

Improving Information on Organics

USDA's 86th Agricultural Outlook

“Sustainable Agriculture: The Key to Health & Prosperity”

February 18, 2010

Christine Bushway

CEO/ Executive Director

Organic Trade Association

Organic Trade Association



OTA's mission is to promote and protect the growth of organic trade to benefit the environment, farmers, the public and the economy.



Washington D.C. • Greenfield, MA • Ottawa, Canada

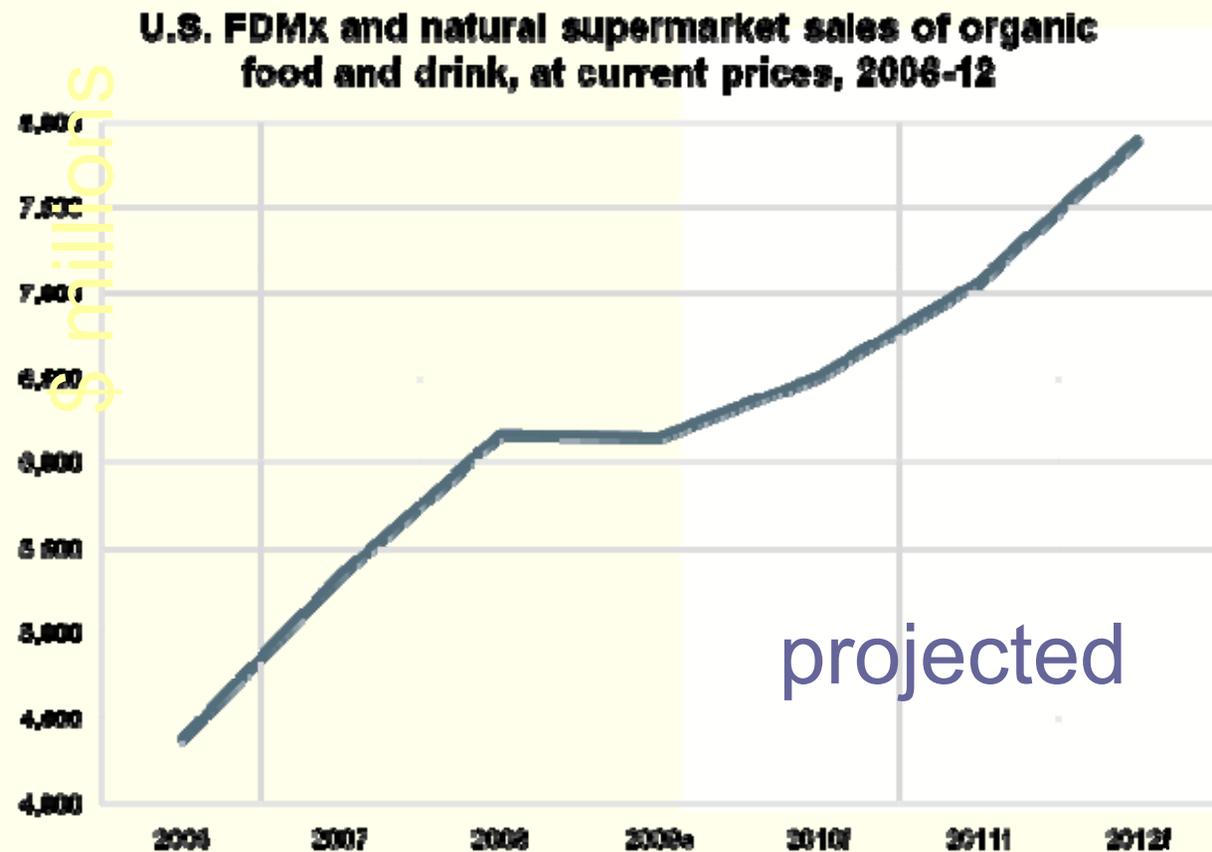


Market Update - Snapshot

- The growth rate for organic food products in 2008 was 15.8%. Organic food now accounts for 3.5% of all food products sold in the U.S.
 - The fruit and vegetable category accounts for the largest portion of organic food sales, 37% of total organic food sales in 2008.
 - The second largest categories are beverage and dairy, representing about 15% each.
 - The strongest growth in 2008 is in the categories of breads and grains (35% over 2007) and beverages (32%).

Strong Growth in 2007-08 Slows Considerably in 2009 but Mintel Forecasts Recovery

- Following solid growth through 2008, the organic food and drink market slowed considerably in 2009, thanks to recessionary woes, and consumer behavior shifts.



SOURCE: MINTEL "Organic Food and Drink Retailing U.S. Report 2009" produced in collaboration with SPINS



Organic Trade Association

What information is needed to improve processors' (retailers') capacity to meet organic consumer preferences and needs?

