Soil Association Certification

As organic experts, Soil Association Certification produces this annual report to provide a thorough update on the UK organic market. It is compiled using data from a number of sources including: Nielsen; licensee and retailer surveys; and contributions from key partners within the industry. We are grateful to all those who have contributed in any way, and particularly to Triodos Bank, who have sponsored the report.

This report is available free to licensees at www.soilassociation.org/marketreport
For non Soil Association Certification licensees, the report costs £100.

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Triodos Bank

Triodos Bank is a specialist lender to sustainable businesses including organic farmers, producers, processors and retailers. They are a longstanding supporter of the Soil Association and help fund this report.

The bank supports over 800 organic food and farming businesses, lending more than €215 million across Europe. This totals over 36,500 hectares of organic farmland across the continent. In the UK, they have a team of relationship managers who specialise in organic food and farming.

Triodos offers facilities to help grow organic businesses, financing new property purchases, improvements and restructures, through to working capital. As industry specialists, they also appreciate the opportunities and challenges faced, such as supply chain evaluation and succession planning, and can work with you to find solutions.
Introduction

Like many of you, we held our breath after the EU referendum result, wondering whether the UK might plunge into instant economic recession. Thankfully, that has not been the case so far.

If anything, farming has had a post-Brexit honeymoon. The exchange rate has boosted farming exports and made domestic supply more competitive. Meanwhile, food manufacturers which rely on imported raw materials are having a hard time, and are keen to source from the UK. After a period of deflation, food prices are now going up.

What does this mean for the organic market? So far, growth has accelerated – as this report shows. Looking forward, opportunities seem to outweigh threats because:

- Our recent research shows that UK consumers are continuing to seek authenticity and provenance. Organic fits that bill perfectly, as well as being their shortcut to healthy food choice
- Organic organisations and businesses are working collaboratively to develop consistent messaging around the benefits of organic
- We will be supporting the Organic Trade Board, along with Organic Denmark, to deliver a €10 million promotional campaign over the next three years.

A concern in recent years has been whether farmers and growers will start to respond to these market signals and convert more land to organic. While we aren’t yet seeing a huge upsurge in conversions, decline has slowed down. With uncertainty about future support, an increasing number of progressive farmers recognise that security lies in added value products. When you look for innovation in farming, it often seems to come from the organic sector – we’re an entrepreneurial bunch!

It’s hard to predict anything in this crazy world. Who could have possibly believed a year ago that we would be leaving the EU, and that Donald Trump would be president of the US? So, for me, now is the time to build resilience and adaptability into our businesses and wider endeavours. We also need to have clear, strong principles that give a framework for decision making, even in the fog.

Organic certification gives much of that framework and compass. In a world where strong clear values are more important than ever, hopefully that will remain a good call commercially.

Helen Browning
Chief Executive, Soil Association
Executive summary

We’re coming into our fifth consecutive year of growth in the UK organic market. As this report shows, there are lots of opportunities for producers and businesses to make the most of this growth and meet – and exceed – consumer demand for organic.

In 2016, total sales of organic products increased by 7.1% while non-organic sales continued to decline. The UK organic market is now worth £2.09 billion.

More than 8,000 stores stock organic products and around 1.5% of the total UK food and drink market is organic.

Over 6,000 farmers and processors produce and sell into the sector, with more than 70% of their products certified by Soil Association Certification.

Applications to Soil Association Certification to become a certified producer increased by 13.5%, and many new organic brands launched in 2016.

Sales here in the UK are catching up with other growing organic markets around the world. They represent around 4% of worldwide sales and, globally, the organic market is worth US $81 billion.
Total organic sales 2017
£2.09B

+7.1% Sales growth

+6.1%
Supermarket sales*

+6.3%
Independent retailers’ sales

+10.5%
Home delivery incl. box schemes

+10%
Licensees’ sales

+13%
Sales of beauty and wellbeing

+30%
Sales of organic textiles

+19.1%
Organic sold in foodservice

+66%
‘Food for Life Catering Mark’ organic spend

Nielsen Scantrack 52 weeks ending 31 December 2016, Total Coverage
While the non-organic market has fallen by 0.6%, the total UK organic market is strong, growing by 7.1%. It is now worth £2.09 billion.

**KEY TRENDS**

1. **Consumers see organic as a healthy choice.** New organic products and brands have launched with significant marketing investment, exciting everyone from food bloggers to the press. They include ‘free from’ foods, nutty spreads, dairy substitutes, energy bars and drinks.

2. **Our consumer research shows that the level of mistrust among consumers has risen (see page 23).** Media programmes, press coverage and social media have prompted shoppers to relook at where their food comes from and how it has been produced. Certification offers vital reassurance and integrity for organic.

