Organic Market Set For Stunted Growth

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Organic Food

Perish the thought - Organic market set for stunted growth
Once the darling of the supermarket shelves, organic food is set to slip down the pecking order, as cash-strapped Brits hunt down cheaper alternatives. Latest research from MINTEL finds that the organic food and drink market is now worth Â£1.6 billion. But as a result of the current economic climate, as many as half (48%) of all organic shoppers will reduce or even give up buying organic food in the next year alone.

After 5 years impressive growth, attitudes towards organic food are clearly changing and sales are set to slacken off. The value of the market increased an average of 16% a year between 2003 and 2008, but in the coming years sales are forecast to dramatically slow and growth is unlikely to hit previous levels any time soon.

"British consumers are clearly beginning to question the value of organics and the added benefits they get from paying the premium price. Now, more than ever, retailers and suppliers need to clearly communicate the ethical, environmental and personal benefits of buying organic," comments Richard Perks, Director of retail and financial research at Mintel.

"On top of the effects of the financial problems, organic food is facing increasing competition from other ethical choices including welfare, fair trade and locally sourced foods," he adds.

Exclusive consumer research shows just how low a priority organic is for today's shopper, as only 21% hone in on organic produce when out buying food. This is compared to 33% who look for locally sourced goods and 26% who seek out products that are fair trade. In fact, locally sourced is the number one ethical concern when it comes to grocery shopping.

Mintel research also shows that local produce has struck a real chord as Brits stand-by their local economies. Indeed, the market for locally sourced produce is worth three times that of organic, at Â£4.8 billion. And people really do seem convinced of the merits. As many as 42% of adults would like more retailers or manufacturers to source their products from local suppliers, while almost three in ten (28%) are happy to pay more for food, if it means supporting local farmers.

"The success of farmers' markets, the awareness of food miles and the huge increase in the choice of local produce available in supermarkets have all helped boost the popularity of locally sourced foods. There has also been a move in recent years away from heavily processed, highly artificial foods towards better quality and fresher produce as people become increasingly aware of where their food comes from, " comments Richard Perks.

But with everything said and done, organic stalwarts are not expected to give up on organics overnight. Indeed, while many organic categories are set to fall victim to the credit crunch, manufacturers offering quality premium goods, such as Green & Blacks and Yeo Valley, are likely to be resilient in any market turbulence.

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