- Product quality & diversity
- Merchandising Preference
- Price
- Cache
- Consumer needs for education

Consumer Research – What do we know today?

- Overview of available research
 - Mintel/SPINS- December 2009 release
 - OTA/Kiwi study April 2009
 - Boston Consulting Group
 - ERS

Trends in the “New Normal”

- Thrift
- The appearance of thrift
- Consume less
- Experience versus stuff
- Trading down but not trading out
- Cooking from Home Cooking from **Scratch**

Retailers and processors need strategic information on the ‘new normal’ to develop and market organic products that align with shifting preferences away from excess.

Summary of Key Findings

73% of U.S. Households with children report organic purchases in the last year

Challenging economic times impact families' spending habits

- The largest cuts in household spending reported in the 'restaurant' category (67%,)
- Over two in ten parents (22%) report their most significant change in spending over the past year has been to 'eat out less and cook at home more.'
- Six in ten parents (63%) indicate they are more often 'buying ingredients to prepare meals at home' compared to six months ago.



Summary of Key Findings - Price

Non-Buyers

- ‘Non-Buyers,’ are least likely to see ‘food’ as a component of any health maintenance activities and are far less likely to integrate *any* health-related activities into their and their family’s daily lives.
- These parents will frequently point to ‘price’ as a primary reason why they do not buy organics,
 - findings reveal a deeper inertia among Non-Buyers, driven in large part by a lack of interest in the subjects of health, food, and environmental issues.

Processors and Retailers continue to need information on the price value equation and what motivates organic purchasers.

Summary of Key Findings

What makes a committed organic shopper

High level of
Education + Trust =
Increased Purchases
across multiple categories



Even more important than information about consumers' motivations, Retailers and Processors need enhanced ways to get the information out to consumers.

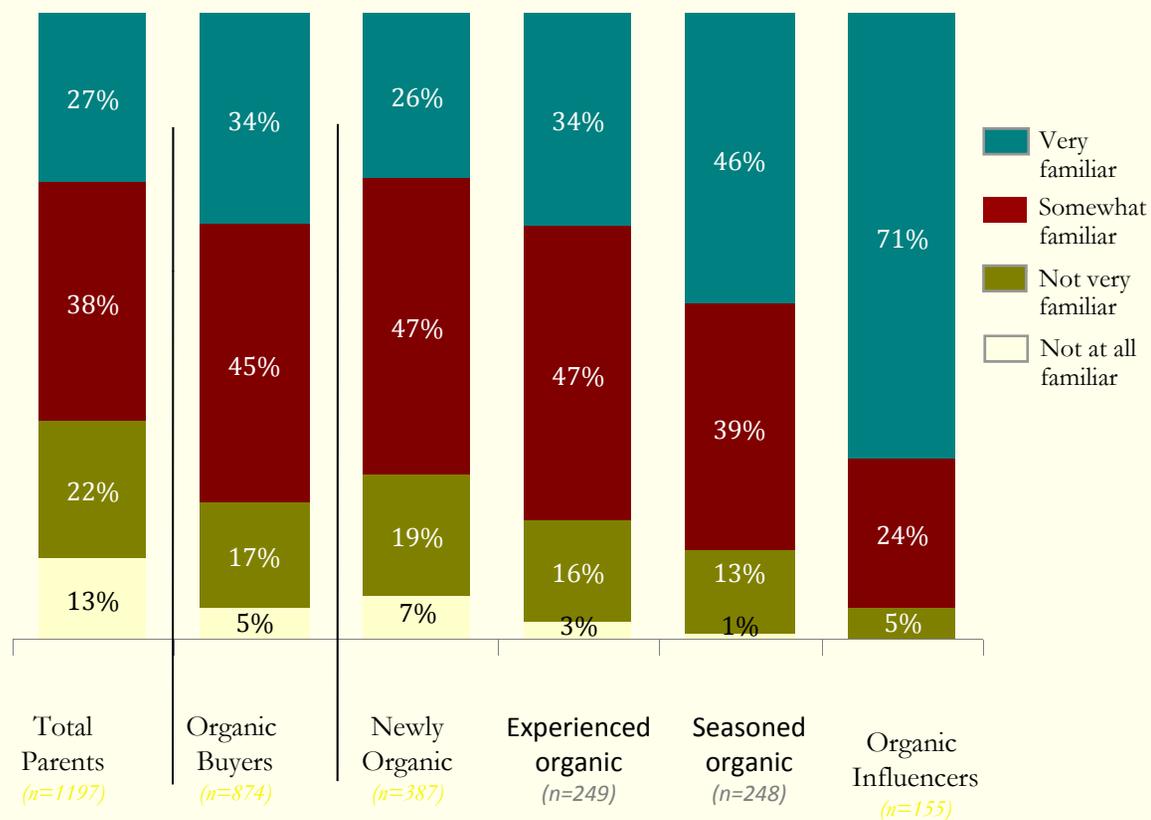
Hurdles - Education

Need for organic 101 education will not go away.