3. **Shoppers are ordering more organic products online where there’s a wider range of innovative options.** Online retailers like Ocado have made it easier for consumers to buy more organic. And they’re doing well from meeting this consumer demand, with Ocado enjoying a 9% share of the grocery market, increasing sales of organic by 16%.

4. **More companies are taking advantage of the better-than-ever opportunities to export organic products.** For many businesses, export is a key part of their strategy for expanding organic sales. Overall, nearly half (49%) of our licensees are exporting products worth around £250 million. In many countries, British organic is seen as the best that you can possibly buy. It’s particularly popular in the Far East, US and Europe.

5. **There are fantastic opportunities to increase the amount of organic products in the foodservice sector.** Following the lead of Scandinavia, we are supporting businesses to sell into foodservice in schools, hospitals and workplaces. Demand in the sector has been influenced by the Soil Association Food for Life Catering Mark, with £15 million spent on organic food through it, an increase of 66%.
Market analysis

2002 – 2016
UK Sales of organic products in GBP (£) millions

Source: Soil Association organic market reports

2014 – 2017
Trends in food and drink sales (% growth or decline)

Source: Nielsen Scantrack Total Coverage, 52 week trends
Market analysis

2015 – 2016 Channel growth in GBP (£) millions and percentage growth

2015 – 2016 breakdown in product shares of UK organic market and % change in value

<table>
<thead>
<tr>
<th>Product</th>
<th>% Share*</th>
<th>% Change*</th>
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</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>29</td>
<td>+2.2</td>
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<tr>
<td>Fresh produce</td>
<td>23.5</td>
<td>+10.3</td>
</tr>
<tr>
<td>Baby food</td>
<td>10.3</td>
<td>+5.3</td>
</tr>
<tr>
<td>Meat, fish &amp; poultry</td>
<td>10.1</td>
<td>-1</td>
</tr>
<tr>
<td>Confectionery/soft drinks</td>
<td>3.9</td>
<td>+5</td>
</tr>
<tr>
<td>Canned &amp; packaged</td>
<td>15.8</td>
<td>+12.7</td>
</tr>
<tr>
<td>Beers/wines/spirits</td>
<td>2.2</td>
<td>+14.3</td>
</tr>
<tr>
<td>Bakery &amp; cakes</td>
<td>1.4</td>
<td>-5.2</td>
</tr>
<tr>
<td>Chilled foods &amp; deli</td>
<td>2.9</td>
<td>+16</td>
</tr>
<tr>
<td>Frozen</td>
<td>0.7</td>
<td>-6.9</td>
</tr>
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</table>

*Nielsen Scantrack 52 weeks ending 31 December 2016, Total Coverage
Supermarkets

Data shows that sales of organic products in supermarkets grew by 6.1% during 2016 to be worth £1,428 million. The market is dominated by three big supermarkets but others look like they may increase their organic ranges in 2017 to attract informed customers.

KEY TRENDS

1. The availability of organic products in supermarkets is improving. Over 40% of Soil Association Certification licensees said ‘new listings in supermarkets’ were a key reason why their sales increased during 2016. The three big supermarkets with the most organic sales see the benefits of stocking organic as key to their commercial strategy.

Sainsbury’s, Tesco and Waitrose have 75% of organic supermarket sales between them. Sainsbury’s continues to be the largest with a 27% share of the market, and both Tesco and Waitrose have around 24%. In 2017, we could see more retail chains making improvements to their organic choice.

2. Grocery is fast becoming the most popular and exciting organic food and drink category in supermarkets, with 20% of overall sales. Cupboard staples like cereals, home baking items, biscuits, oils and vinegars are popular organic choices. New items like flavoured teas, ‘free–from’ products, nutty spreads, dairy substitutes, coconut products, raw foods, nuts and dried fruit are exciting consumers.

3. Discount supermarkets are stocking more organic products to attract more informed consumers. Shops, including Aldi, Lidl and Costco, are selling a wider range of organic, bringing in customers who spend more and are looking for premium food. The owners of these three chains may see the potential of organic because they operate in other countries where it’s booming, namely the US and Europe.

4. Everyday categories have grown in organic sales the most. This includes poultry, fruit, vegetables, milk and eggs, oils and vinegar and home baking. This suggests that supermarkets have focused more on organic options in these categories, improving their availability.
Independent retail

The independent sector is thriving. We’ve seen new stores opening, new products emerging and a 6.3% growth in sales.

KEY TRENDS

1. Almost 70% of Soil Association Certification independent retailers surveyed had increased sales of organic this year with just under a quarter staying the same. More than 90% of independent retailers are expecting sales to rise or stay the same in 2017. So, there’s an emerging confidence in organic in independent retailers.

