GfK Panel Services Deutschland

Press Release

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Organic foods taking German households by storm

Findings of the GfK survey on the consumption of organically grown foods

Nuremberg, February 18, 2008 – The market for organic food products has achieved further growth. In 2007, more than 90% of all households throughout Germany purchased at least one organic food product and there were increases in both sales and the amount spent. These are the findings published by GfK Panel Services Deutschland in their current survey which monitored sales of organic food over the past year.

The organic market gained further momentum in 2007 with household spend on organic products up by 21% on the previous year. This has brought the market share for organic foods up to just under 3% of total food and beverage sales. The increase of the organic food range in food retailing stores has also brought an increase in the customer base for these products. The current GfK Panel Services organic food survey 2007, found that only 6% of consumers can be classed as “anti-organic”. Market growth has not only been achieved through the increasing number of households buying organic foods, but also the increasing frequency of purchasing of these products. Sales of organic food products have risen in virtually every segment, however, the range of these market shares is very disparate and market shares of less than 1% are common in smaller segments. At 75%, cereal bars have the highest market share of any organic food product.

Demand for organic foods continues to grow

Across the board, organic products are recording marked growth in almost all the 29 surveyed product types. As in the non-organic market, the most important area remains fresh produce, such as fruit, vegetables and dairy products. But consumers are also buying a growing number of breakfast products such as honey, jam, cereals, muesli and other organically produced foods. In fact, in some product areas, there was virtually no difference in price between organic and non-organic products leading some consumers to try the organic varieties. However, although the amount spent by consumers enjoyed double-digit growth, the quantities bought only reached the level of the previous year, a fact accounted for by the considerable price rises last year.

Discount stores in particular reap the benefits

Organic foods are more expensive than non-organic, with consumers having to spend anything up to 43% more for comparable quantities. Fruit juices can cost 80% more, chocolate bars 100% more and even fresh milk more than 30% dearer.

Of all the retail outlets, it is the discount stores that made significant profits on organic foods, which, with over 30% growth, have become increasingly important. In tandem with this, organic supermarkets have also increased their business.

Throughout food retailing, a good proportion of the organic products sold are own brands and these products have already achieved an average market share of 39% of the total spend on organic foods.

Three buyer groups

The scale of the change in the variety of organic products on offer is demonstrated by the fact that in 2004, 54% of total organic sales were still accounted for by fresh produce. In 2007, this figure was just 49% and the main winners here are the food retailers' and organic specialist stores' own brands.
In total, 94% of all households bought organic products, but with a market share of just under 3%, the assumption is that the vast majority of consumers were initially just testing the water. Consequently, GfK has categorized three different types of organic consumers:

- **Opportunistic buyers:** These make up the vast majority of all households, purchasing only very modest amounts of organic foods in relation to their total food consumption.
- **Frequent buyers:** This group purchases organic foods more often and spends markedly more on organic products.
- **Intensive buyers:** More than 10% of all households now belong to this group, which accounts for around 60% of the total sales of organic products. Organic products make up almost 20% of this target group's total food and beverage spend, with at least one organic product per week bought on a regular basis.

All three groups share one common feature: their spending on organic products is on the increase.

Organic foods: a growing market

The conclusion which can be drawn is that with the high level of acceptance of organic products, there is still room for the organic segment to grow within the food retailing industry. However, the frequency and amount spent on organically produced foods remain low. The retail industry has identified growth potential for organic foods and retailers are consequently in the process of expanding their organic ranges. The only difficulty is in assuring the quality of the food. For the food to remain organic and true to its claims, this is a product area which must maintain its purity. In future, consumers will have to be able to trust that organic products really are organic.

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The GfK Group

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