Constant movement in and out of organic



Only 3 in 10 Parents 'Very Familiar' with USDA Organic Seal



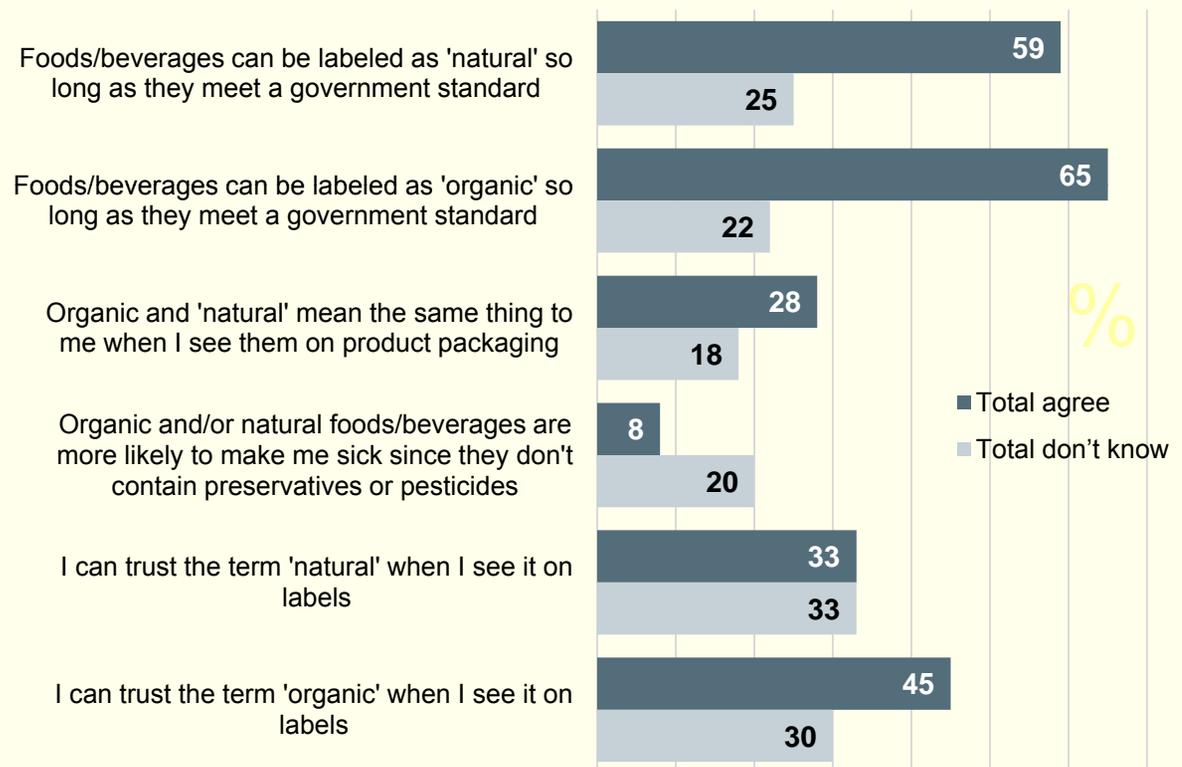
Q31: How familiar are you, if at all, with the USDA seal used on organic products?

Base: Total parents (n=1197)

Natural & Organic Terms- Consumer Confusion Persists

- One thing is clear: there isn't clarity with consumers when it comes to an understanding of natural and organic terms. One third of all consumers don't know the truth about organic standards, as it relates to organic foods they see in retail outlets.