2. There are three key reasons why independent retailers choose to stock organic. They believe in organic principles, want to offer ethical choice and have healthy options to make their business stand out. Customers know that they will get expertise and information about organic from a high street retailer that they wouldn’t get elsewhere, along with a wider choice of organic brands.

3. Farm shops have had a mixed year and are meeting the consumer motivation to buy locally. The National Farmers’ Retail & Markets Association (FARMA) report that a number of larger farms are adding retail and catering to what they do. And in a recent FARMA survey, 18% of customers said they’d visit farm shops more often if they had a wider organic range.

Source: Soil Association Certification surveys
Home delivery

Instead of doing a big weekly shop, convenience and choice are the key attraction to home shopping for busy consumers. Sales of online and box schemes increased by 10.5% to £260.8 million.

KEY TRENDS

1. Ocado is the largest online retailer of organic. It has a 9% share of the UK organic grocery market and sales grew by 16% in 2016. Ocado stocks 3,060 organic products, while Waitrose has 1,200, the next widest range. Smaller retailers and brands, meanwhile, are opening online stores to grow their business. This is widening the availability and choice of organic to more people shopping for convenience.

This is further endorsed by a 5% increase in organic sales for wholesalers who are stocking more products in response to customer demand. They expect this growth to continue at the same rate, at least, for 2017.

2. Organic box schemes are doing well with increased sales. But competition has also increased through recipe boxes which are fulfilling consumer demand for even more convenience and healthy options.

3. Shoppers are buying organic online because it’s more convenient. They can read about products and where they come from at their leisure, check out reviews and be more confident that they can get what they want because of better availability. The trend towards innovation online is reinforced by the launch of Amazon Fresh and the inclusion of a wide variety of organic products on its website.
Foodservice and eating out

Organic in foodservice is a real opportunity. The market has grown by 19.1% to be worth £76.6 million. The Soil Association Food for Life Catering Mark has helped to significantly increase awareness and availability, with £15 million alone spent on organic food through it.

KEY TRENDS

1. High street restaurant chains and visitor attractions are including more organic products on their menus. Many high street restaurants and visitor attractions now offer organic options, including Jamie’s Italian, McDonald’s, Nando’s, Chester Zoo and Eden Project.

2. Schools and nurseries are serving more organic food. Over one third of schools in the UK serve Soil Association Food for Life Catering Mark meals and more than 50% of English primary schools do. Over 45,000 nursery children are eating a Catering Mark meal every day. A percentage of gold and silver award–holder menus include organic food.

3. More people are eating out and when they do, they look for organic. Figures show that 40% of meals are eaten outside of the home. Our consumer research found that when they do, people are looking for local, independent, ethical and fresh menus. Organic is a key part of this. Respondents told us that they “actively look for organic” when they eat out but can’t find the information they need.

4. A greater number of foodservice wholesalers are offering organic ranges. We have nearly a quarter more foodservice wholesalers, large and small, with licences to sell organic to their customers.

5. Organic food is becoming more prominent in staff canteens as employers place more importance on staff wellbeing. The charity RSPB, publishing company Pearson and department store Selfridges are now all Catering Mark holders. And we have trained more than 740 people in workplace catering to help them talk confidently about what organic means.
The Food for Life Catering Mark is a certification scheme for places serving good food to the public. It has three levels, bronze, silver and gold, with increasing organic criteria at silver and gold levels. From 24 April 2017, the scheme will become Food for Life Served Here. This name change is to more clearly signal the quality of food available in the many public and private outlets which have the award.
“Organic Ambitions, Scotland’s Organic Action Plan, launched by the Scottish government in 2016, has really raised the profile of organic. On top of that, organic has remained a national priority of the Scottish Government’s agri-environment scheme, with many new farmers awarded funding to convert to organic. The Scottish Organic Forum is also excited about the funding that has been awarded to the Organic Trade Board, and will do as much as we can to help with their activities in Scotland”.

David Michie,
Chair of the Scottish Organic Forum and Head of Agricultural Development,
Soil Association Scotland
Scotland

The organic market in Scotland has had a good year. Figures from Kantar Worldpanel show an increase in sales of 11.7%. Our 200 licensees have had an even better year with 21% growth in organic sales.

KEY TRENDS

1. Consumer research shows that people in Scotland are as committed to buying organic as those in the rest of the UK. Prior to our September 2016 consumer research, the perception was that the Scottish market was slower and less developed than other parts of the UK. In fact, the research found that Scottish consumers are driven by similar motivations (see page 23).

