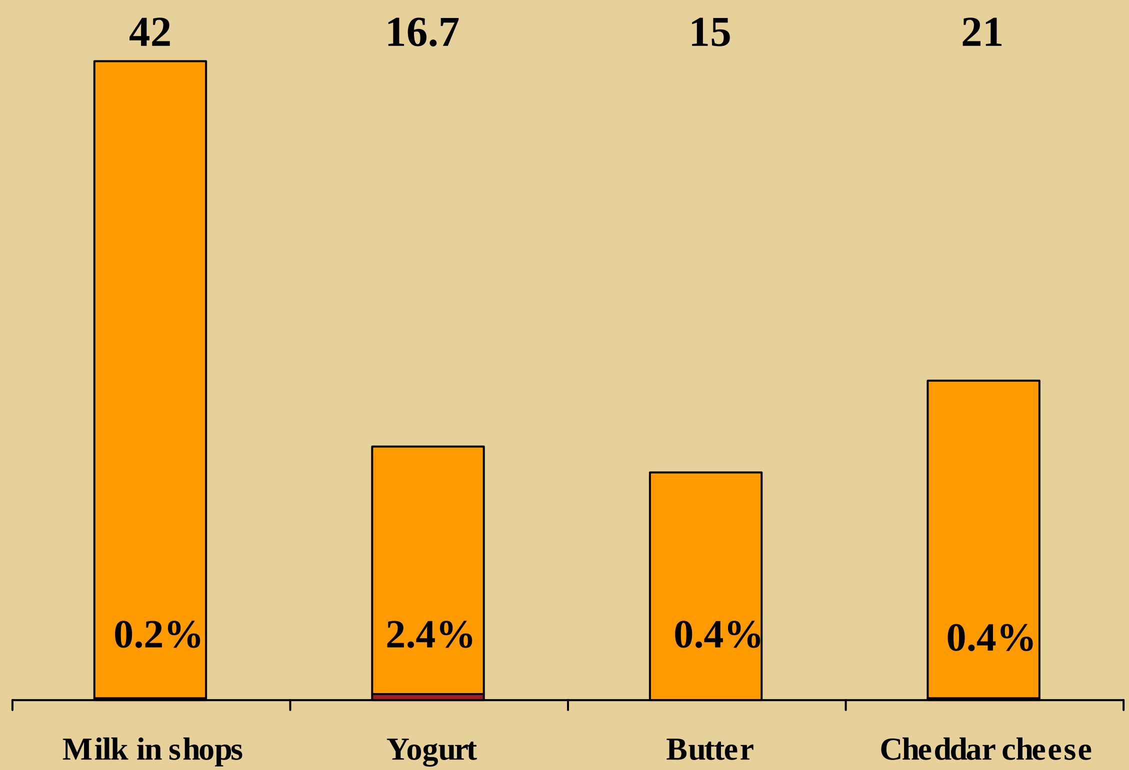
Market share of organic dairy products

Market value (£m)

