Northern Ireland Organic Market Study

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Executive summary

Aim

The aim of the project was to benchmark organic production and processing in Northern Ireland. Recommendations have been made based on the market intelligence collected. The report contains information that will aid DARD and other key stakeholders to develop strategies for supporting the different organic sectors in Northern Ireland.

Background

In January 2006, 0.9% (10,154 hectares) of Northern Irelands total agricultural land area was in organic production, an increase of 51% on the previous year. The average farm size in Northern Ireland has decreased in recent years from 42ha in 2003 to 38ha in 2005, but in 2005 it increased to 47ha. The number of registered and in-conversion producers increased by 21% to 214 well above the UK average[1]. Northern Ireland saw a 27% increase in processor numbers from 41 in January 2005 to 52 in January 2006. However despite growing interest in the sector a number of organic processors remain inactive and retailers remain heavily dependent on imported processed organic goods.

The growth rate in organic production has been lower than expected in the past five years. This may be attributable in part to the foot and mouth crisis and poor weather, which may have prevented producers from initiating conversion.

In 2005, IGD carried out a consumer survey in Northern Ireland. It was found that 25% of consumers had bought organic food. The majority of Northern Irish organic buyers were female, aged 35 or over and were categorised as being from the ABC1 social group (high income).

Methods

The project consisted of three main research areas:

- A questionnaire survey of organic producers in Northern Ireland was conducted;
- Telephone and face to face interviews were held with organic processors, retailers and other appropriate stakeholders in Northern Ireland;

- MORI conducted a consumer-focussed piece of research.

Additionally, desk based research was conducted into the Northern Irish organic market and agri-food industry.

Recommendations

- The survey suggests that there are opportunities for businesses to diversify their marketing strategies to include direct sales. However, local demand should be thoroughly assessed before decisions are made;
- the organic sector should look at existing networks of producer groups/co-operatives, and if necessary set up additional groups and promote the benefits of membership to all producers. More constructive interaction between groups should be fostered and a strategic approach to their development should be adopted;
- due to a general distrust of retailers there is reluctance on behalf of some producers to engage with them. Work needs to be done to address this issue so that producers are able to access the substantial markets that multiple retailers represent and where possible, retailers are able to source organic products from Northern Ireland;
- greater transparency, co-operation and communication throughout the supply network is needed to develop trust within the organic sector and remove old barriers hindering further development. Discussion and networking events should be held to encourage co-operation and the development of new trading relationships;
- further work needs to be done to support the development of 'local' food initiatives. For example, the development of case studies on stall holders at farmers markets, including cost benefit analysis, the processes involved in entering the sector and general sales information would be of benefit to all stakeholders. While it is helpful to make this sort of information available, practical day to day advice is also necessary;
- the sale of indigenous organic food through Northern Ireland's independent retailers should be encouraged and mutually beneficial trading relationships established;

- the availability and accessibility of financial support (BSP) should be improved and help to complete the necessary forms should be provided. Additionally, the application procedure for grant aid should be reviewed – with feedback from successful applicants;
- conversion aid and ongoing agri environment payments should be established to avoid disadvantaging NI producers and bring them in line with other parts of the UK;
- a consumer education initiative should be developed with the express aims of dispelling any confusion surrounding the term organic;
- the health, environmental and socio-economic benefits that organic farming offers should be more widely publicised;
- DARD needs to reassess what it can deliver and decide what level of support it is able to provide and if necessary, develop partnerships with other sector bodies.

Survey Results

Organic Beef

In 2005, an estimated 1,171 head of organic cattle were produced and processed in Northern Ireland. The majority of this was taken by one large multiple retailer but two of the UK's multiple retailers are sourcing organic beef from Northern Ireland and distributing it throughout the UK. A small number of producers sell organic beef direct to the public.

Organic Lamb

In 2005, only one abattoir in Northern Ireland processed organic lamb, some of which was sourced outside of Northern Ireland. It is estimated that 1,700 head of finished organic lambs were sold in 2005 but at least 250 finished organic lambs entered the non-organic market. The majority of store lambs produced were sold as non-organic. A small volume of organic lamb was sold through direct sales outlets in 2005.

