KANTAR

Annual Organic Market Report

Opportunities for Growth in Organic

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Data 52 w/e 26 December 2021

IMPORTANT NOTE:

This is a shortened extract of the Kantar x OTB Annual Organic Market report. The redacted data is not visible to non-members due to our contract with Kantar.

The full report is comprised of 91 slides and is valued at over £20k. The full Kantar x OTB Annual Organic Market report is available exclusively to OTB Members.

Membership rates start at £200+VAT depending on annual turnover. Please visit www.organictradeboard.co.uk/join-us for more information.

In this report

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WHO CARES? **WHO DOES?**

Creating a competitive advantage through sustainability

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The topic of sustainability is ever relevant, so is the importance of understanding shopper attitudes towards the environment

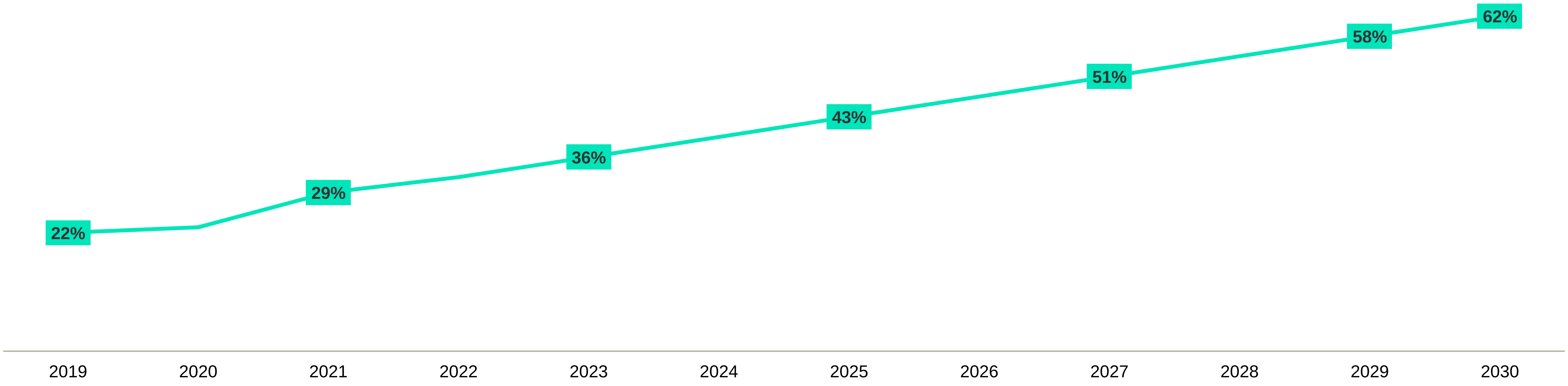
As **sustainability is rising up the agenda**, it's becoming increasingly important to understand not only how real people think and feel about sustainability, but also **how their thoughts and feelings impact their behaviour**.

To create a **competitive advantage through sustainability** you need to understand those who both say they care and those who actually do.

If Eco Actives continue growing at the rate they have been growing over the past two years, 62% of the GB population will be an Eco Active by 2030.