2. Steady growth in the Scottish market is set to continue. Nearly 60% of licensees expect their sales to remain the same in 2017 and over a third think they will increase. More marketing and rising consumer demand for organic products are the two main reasons why licensee sales increased this year. All Scottish independent stores surveyed expect sales to rise in 2017.

3. The Scottish market continues to innovate. In this year’s Best of Organic Market (BOOM) Awards, two Scottish licensees won their categories. This shows the passion for new organic options in Scotland. Organic Served Here has also launched in the restaurant sector through Soil Association Certification. It rates restaurants on how much organic food they sell. The Food for Life Catering Mark is also helping to increase awareness of organic and drive organic procurement.

4. When Aldi started to sell organic vegetables in their Scottish stores this year, it helped to boost overall sales and awareness. Carrots, potatoes and other root vegetables are now sold in their supermarkets which means organic is more available and accessible. The online and box scheme organic market is also increasing availability of organic in Scotland, with two thirds of our box scheme licensees expecting sales to grow in 2017.
Wales

The Welsh organic sector is growing at a slower pace. Sales for our Welsh licensees increased slightly, with the dairy sector growing in line with the market at 7%. Farmer interest in converting to organic grew.

KEY TRENDS

1. The dairy sector is doing well but, like others, faces uncertainty over funding that will be available to support new farmers converting to organic. Indeed, lack of funding meant that only 20% of 2016 applications for government conversion and maintenance support were successful. There’s a risk that demand will outstrip supply and that more farms will urgently need to convert to organic. Dairy represents more than 70% of products certified by Soil Association Certification in Wales.

2. The decreased value of sterling has had a positive impact on the organic meat sector in Wales. Beef has been more competitively priced which has helped sales and the prospects for exporting lamb in 2017 are good. Brexit will have a major influence on the potential of the Welsh organic red meat sector.

3. Welsh growers and producers have the opportunity to carve a niche for their organic products. They have a great local provenance story to sell at a time when consumers want to know more about where their food comes from and how it was made.

4. A Welsh Organic Forum has recently been established to ensure that government prioritises funding organic and that there is better communication between producers and businesses. There are many quality organic producers and processors in Wales which are selling into the UK and beyond. A cohesive and collaborative approach to organic production could bring many benefits and stimulate growth in the market.
Northern Ireland

In Northern Ireland, licensees’ sales increased by 7%. The organic market in the region is steadily growing again.

KEY TRENDS

1. **Demand for organic milk and beef in Northern Ireland is rising.** In March 2017, farmers in Northern Ireland will be able to access new Environmental Farming Scheme funding, which will inspire confidence in converting to, or maintaining, organic. This should encourage further commitment in the Northern Irish organic farming sector.

2. **Dry grocery, such as cereals and superfoods, is the largest organic category for Soil Association Certification licensees in Northern Ireland.** Produce, which includes fruit and vegetables, also had a very good year with a 12% growth in sales, while dairy sales increased by 3%.

3. **Most consumers in Northern Ireland shop for food every day – a great opportunity for organic.** This finding from *The Waitrose Food & Drink Report 2016* offers high street shops the opportunity to sell more organic products as specific product knowledge can be shared through this channel.
### Beauty and wellbeing

The organic beauty and wellbeing sector is growing at pace. This year, sales grew by 13%, making the sector worth £61.2 million. Symbol holders increased by 22% with 54 new businesses certifying to our organic and natural standards, bringing the total to 268.

#### 2009 – 2016
UK sales of health and beauty products in GBP (£) millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (£m)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>36m</td>
<td>+33%</td>
</tr>
<tr>
<td>2010</td>
<td>27.7m</td>
<td>-23%</td>
</tr>
<tr>
<td>2011</td>
<td>30.1m</td>
<td>+8.7%</td>
</tr>
<tr>
<td>2012</td>
<td>31.8m</td>
<td>+5.6%</td>
</tr>
<tr>
<td>2013</td>
<td>37.2m</td>
<td>+17%</td>
</tr>
<tr>
<td>2014</td>
<td>44.6m</td>
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<tr>
<td>2015</td>
<td>54.2m</td>
<td>+21.6%</td>
</tr>
<tr>
<td>2016</td>
<td>61.2m</td>
<td>+13%</td>
</tr>
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</table>
Availability of organic health and beauty needs to keep up with consumer demand. Health food retailers have a small but growing range of certified products and very few mainstream retail outlets stock organic. So there’s a huge opportunity to expand ranges.

The beauty industry is no longer just about what we put on our bodies – it’s about what we put in them too. New food products like super blend powders, probiotics and supplements target the health conscious and appeal to the trend for wellbeing.

Certified organic and natural brands are setting an example to the wider cosmetics industry to practise more sustainable methods of production. Their products include natural, less toxic and more biodegradable ingredients and little packaging. Manufacturers are also developing processes that are less harmful to the environment. This is meeting consumer demand for brand transparency.