Organics' share of expenditure

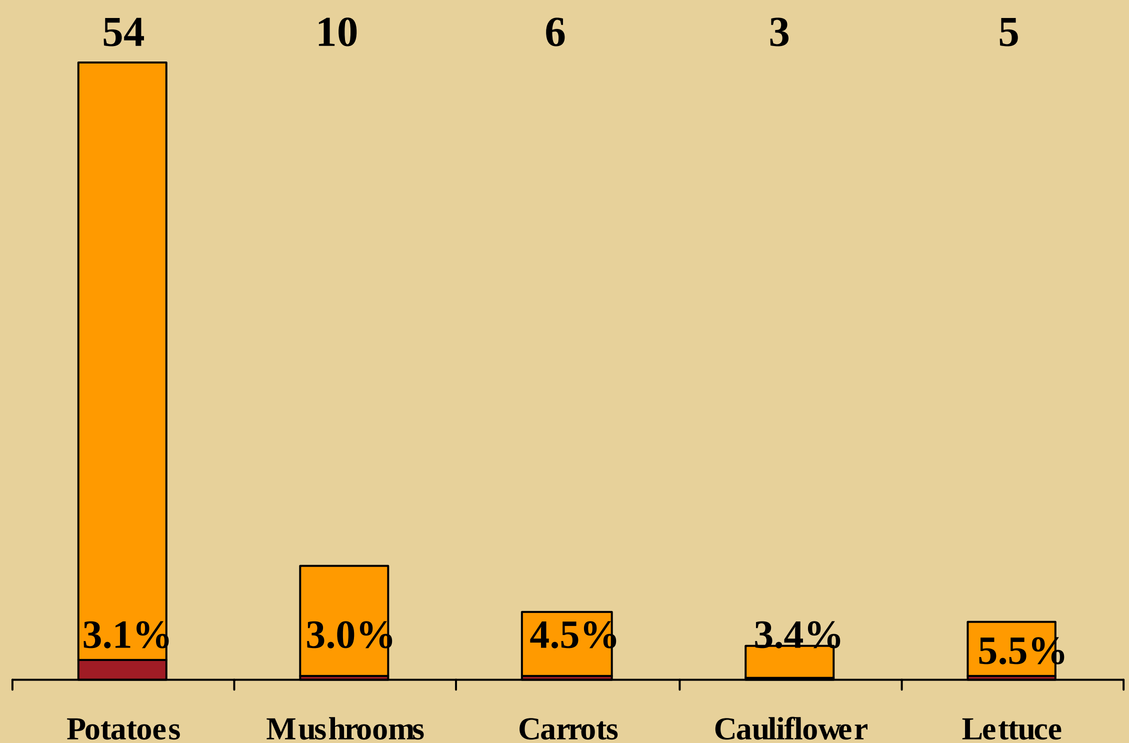


Organics volume share 0.2% 2.3% 0.3% 0.4%

Market share of organic vegetables

Market value (£m)

Organics' share of expenditure



Organics' volume share	1.6%	1.8%	2.7%	2.3%	4.3%

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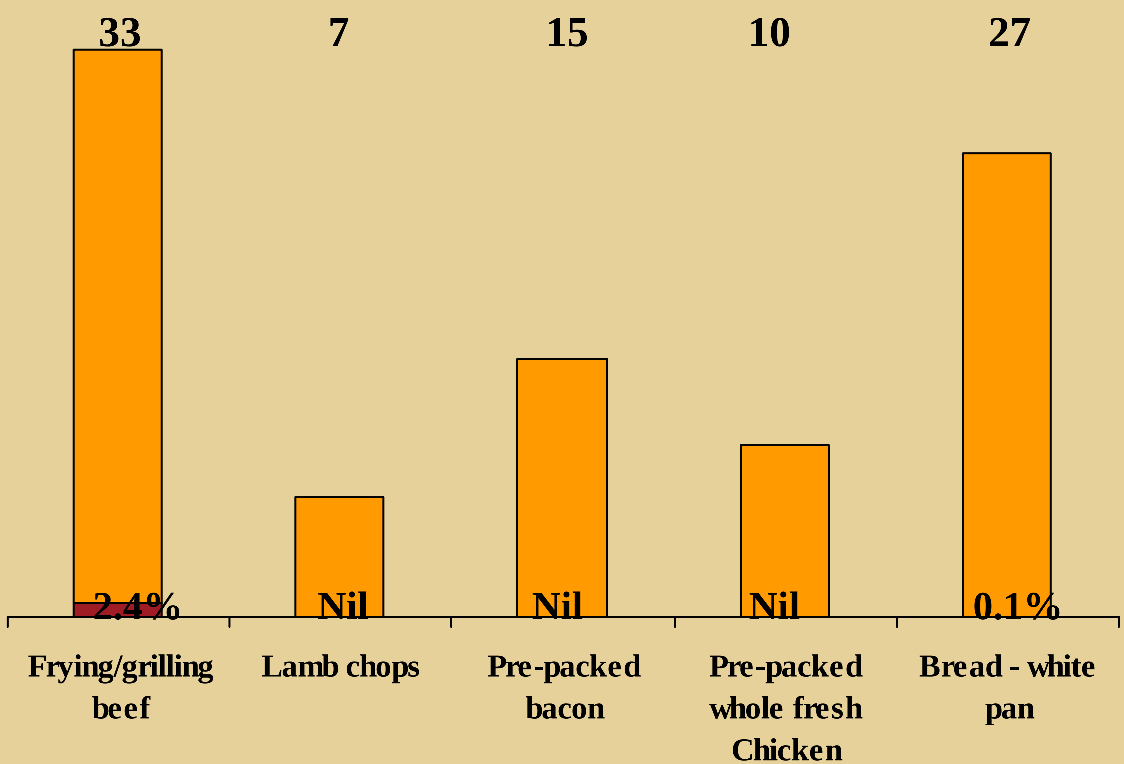
Market share of organic meat/bread