ECO-ACTIVES Household Population share - Projection based on 2019-2021 trend

GB

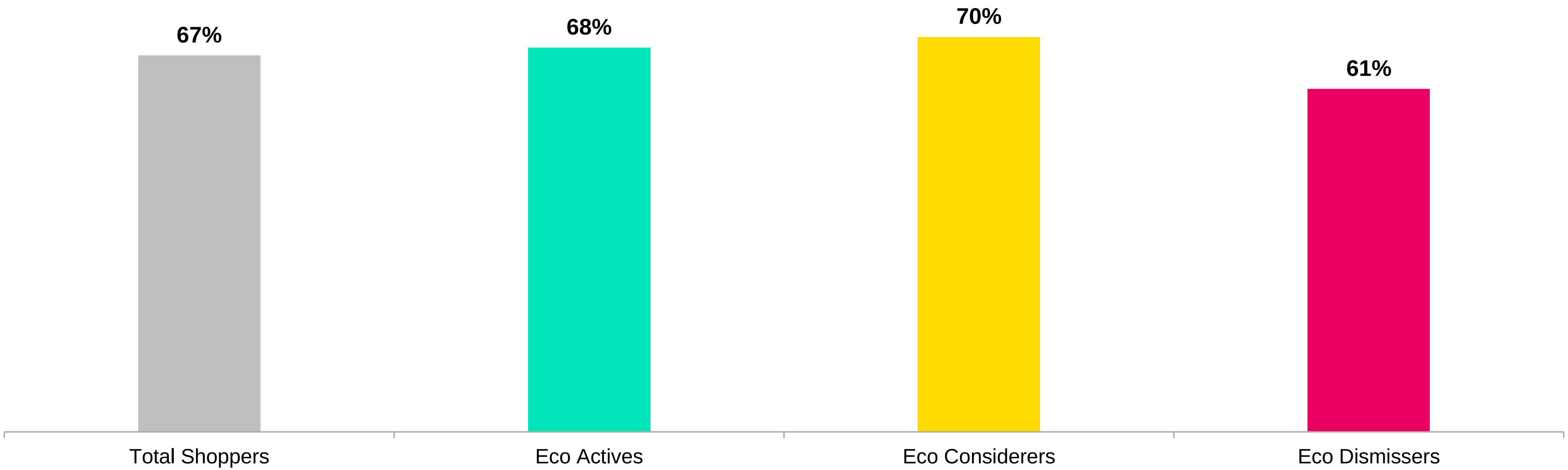


Source: Kantar - Who Cares, Who Does 2021

There are many barriers to shoppers making sustainable choices, with price and convenience being key issues

*“It's **difficult to be more environmentally friendly** because the products that are better for the environment are **harder to find or more expensive**”*

Strongly Agree / Slightly Agree



Source: Kantar - Who Cares, Who Does 2021

02. Total Organic

Total Organic now holds a value of over £1.4 billion, after a strong year of growth

Total Organic
Market Value
£1.4 bn

YOY
+1.4%
+£19.2m

Source: Kantar | Total Organic | Spend (£) | 52 w/e 26 Dec 2021 vs 27 Dec 2020

This is particularly impressive when viewing the longer term trend, seeing over 29% growth versus the 2017 value for Organic

Growth vs 2020	Growth vs 2019	Growth vs 2017
+1.4%	+15.9%	+29.1%

Shoppers buying in higher volumes has been key for the success over the last year

Volume per Trip

(kg)

1.6 → +7% → 1.74

2020 2021

This growth accounted for

£[illegible] Data available for members only

in additional spend in the last year

Source: Kantar | Total Organic | Volume per Trip | 52 w/e 26 Dec 21 vs 27 Dec 20

Where are we seeing the largest Volume per Trip increases?

Bulky items and daily needs

Other Toiletries	*Chilled Drinks*	*Pet Care*	*Dairy Products*
			
Data available for members only	Data available for members only	Data available for members only	Data available for members only

Source: Kantar | Total Organic | Categories | Volume per Trip (KG) | 52 w/e 26 Dec 2021 vs 27 Dec 2020

Online also was the channel to account for the largest growth in volume per trip, on top showing the highest volume per trip last year

Online

Data available for members only

01.

The Organic market is continuing to see healthy growth, with shoppers buying in higher volumes being the key driver

02.

The wider grocery market is facing increased prices driven by inflation, however this is not reflected in Organic, which is seeing decreasing prices

03.

Bulky items and daily needs appear to be the winning categories driving growth, as well as shoppers opting for online purchases

03. Channels

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01.

Like the wider market, [redacted] the largest share of Organic spend, however they [redacted]

02.

[redacted] sees the largest percentage spend growth, largely driven by increased frequency paired with the highest spend per trip across all channels

03.