Established beauty brands are expanding their ranges beyond products aimed at women. There is now consumer demand for organic and natural beauty products for expectant mothers, babies and young children, and men.

International demand for certified organic cosmetics is growing. Figures from Organic Monitor show that one in ten cosmetic sales will be from natural or organic products in the future in many countries. We certify non-UK brands, including those from Jordan, Taiwan and Lithuania.

For more information about beauty and wellbeing trends, please see the 2017 Organic Beauty and Wellbeing Report which can be downloaded at www.soilassociation.org/beautymarket
The UK organic market is evolving from food into lifestyle. Consumer interest in ethically and sustainably sourced materials is growing – as is the organic textiles market which has massive potential. Overall, this year, our 67 licensees increased sales by 30% to £28 million.

Licensee sales growth by textiles category

**Personal care +51%**
Consumer concerns around pesticide residues are driving interest in organic personal care products, from cotton wool to feminine hygiene and nappies. Worldwide, according to the Textile Exchange Report, the organic personal care market will grow at nearly 10% a year to 2019.

**Clothing (ladies and men’s) +26%**
There has been steady growth across fashion, in particular in clothing for: music festivals; universities; and staff uniforms in organic and ethically-led restaurants and cafes.

**Home textiles +32%**
Consumers are buying everything from organic bedding to mattresses and cushion covers. Nursery textiles is also a growing category, following on from the popularity of organic baby food and clothing.

**Babywear +5%**
Childrenswear is still the largest textiles category in the UK with steady growth continuing through great brands and design, as well as increases in sales for babywear. New ranges include the launch of organic baby grows and clothing in John Lewis.
2008 – 2016
Sales of Soil Association certified organic textiles in GBP (£) millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (m)</th>
<th>Growth (%)</th>
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<tr>
<td>2015</td>
<td>21.6m</td>
<td>+16%</td>
</tr>
<tr>
<td>2016</td>
<td>28m</td>
<td>+30%</td>
</tr>
</tbody>
</table>

**KEY TRENDS**

1. **The global organic cotton market is booming.** Figures from Textile Exchange show that companies grew sales of organic cotton by 56% in 2016. The most growth, at 40%, comes from luxury, family and fashion items. Now, the market is worth $15.76 billion US globally. Often, using organic cotton is a launching pad for brands to start to make more of what they produce organically.

2. **We’re starting to see more organic textile products being produced in the UK.** A number of clothes companies have started making organic textile products here again. Our licensee and homeware company Natural Comfort make organic duvets, toppers and pillows at their UK site. Department store John Lewis is also launching a certified UK-produced range of nursery bedding.

3. **Organic supply chains are strengthening.** The number of Global Organic Textiles Standard (GOTS)-certified facilities increased by 4% in 2016, the fourth year of growth.

4. **There is an increasing interest in organically certified wool with sales rising and new ranges being launched.** Jigsaw, for example, launched a certified collection of UK-made knitwear for women.

**GOTS** is the gold standard for sustainable processing of textiles made from organically grown fibres such as cotton or wool.
The organic consumer

Organic is the perfect solution to meet today’s consumers’ needs. That was the main finding of Soil Association Certification consumer research published in September 2016. The research revealed key insights which will help organic businesses and retailers plan for future success.

Who is buying organic today and tomorrow?

The research identified six types of people who shop for organic. Producers and brands can use this information to target consumers likely to buy their organic products and increase sales.

1. Principled strivers
   These shoppers lead busy working lives. They want to do the right thing and are concerned about what they eat but don’t have time to shop around.

2. Food adventurers
   Curious about food, these consumers believe in organic and are willing to pay more for it. Taste is really important for them and they like to try new things but are wary of trends.

3. Trend lovers
   This group enjoy organic because it helps them make a social statement about who they are. They like brands that help them feel and look good.

4. Caring parents
   Life is centred around children for these shoppers who want to model healthy relationships with food. Buying organic is common sense for them but they find it expensive for regular family shopping.

5. Healthy lifestylers
   Passionate about doing the right thing for their body, organic is one of many appealing options for these consumers. They have strong views on how food is produced and where they buy it, and look for trusted brands.

6. Practical idealists
   These shoppers look for organic certification and are driven by doing the right thing for their community and the planet. They find organic expensive but see it as good value because of taste and less waste.
If organic producers, manufacturers and retailers work together to make organic instantly recognisable and understood, more consumers will buy it. At the moment, not enough consumers understand the benefits of organic. When they do, they are willing to pay more. The Soil Association plans to come up with one simple definition of organic which can be used across the market.

