

Daymon

THEMATIC INSIGHTS

A vibrant image of three dragon fruits (pitaya) splashing in water. One dragon fruit is cut open, revealing its bright pink, speckled interior. The water splashes are captured in mid-air, creating a dynamic and fresh visual. The background is a solid, deep pink color.

Organic Consumer Trends

WHAT WILL SHAPE THE FUTURE OF ORGANIC?

Organic has had a decades-long growth trajectory heightened by a boom at the beginning of the pandemic. As a result, the organic market grew steadily at an average CAGR (2016-2021) of 8.4% and has an expected CAGR (2021-2026) of 4.6% globally (Euromonitor).

The markets' performance differs between countries and regions, but globally, one common topic emerges: making organic foods and drinks across categories more accessible to consumers regarding availability and price.

Consumer trends are, therefore, quite aligned when we look at what will shape the future of organic: *Health & Food Safety Concerns, Sustainability Credentials, and Availability & Price Sensitivity.*

“ (...) the organic market is expected to grow between 2021 and 2026 with a CAGR of 4.6% globally.”



HEALTH & FOOD SAFETY CONCERNS

Many consumers express considerable worries, and in some cases fear, about their food's safety, nutritional value, and the health of the soil in which it is cultivated.

In this context, organic continues to be trusted as a safer alternative devoid of the most harmful ingredients (e.g., pesticides, hormones, and antibiotics). For most consumers, no further education or information is required.

Organic is frequently the most significant buying motivator since it provides a clear, simple, consistent, third-party validated sign of health and quality across categories.

82% of American consumers use organic foods and drinks at least occasionally, and 32% use them weekly or more frequently (Hartman Group). While concerns about the safety of conventionally grown foods have long motivated consumers to buy organic, they increasingly recognise other essential benefits, such as quality, flavour and nutrition.

Even though most consumers consider better nutrition a secondary benefit of organic, an increasing proportion believe that organic foods and drinks provide more substantial nutritional value, with four in ten thinking that organic food is more nutritious than conventional alternatives (Hartman Group).

Despite the lack of consensus around the health benefits of organic, 53% of consumers globally consider the "Organic" label trustworthy, making it one of the most trusted among green labels (Euromonitor). Still, consumers tend to trust less in organic products with more ingredients and processing since they see them as more difficult to certify. Single-ingredient products have higher adoption rates since there is more trust in the certification process for items with fewer ingredients.

TOP 5 REASONS TO BUY ORGANIC FOOD AND DRINKS

Among organic buyers, US consumers

37%

Safe for me and my family

35%

They are higher quality

34%

To avoid products that rely on pesticides or other chemicals

32%

To avoid products that rely on antibiotics or growth hormones

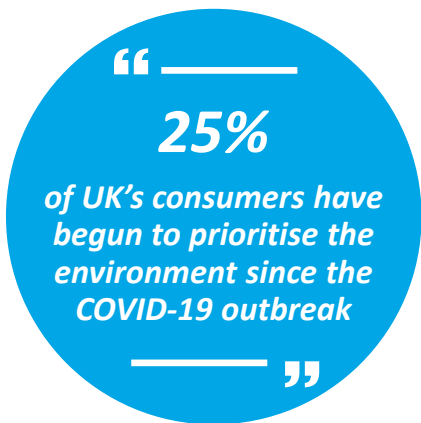
30%

To avoid genetically modified products (GMOs)

Hartman Group

SUSTAINABILITY CREDENTIALS

Sustainability concerns are an increasingly growing driver of organic purchases. For example, 25% of consumers in the UK have begun prioritising the environment since the COVID-19 outbreak began (Mintel).



As a result, consumers are seeking more organic, locally grown, or environmentally friendly food and drink products to support local producers, minimise their carbon footprint, and promote the planet's health.

Animal welfare and ethical concerns are also growing benefits, especially among younger generations: 17% of US consumers state they purchase organic food and drinks to support better animal treatment and 13% to support Fairtrade (Hartman Group).

Retailers and brands can leverage these growing consumers' beliefs to highlight their sustainability credentials, seeking to develop and communicate ranges that share these values with consumers.

The European Union's Farm to Fork strategy (F2F) is an excellent example of how governments are also increasingly concerned about the environmental impact of non-regulated agriculture production.