Market value (£m)

Organics' share of expenditure



Organics volume share	1.7%	Nil	Nil	Nil	0.1%

Average price - vegetables

(£ per kg)	**Potatoes**	**Mushrooms**	**Carrots**	**Cauliflower**	**Lettuce**
Organic price	0.54	7.12	0.87	0.92	0.70
Non-organic price	0.28	4.19	0.50	0.61	0.54
Organic premium	93%	70%	74%	51%	30%

Average price - dairy products

(£ per litre/kg/unit)	**Milk**	**Yogurt**	**Butter**	**Cheddar cheese**
Organic price	0.62	2.43	3.30	5.52
Non-organic price	0.50	2.33	2.90	4.62
Organic premium	24%	4%	14%	19%

Average price - meat/bread

(£ per kg/unit)	**Frying/grilling beef**	**Bread – white pan**
Organic price	4.42	0.55
Non-organic price	3.07	0.50
Organic premium	44%	10%

Volume per buyer/buying frequency - vegetables

	Volume per buyer (kg/unit)		Buying frequency	
	Organic	Non-organic	Organic	Non-organic
Potatoes	14.9	197.1	8.1	55.5
Mushrooms	0.5	4.0	3.6	16.7
Carrots	3.5	18.1	3.3	9.1
Cauliflower	3.5	12.2	6.3	7.4
Lettuce	5.6	15.4	3.9	8.2

Volume per buyer/buying frequency - dairy products

	Volume per buyer (kg/unit)		Buying frequency	
	Organic	Non-organic	Organic	Non-organic
Milk	3.1	154.7	4.4	71.0
Yogurt	2.7	14.9	5.1	24.4
Butter	1.1	7.2	5.3	13.3
Cheddar cheese	1.4	15.7	2.0	19.7

Volume per buyer/buying frequency - meat products/bread

	Volume per buyer (kg/unit)		Buying frequency	
	Organic	Non-organic	Organic	Non-organic
Frying/grilling beef	4.9	20.8	8.1	14.9
Bread – white pan	0.3	152.2	2.5	46.5

Potatoes
Demographic analysis of users

(% of households purchasing)		Total	Non Organic	Organic
Location	Greater Belfast	96.4	96.4	34.3
	Rest of Province	95.4	94.8	12.8
SEG	ABC1	96.4	96.5	24.6
	C2DE	95.2	94.6	19.3
Children under 16	With	94.3	93.9	25.4
	Without	96.2	95.8	18.5
Age of main shopper	<35	94.8	93.8	31.0
	35-44	97.5	97.6	19.5
	45-64	94.7	94.8	17.5
	65+	97.3	94.8	27.9

Mushrooms
Demographic analysis of users

(% of households purchasing)		Total	Non Organic	Organic
Location	Greater Belfast	85.1	85.2	25.5
	Rest of Province	76.5	76.5	3.0
SEG	ABC1	83.5	83.5	13.9
	C2DE	77.8	77.9	10.4
Children under 16	With	73.7	73.8	8.3
	Without	82.2	82.3	12.7
Age of main shopper	<35	72.6	72.8	9.9
	35-44	69.1	69.1	5.8
	45-64	86.2	86.3	16.2
	65+	78.6	78.6	8.2