The organic market will grow if producers, retailers and licensees persuade and encourage small organic changes from many people. Consumers open to buying organic will do so if it’s available more widely. It is possible to buy organic but not to shop organic — many everyday products are missing from ranges on shelf.

More people need to be persuaded to buy organic. Significant sales growth will come from increasing penetration through encouraging lapsed and new organic shoppers to choose organic options.

There is a growing mistrust in the food industry from consumers who are driven by healthy living and are more interested in where their food comes from. They want convenient food but don’t like to compromise on their principles. More people are shopping around looking for food that meets these needs. This is supported by recent consumer research from Waitrose which found that four out of five people consider where their food is sourced.

Consumers see ‘local’ as superior and independent producers as better. They empathise with farmers who are perceived as having a less powerful voice in retail. There’s a rising perception that anything mass made can’t be good quality.

Our research found six influences which might lead a consumer to buy organic. These include: focusing on health and wellbeing with a desire for inspiration and pleasure from food; wanting to buy food that is responsibly produced; and for the ‘Instagram generation’, a strong wish to be doing, and seen to be doing, the right thing. These influences have to be balanced with quality and cost. Waitrose research also found that 71% of UK consumers eat healthily and look after themselves because it’s a big part of who they are.
Despite uncertain political changes, organic farming in the UK is buoyant. Applications from organic producers to Soil Association Certification in 2016 increased by 13.5%. While the amount of land farmed organically in the UK continues to decline by 5%, land currently being converted to organic has increased by 4.9%.

**KEY TRENDS**

1. **UK farmers are facing uncertainty.** Following the EU referendum, there has been uncertainty about the longer term agricultural support for organic farmers, though Defra have now confirmed that the current levels of support will continue until at least 2020. Scotland and Northern Ireland are also in the process of confirming their payment schemes.

   Farmers can take confidence in the fact that UK-produced organic products are highly regarded around the world so there are opportunities for export. There will also be more of an emphasis on buying British in coming years which could increase sales of organic agriculture at home.

2. **Sales of organic dairy have increased by 3.2%.** But they have stalled slightly because of the very low price of non-organic milk. Retailers need to be competitively priced in other organic dairy sub categories, such as yoghurts, to keep sales rising.

3. **Red meat sales increased in early 2016.** Some of this increase could be a consequence of the widely publicised research from Newcastle University in February 2016 about the nutritional benefits of organic meat. Our consumer research shows that trust is important for UK food shoppers.

4. **Poultry continues to be the most popular animal farmed organically, rising by 6.7% in 2015 to just over 2.5 million birds.** Chicken is a popular meat, with organic sales increasing by 4.6% in 2016 while organic egg sales have grown by 3.1%.
**Distribution of organic land** (Hectares 000s)

- **Scotland**
  - Organic land: 125.3
  - Land in conversion: 1
  - Total area: 126.3

- **England**
  - Organic land: 73.5
  - Land in conversion: 9.4
  - Total area: 82.9

- **Wales**
  - Organic land: 8.2
  - Land in conversion: 0.3
  - Total area: 8.5

- **Northern Ireland**
  - Organic land: 293.7
  - Land in conversion: 10
  - Total area: 303.7

- **Total UK organic area**
  - Organic land: 500.7
  - Land in conversion: 20.7
  - Total area: 521.4 -5%

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**Producers** 3429
**Processors** 2454
**Producer-processors** 173
**Total** 6056 +0.9%

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“We've helped farmers to finance 1,185 hectares of additional land in 2016, a threefold increase on last year.

These are new customers, conventional farmers who've converted to organic, as well as committed existing organic farmers who have rented or bought more land for conversion. These additional hectares should be reflected in next year’s Defra figures.

We’ve seen dairy farmers doing well as are those who have direct relationships with consumers, whose confidence in organic has increased. There are a number of opportunities for organic farmers at the moment, as this report shows. But those looking to convert, need to have a solid market for their product.

Clearly, having certainty around support mechanisms would be of great assistance. But agriculture has always had to take a long term view and organic methods are well placed for both environmental and financial sustainability.”

Simon Crichton,
Food, Farming and Trade Team Manager,
Triodos Bank

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Source: Defra Organic farming statistics 2015
The global market for organic offers lots of exciting export opportunities for UK producers and processors. It involves 179 countries and is worth US $81 billion, according to the Research Institute of Organic Agriculture (FiBL) and Organic Monitor. The market values UK-produced organic products highly.

KEY TRENDS

1. There’s increasing UK government recognition that organic fulfils the worldwide demand for ethical, sustainable, high integrity and traceable products. And many countries see the reputational value of UK organic. Soil Association Certification helped highlight the need to support organic in the October 2016 UK government report UK Food and Drink: International Action Plan 2016 to 2010. This could translate to more financial support for businesses selling organic to attend trade shows in interested countries.