The discounters are channel that Organic underperform in, despite seeing strong growth in 2020, spend has started to drop back


04. Category Update

Which organic categories are winning? The largest share of the market unsurprisingly sits with…

Dairy Products

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Data available for members only

Shopper Conversion

Fruit & Vegetables

Data available for members only

Data available for members only

Shopper Conversion

Source: Kantar | Total Organic | Categories | Spend (£000s) | 52 w/e 26 Dec 2021 vs 27 Dec 2020

But we also saw some Ambient categories and Chilled Convenience feature in the higher conversion category

Savoury Home Cooking

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Shopper Conversion

Chilled Convenience

Data available for members only

Shopper Conversion

Hot Beverages

Data available for members only

Shopper Conversion

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Source: Kantar | Total Organic | Categories | Conversion | 52 w/e 26 Dec 2021

So how does the Organic shopper align with the Eco Active shopper?

Top 8 categories that over-trade with eco-actives
(based on % sales from the actives group, controlled for lifestage, index vs. Total FMCG)

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Top 8 categories that over-trade with Organic
(based on % sales from the Organic, index vs. Total FMCG)

Data available for members only

Four of the eight top categories within Eco Actives and Organic shoppers align

Top 8 categories that over-trade with eco-actives
(based on % sales from the actives group, controlled for lifestage, index vs. Total FMCG)

Data available for members only

Top 8 categories that over-trade with Organic
(based on % sales from the Organic, index vs. Total FMCG)

Data available for members only

05. Demographics

Retired shoppers have the highest frequency in the market, but a lower spend per trip, suggesting they shop 'little and often' in Organic

	All Lifestages	Pre-Family	Young Family 0-4 Years	Middle Family 5-9 Years	Family 10+ Years	Older Dependents	Empty Nesters	Retired
Frequency								
Spend per Trip								

Data available for members only

How can we target these groups? Whilst the same four categories make up the highest spend, the groups over index with different markets

Pre-Family

Highest Organic Spend Share

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Older Family/Dependents

Highest Organic Spend Share

Data available for members only

*Filtered to categories with over 2% share of Organic Spend

Source: Kantar | Total Organic | Demographic Lifestage | Spend Share (%) | 52 w/e 26 Dec 2021

01.

Organic over indexes with shoppers either end of spectrum, seeing higher spend than total grocery with Pre-Family and Retired shopper groups

02.

There are opportunities to grow [redacted]

03.

The target shoppers see the same four categories hold the largest proportion of their spend, and both [redacted]

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06. Deep Dives – Key Takeaways

06a. Home Baking

01.

Organic is present within all Home Baking sub sectors, however both the wider market and Organic are facing a decline after a strong year of growth

02.

When comparing to pre-pandemic levels, Organic Home Baking is performing better than the non organic alternatives, growing at [redacted]

03.

Organic Home Baking is particularly favoured with [redacted], but shows opportunities with the [redacted] who also over index vs non Organic options

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06b. Total Protein

Organic key proteins are outperforming the wider market, growing by over 8%

Organic

Growth vs	Growth vs	Growth vs

£

Data available for members only

Non Organic

Growth vs	Growth vs	Growth vs

£1

Data available for members only

Penetration growth has been the main driver of success for Organic protein, with other measures remaining stable

	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21
Penetration %					
Frequency					
Spend per Trip					
Volume per Trip (kg)					

Data available for members only

01.

As Penetration continues to increase, Organic Protein is experiencing growth, while the Non Organic alternatives are facing a decline

02.

[redacted] are critical to get right within the Organic Protein market, as they account for [redacted] of spend

03.

[redacted] features heavily across the Organic target shopper groups, with over indexes seen in Fresh [redacted]

Where should the focus lie for Organic going forward?

Eco Actives influenced by product packaging and media

Organic is making it's way into more shopping trips

Focus should lie within [redacted] offerings

Larger volumes and bulky items = Better value perception

[redacted] as shoppers continue to work from home

Organic and Eco Active shoppers align on category choices

[redacted] shoppers show the largest participation

Opportunities to grow spend within [redacted]

Thank You