Yogurt
Demographic analysis of users

(% of households purchasing)		Total	Non Organic	Organic
Location	Greater Belfast	83.7	83.3	10.6
	Rest of Province	81.5	82.5	3.8
SEG	ABC1	82.6	82.6	11.3
	C2DE	82.3	82.3	3.9
Children under 16	With	90.9	90.9	6.0
	Without	78.4	78.4	6.7
Age of main shopper	<35	88.0	88.0	-
	35-44	78.8	78.8	12.2
	45-64	83.8	83.8	6.3
	65+	77.4	77.7	-

Frying/grilling beef
Demographic analysis of users

(% of households purchasing)		Total	Non Organic	Organic
Location	Greater Belfast	79.8	78.9	11.2
	Rest of Province	59.4	59.8	2.5
SEG	ABC1	63.8	62.6	8.7
	C2DE	68.7	69.1	3.9
Children under 16	With	64.0	64.1	0.7
	Without	68.8	68.6	6.6
Age of main shopper	<35	62.5	62.5	-
	35-44	59.4	59.4	-
	45-64	71.5	71.1	9.9
	65+	70.7	70.7	-

Potatoes
Retailer analysis

(Market share %£)	Total	Non Organic	Organic
Tesco	30.2	29.3	59.3
Sainsbury	8.3	8.3	7.1
Safeway	7.7	7.6	10.8
Iceland	1.8	1.9	-
Dunnes	2.4	2.5	-
Lidl	0.3	0.3	-
Marks & Spencer	1.9	1.9	2.3
Co-op	5.0	4.6	19.1
Total multiples/Co-op	57.5	56.2	98.6
SuperValu	4.4	4.5	-
Other symbols	8.5	8.8	0.8
Other	29.6	30.5	0.8
Total	100.0	100.0	100.0

Mushrooms
Retailer analysis

(Market share %£)	Total	Non Organic	Organic
Tesco	30.8	29.1	87.2
Sainsbury	19.7	20.1	7.4
Safeway	14.4	14.8	1.3
Iceland	0.6	0.6	-
Dunnes	0.6	0.6	-
Lidl	2.5	2.6	-
Marks & Spencer	3.1	3.1	-
Co-op	9.1	9.3	4.1
Total multiples/Co-op	80.9	80.3	100.0
SuperValu	3.2	3.3	-
Other symbols	3.2	3.3	-
Other	12.7	13.1	-
Total	100.0	100.0	100.0

Yogurt
Retailer analysis

(Market share %£)	Total	Non Organic	Organic
Tesco	29.5	29.6	27.0
Sainsbury	16.8	17.1	6.1
Safeway	10.9	10.9	10.9
Iceland	4.0	4.1	0.6
Dunnes	4.7	4.8	0.4
Lidl	1.2	1.2	0.1
Marks & Spencer	4.2	3.9	17.9
Co-op	9.0	9.0	8.6
Total multiples/Co-op	80.4	80.6	71.5
SuperValu	5.8	5.9	4.1
Other symbols	7.4	7.3	5.4
Other	6.4	6.2	19.0
Total	100.0	100.0	100.0

Frying/grilling beef
Retailer analysis

(Market share %£)	Total	Non Organic	Organic
Tesco	21.6	19.7	100.0
Sainsbury	5.3	5.4	-
Safeway	10.1	10.3	-
Iceland	1.2	1.2	-
Dunnes	2.7	2.7	-
Lidl	0.1	0.1	-
Marks & Spencer	3.9	4.0	-
Co-op	4.9	5.0	-
Total multiples/Co-op	49.7	48.5	100.0
SuperValu	1.2	1.2	-
Other symbols	1.7	1.8	-
Other	47.4	48.5	-
Total	100.0	100.0	100.0

Key findings

- Vegetables/fruit and dairy products are likely to be the major focus of future organic food development
- Vegetables formed the largest part of the organics market
- Organics had yet to make significant inroads into major dairy products, meat and bakery markets
- Organic potatoes had the highest sales in terms of retail value, yet
  - only one in five households bought organic potatoes
  - the average frequency of purchase was only eight times per year
- Substantial price premium was achieved by organic vegetables
- Organics consumption was concentrated in Greater Belfast and ABC1 households
- The grocery multiples were the major route to market