2. The global organic market is growing and consumer demand is increasing. Western Europe, the US and Asia are key growing organic markets which UK businesses can target. The US continues to be the largest organic market in the world, growing by 11% according to the Organic Trade Association. In Europe, the organic market in Germany is the largest, growing by 11.4% this year. China is now worth €4.7 billion. In many of the countries where organic is big, like Sweden, there’s a mismatch between production and the growth of the market – offering UK companies a great opportunity to fill the gap.

3. Currency rates indicate that there’s huge potential for UK export of organic products. Defra figures show that only 19% of UK food and drink industry turnover comes from exports – for cars and aerospace it’s over 70%. That means there’s a lot more potential for businesses to export their organic products and the current weak sterling means the UK is more competitive in international markets.

Businesses with UK supply chains are most likely to make a success of export at the moment. Organic products which don’t rely on the import of raw materials have a competitive advantage when the pound is weak. In 2017, this could provide an exciting opportunity for UK-based production.
Exports worldwide

2015 – 2016
Percentage of global sales and growth rates

### Table

<table>
<thead>
<tr>
<th>Country</th>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>Organic sales</td>
<td>€35.8bn/$39.7bn</td>
</tr>
<tr>
<td>Australia</td>
<td>Organic land</td>
<td>22.7m hectares</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>% of organic land</td>
<td>30.2%</td>
</tr>
<tr>
<td>Denmark</td>
<td>% of organic food</td>
<td>8.4%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Per capita spend</td>
<td>€262</td>
</tr>
</tbody>
</table>

### Graph

- **Canada**: 3.6% (+9.2%)
- **UK**: 3.5% (+7.1%)
- **Germany**: 11.4% (+11.1%)
- **Sweden**: 2.3% (+20%)
- **China**: 6.2% (+17%)
- **US**: 47.3% (+11%)
- **France**: 7.3% (+14.6%)
- **Switzerland**: 2.9% (+5.2%)
- **Italy**: 3.0% (+15%)
- **Oceania**: 1.4%
The year ahead

There’s more good news for the UK organic sector in 2017 with sales expected to grow by at least 5%. That will mean it will be worth almost £2.2 billion by the end of 2017 and, if growth continues at this pace, £2.5 billion by 2020.

Following the EU referendum, there will be continued uncertainty in the UK organic market, which will offer challenges and opportunities. Soil Association Certification will play a key role in supporting licensees, farmers, producers, processors and retailers to manage this uncertainty and make sure there are positive outcomes for the organic market. We’ll do this by working with Defra, IFOAM–UK and national organic forums. Some of the key things we will look at include:

- The redefinition of organic regulations. We’ll work to make sure UK organic retains its status as a regulated, high-integrity sector, with effective access to Europe and further afield for imports and exports
- Clarity on future trade deals with Europe, as well as the rest of the world which will affect organic as much as any other sector
- Future payments to farmers for the public benefits they provide by going and staying organic. Through the national organic forums, we are calling for conversion and maintenance payments to continue until we leave the EU. After we leave the Common Agricultural Policy, Defra ministers have suggested that assurance schemes, including organic certification, could play a larger role in qualifying farmers for environmental payments

Nearly 70% of licensees predict that their sales will increase in 2017
Over 90% of independent retailers expect their sales to increase in 2017
• The effect on the price of organic products. The difference in price between organic and non-organic may change slightly as the cost of inputs, like raw materials, and producing products, increases. But organic prices could rise at a slower pace.

Consumers will increasingly see organic as a shortcut to healthy choices. Organic is no longer niche but is extremely relevant for today’s consumer. Their relationship with food is changing, thanks to the trend for healthy lifestyles, and increased focus on food for health, including ‘free–from’ and other specialist diets. Consumers are also managing their diets more actively, with more becoming ‘flexitarian’, vegetarian or vegan. Businesses have the opportunity to create innovative products to answer new consumer needs.

Lack of consumer trust in products means they expect to know more about their food, where it was produced and how. We’ll see this having a positive impact on the range of organic products that are available, as well as branding, which will need to emphasise provenance and be transparent, using certification as reassurance for consumers.

The organic foodservice sector will offer exciting opportunities and continue to grow. As Soil Association Certification research has shown, consumers want to make healthy food choices – and organic can meet this motivation. But while, as mentioned, over 40% of food is eaten out of the home, it is still almost impossible to pick up an organic sandwich, salad or fruit in most major high street cafes or supermarkets.

A growing number of high street outlets are using organic within their menus but consumers are not fully aware of this. So more emphasis on organic ingredients through marketing is needed and we will support businesses to do this.