Organic Milk

In 2005, two producer groups in Northern Ireland produced more than 6.9 million litres of organic milk. The majority of organic milk produced was sold to the multiple retailers and distributed across the UK. Figures on the volume of organic dairy products sold in Northern Ireland were not available. It is apparent that a large

proportion of the organic milk sold in Northern Ireland is produced in Northern Ireland.

Organic Pork

In 2005, the production of organic pork in Northern Ireland was extremely low. A small number of farmers produced organic pigs as part of a mixed farming scheme and sold them directly to the public. One processor handled organic pork products but the pork was sourced from Scotland. Retailer and consumer demand for organic pork is not met by production in Northern Ireland.

Organic Table Birds

In 2005, an estimated 2.8 million organic table birds were produced in Northern Ireland. There are two organic table bird processors who supply multiple retailers across the UK. Consequently, despite the high volume of organic table birds produced in Northern Ireland there is an unsatisfied demand from domestic retailers.

Organic Eggs

There are two main egg packers within Northern Ireland processing approximately 10.7 million organic eggs. The majority of eggs are sourced within Northern Ireland with 2.1 million being imported from England. These eggs are sold throughout Northern Ireland, Republic of Ireland and the U.K. A small number of organic producers are selling direct to consumers. There is an increasing demand for organic eggs through farmers markets and farm shops however a local supply is difficult to source. The cost and availability of feed is also a major issue within the sector.

Organic Horticulture

Production capacity for organic fruit and vegetables is very low. A total of 8 farmers produced 690 tonnes of assorted crops of which approximately 92% were sold as organic. The majority of producers sold to box schemes with one selling to a multiple retailer – the majority stated that demand for organic fruit and vegetables was increasing. The survey identified 6 companies who currently processed organic fruit, vegetables and mushrooms; 3 processed fruit, 2 processed vegetables, 1 processed mushrooms. Just one of the fruit processors sourced apples from Northern Ireland. The other 2 companies process apples from England and then returned them either

for further processing or retail. Sales of vegetables and fruit are mainly through box schemes however organic potatoes and mushrooms are sold through independent retailers. In general there is a lack of capacity and desire to supply the larger retailers.

Organic Grains

There were 4 farmers who responded to the survey who produced grains and pulses. Of the total produced 60% was retained for on farm use. Only 2 producers stated sales outlets for there produce. One sold grain for feed whilst the other sold oats to a major grain processor. A total of 2 processors handled grain from Northern Ireland, 1 produced feed and the other porridge oats. Little of the raw feed ingredients were produced in Northern Ireland increasing the cost of production. The majority of porridge oats were sourced in Northern Ireland with 10% coming from elsewhere. The major issue for the sector was a lack of capacity increasing the cost of production.

Organic aquaculture

Key stakeholders were reluctant to divulge information on the organic aquaculture market. Several attempts were made to gain the required information but production figures were unobtainable. The processor who did contribute to the survey stated that there is a growing demand for organic fish from within Northern Ireland. There is a high volume of export and current production levels are not great enough to meet demand.

The retail of organic products

In 2005, the market for organic products in Northern Ireland was worth £18 – 19 million. The majority of organic produce consumed in Northern Ireland is sold through multiple retailers and imported from the mainland or further afield. However, there is a small but expanding market for direct sales worth approximately £830,000, including box schemes, farm shops and farmers markets. This represents the most reliable way for consumers to source indigenous organic produce.

Organic consumers

Organic consumers in Northern Ireland are likely to be more affluent and middle aged. Vegetables were the most popular organic products bought by consumers, followed by eggs, fruit and meat. Price is stated as the most common reason

consumers do not purchase organic. However, it is apparent that there is some confusion over what the term organic actually means. Therefore there is a need to improve general consumer awareness of organic farming and to publicise how consumers can purchase organic products in a cost-effective manner.

Supply network development

There is evidence of dislocation within the supply network. Producers state that they cannot get a market for their organic produce whilst retailers and processors often state they cannot source enough. There is a need for a greater level of co-operation and communication between producers, processors and retailers to prevent this from happening and to enable the sector to develop in line with market demand.