Trust and understanding of the terms 'natural' and 'organic', September 2009



SOURCE: MINTEL "Organic Food and Drink Retailing U.S. Report 2009" produced in collaboration with SPINS

What is OTA Doing - Consumer Outreach

The screenshot displays the Organic Trade Association website with a green header. The header includes the logo "Organic. It's worth it." on the left, a navigation menu with "Make" (whisker icon), "Get" (shopping cart icon), "Grow" (leaf icon), and "Learn" (book icon) in the center, and a "Stay informed via email:" section on the right with a text input field containing "youremail@domain.com" and a "SUBMIT" button. Below the header, the main content area features a central image of a small green seedling growing from a mound of dark soil. To the left of the image is a text block: "Organic farmers build healthy soils without the use of toxic and persistent pesticides, helping to combat climate change and reduce the toxic load in the environment." Below this text is a progress indicator consisting of a row of seven colored squares (green, teal, blue, dark blue, black, dark grey, light grey) with arrows at both ends. To the right of the central image is a survey box titled "What is the biggest change you have made to your grocery shopping habits over the past year?". The survey contains six radio button options: "Choosing 'store brand' products over brand names", "Cooking more at home", "Comparing prices", "Choosing items according to what is on sale", "Continuing to buy organic and doing all of the above", and "Buying less organic". A "Vote" button is located at the bottom right of the survey box. Below the survey box is a "News and Updates" section with a RSS icon, listing three items: "1/18/10 Whites and reds go green", "1/18/10 Michelle Obama's Birthday Surprise Party at Restaurant Nora", and "1/13/10 Organic. It's worth it in".

Organic.
It's worth it.

Stay informed via email:
youremail@domain.com **SUBMIT**

Make Get Grow Learn
Join | About | [Twitter](#)

Organic farmers build healthy soils without the use of toxic and persistent pesticides, helping to combat climate change and reduce the toxic load in the environment.

What is the biggest change you have made to your grocery shopping habits over the past year?

- Choosing 'store brand' products over brand names
- Cooking more at home
- Comparing prices
- Choosing items according to what is on sale
- Continuing to buy organic and doing all of the above
- Buying less organic

Vote

News and Updates:

- 1/18/10 Whites and reds go green
- 1/18/10 Michelle Obama's Birthday Surprise Party at Restaurant Nora
- 1/13/10 Organic. It's worth it in

Social Media

facebook Remember Me Forgot your password? Email Login

Sign Up Organic Trade Association is on Facebook Sign up for Facebook to connect with Organic Trade Association.

Organic Trade Association Funds available to assist Indiana organic farmers:
Hoosier Ag Today - News
Source: www.hoosieragtoday.com
The Indiana State Department of Agriculture (SDA) encourages Hoosier farmers interested in organic to take advantage of program funds available through the Indiana Organic...
September 17 at 10:42am
Jennifer and Caroline like this.

Organic Trade Association French study shows organic comes out on top:
Study Finds Organic Foods are More Healthy : Fat, Drink, Better.
Source: earthinstitute.com
The contest on the heels of a UK study that said just the opposite. According to the AFSA study, organic foods are not only more nutritious, but they're safer. Here are the study's main findings.
September 17 at 6:29am
Shelby, Caroline and Abby like this.

Organic Trade Association Organic coffee is a buzz on college campuses:
Organic Coffee in College, Hot Fall Foods and Coffee Bean Expands - Digital City - Local Lifestyle a
Source: www.digitalcity.com
Digital City is the local lifestyle news site covering entertainment, professional dining, nightlife and events.
September 17 at 10:55am
Caroline likes this.

twitter Hey there! OrganicTrade is using Twitter. Join today! Already using Twitter? Log in with Twitter.

Self Kids Entertainment Meals Homes

Organic. It's Worth It.

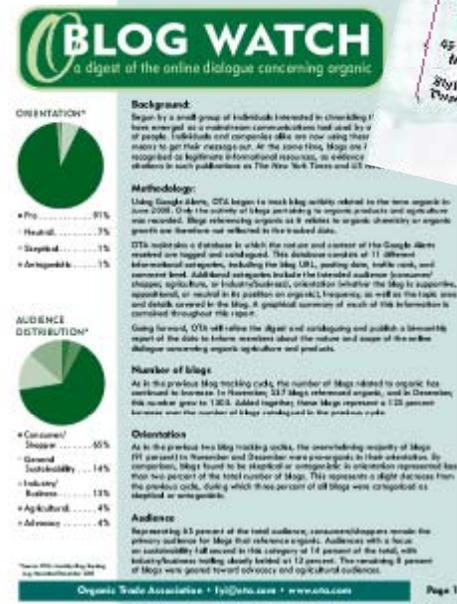
- Organic adds to your health. It's why you'll love it.
- Organic adds to your taste. It's why you'll love it.
- Organic adds to your energy. It's why you'll love it.
- Organic adds to your safety. It's why you'll love it.
- Organic adds to your quality. It's why you'll love it.

Smart choices make a big difference.



Media Outreach

- Education and Outreach
 - Back to basics – Women’s magazine coverage
- Clarification and Response



Promising Policy Initiatives

- Halo of the First-Lady



What Can USDA Do to Enhance Data for Processors and Retailers?



But More Importantly, What Can USDA Do to Enhance Information and Education to Consumers about Organic?