The initiative also marks the first time the EU addresses food sustainability, covering

production and consumption.

The Farm to Fork strategy intends to raise organic acreage to 25% by 2030, and the associated investments and activities are projected to affect demand for organic products favourably.

The Farm to Fork Strategy is at the heart of the European Green Deal, which wants to make food systems fair, healthy, and environmentally friendly. It aims to accelerate the transition to a sustainable food system that should:

- *have a neutral or positive environmental impact;*
- *help to mitigate climate change and adapt to its impacts;*
- *reverse the loss of biodiversity;*
- *ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food;*
- *Preserve food affordability while generating fairer economic returns, fostering the competitiveness of the EU supply sector and promoting fair trade.*



AVAILABILITY & PRICE SENSITIVITY

The current inflationary scenario is leading to changes in consumer priorities and heightening scrutiny over the actual value of organic and if it's worth its more premium cost.

Cost remains the main reason among those who do not currently purchase organic foods and drinks, with 76% of US consumers saying they don't buy organic because it's too expensive (Hartman Group).

Price has been consistently decreasing as a barrier to buying more organic—whereas 70% of US organic buyers cited high prices as a barrier to buying more organic in 2016, only half do today (Hartman Group). Still, the fact that it's still considered too expensive remains a top obstacle.

Private Brand ranges have been expanding across retailers, becoming key to driving greater organic accessibility, lowering price perceptions, and bringing affordable organic to consumers who still want sustainable and healthier options despite the rising cost of living.

Most consumers today see organic Private Brand offerings as entirely or nearly equivalent to organic from the national companies that pioneered the organic space. The same goes for quality, with 81% of consumers somewhat or completely agreeing that Private Brand products are just as good as those from national organic brands (Hartman Group).


Additionally, consumers no longer see many differences between organic Private Brand products and those from national organic brands, proving that organic Private Brands have conquered the consumers' trust.

Still, consumers are somewhat (but not substantially) more willing to trust organic items offered by retailers or manufacturers who have established their businesses around organics than companies that offer organic lines alongside conventional offerings.


TRUST IN DIFFERENT TYPES OF ORGANIC BRANDS

US consumers

59% From Specialty/
Natural Retailers'
Private Brands like:




58% From Manufacturers
who specialise in
Organic Brands like:



52% From major
Grocery Retailers'
Private Brands like:



49% From Manufacturers
who primarily offer
Conventional
products like:

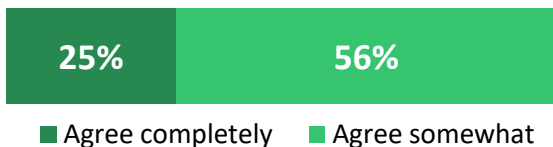


Hartman Group

COMPARISON OF ORGANIC PB VS NB

US consumers (Hartman Group)

Organic Private Brands (like Kroger's Simple Truth) are just as good as national organic brands (like Organic Valley or Amy's Organics)



AVAILABILITY & PRICE SENSITIVITY



With the rising cost of living top of mind, affordability is one of the most significant barriers to a higher purchase intention of organic products. Eighty percent of US consumers agree that organic foods should be more affordable.

Competition from Private Brands is growing in developed markets such as the United States and Europe, helping to close the price gap between organic and non-organic products and offering consumers more budget-friendly options.

Additionally, consumers understand that the development of organic Private Brand ranges has made healthier alternatives more widely available and accessible.

While price sensitivity may influence purchasing decisions, many consumers are still expected to transition from conventional and mainstream products towards healthier, more nutritious products manufactured in the most ethical way possible.

With 55% of Spanish consumers considering that buying organic products means supporting local farmers and agriculture and 40% of French organic food and drink buyers doing so to support local farmers and the economy directly (Mintel), Private Brand ranges can leverage these beliefs to make a clear commitment to providing healthier, cleaner and more sustainable solutions.

Private Brands must convey stronger brand values that are aligned with consumers. For example, communicating their support to local farmers and communities or their commitments to more ethical practices can influence consumers to trade up from mainstream to organic, helping retailers justify the sometimes-higher price points, which is critical in a recessionary environment.



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