We can look to Scandinavian countries to see how to increase organic in foodservice. They are providing significant organic choice, supporting government targets. For example, the Danish government aim to serve 60% organic food in public sector kitchens, be it in schools, nursing homes or prisons, by 2020.

“Although many would not have chosen the route of Brexit, with change comes opportunity in a variety of forms:

• Increasing conventional food prices and export opportunities should favour more extensive sustainable production methods
• Review of farming practices has been a feature of many of our recent farm visits. They are delivering value before major changes are even decided at the political level. We expect and encourage producers to continue to review what is possible
• Review of succession and the future of farms, which we have seen more of. This is delivering interesting innovation that, before 23 June 2016, might only have been talked through. Now producers are looking to implement change

• We need real cooperation within our sector in such uncertain times. Now is the time to create a unified, collective and coherent voice in order to safeguard the future of the organic market, which we are all invested in.

With organic we have a solid base, an ever growing opportunity and bright future. This is given our relatively small market share compared to many countries and the appetite and interest of consumers aligning with the core organic practices and principles. We might not reach the bar set by Denmark in the next three to five years but, surely, we will bridge the gap to others”.

Simon Crichton,
Food, Farming and Trade Team Manager,
Triodos Bank

There will be greater crossover between people who buy organic food and non-food items. More consumers will enter the organic market through buying health and wellbeing products. And equally, established organic food shoppers will buy more organic health and wellbeing items. This reflects the trend for ‘inside out beauty’ – beauty is no longer just about what we put on our bodies, it’s about what we put in them too.

The volume of positive social media buzz about organic health and beauty is increasing year–on–year and we’ll see more of it in 2017, driven by high profile bloggers and vloggers.

More companies will look to organic to add choice to their portfolios and improve their social and environmental credentials. Consumers expect businesses to do business ethically and sustainably and choosing organic is a clear way to show they are doing this.
Organic will come of age in 2017 with the Soil Association celebrating its 70th anniversary.

Many leading organic brands will also be celebrating major anniversaries, including, Green & Blacks, Organix and Waitrose Duchy Organic. This proves the longevity of organic and will offer fantastic opportunities to raise its profile.

In the anniversary year, the Soil Association will support the UK organic sector by:

- Working collaboratively with producers and processors to come up with a consistent definition for ‘organic’
- Supporting the Organic Trade Board’s €10 million campaign to raise awareness of the benefits of organic over the next three years
- Relaunching the Food for Life Catering Mark as Food for Life Served Here and continuing to grow organic in the foodservice sector at the silver and gold award level
- Running the award-winning Best of Organic Market (BOOM) Awards for a second year, improving the profile of successful organic businesses
- Exposing ‘greenwashing’ (when a company claims to be environmentally conscious but isn’t) across the cosmetics industry through our Campaign for Clarity.
About

Soil Association Certification

Soil Association Certification offers a huge range of organic and sustainable certification schemes across food, farming, catering, health and beauty, textiles and forestry. These are recognised and trusted by consumers and businesses around the world. We support 6,000 businesses, 3,500 of which are certified as organic, making us the UK’s largest organic certification body.

We work with our licensees to grow the organic market by providing market information, consumer insights and general business development support. By certifying with us, you receive:

• Help to market your products, with: access to campaigns including the award-winning Best of Organic Market Awards (BOOM) and flagship Organic September; social media support; free marketing toolkits; and regular emails about relevant events and opportunities
• Support to export, selling to new, and rapidly growing markets. Access to our online territory guides and invitations to join us at our global trade shows
• Access to new routes to market through: trade and consumer shows; meet the buyer events; and help selling into foodservice and supply chain
• Training for your team at established organic learning days and through webinar-based courses in a number of subjects
• Technical expertise and customer service provided by our highly experienced team of certification officers and technical managers.

We offer easy and efficient ‘one-stop’ certification for many other schemes, not just organic, including: British Retail Consortium (BRC), Forest Stewardship Council (FSC) and Safe and Local Supplier Approval (SALSA). Use the contact details below to find out more.

Find out more
If you would like to discuss which type of certification is right for your business, please email us at: goorganic@soilassociation.org call: 0117 914 2406 or visit: www.soilassociation.org/certification
Common ground

Running a business for reasons beyond profit presents plenty of challenges. More so when your competitors don’t play by the same rules, or even the same game.

We know. We’re a sustainable bank.

We appreciate why you do what you do, because we believe in it too. That’s why we finance over 36,500 hectares of organic farmland across Europe¹, and have supported the sector for over 35 years.

And you can rely on us to help you grow your business, sustainably.

Find out more at triodos.co.uk.

¹ Triodos Bank 2015 Annual Report