

Organic Food and Beverages - US - August 2004 (\$2995.00)

The market for organic foods grew from \$2.9 billion in 2001 to \$5.3 billion in 2004, an 80.5% increase in the three-year period. Three forces aided this substantial growth: rising consumer concern about the integrity of the food supply; governmental standards that clearly define the meaning of the term "organic;" and greater availability of organic foods through mainstream channels.

It is significant that "organic" is a production claim, not a food safety or content claim. The term refers to the way in which food is grown and handled, and as a concept does not govern whether or not the food is safer or healthier than non-organic food. Nonetheless, consumers have embraced the term as signifying foods that are better for them or their families because foods grown organically are not grown with chemical fertilizers, pesticides, or hormones. Many consumers may be skeptical that organic foods are truly more healthful, or worth an extra expense or time spent finding them, but organic products now comprise 1.9% of total U.S. food sales. Organic food and drinks are gaining market share in mainstream channels, showing that both retailers and consumers are interested in food grown under these conditions.

This report examines some of the most popular organic food segments, including dairy, bread/grains, fruit/vegetables, packaged/prepared foods, confectionery/desserts/snacks, and meat/fish/poultry. It does not include non-food products such as personal care, nutritional supplements, pet food, household products, or flowers. While sales of these non-food products have increased in sales, they only account for 0.15% of total non-food sales. A study of these products is beyond the scope of this report.

Expansion in organic food products requires a number of conditions, including sustained consumer interest and availability of organic-certified farmland on which to grow the crops within the United States. Consumer interest is paramount, and what is likely to remain the most important issue for consumers is food safety. Food scares surrounding non-organically grown products (e.g. BSE in cows, chemical and pesticide residue in fish) will drive consumers to seek out the perceived safety of organic alternatives. As long as organic foods can be considered safe, more consumers will turn to them.

Other Mintel reports of relevance include:

- Soy-based Food & Drink - US - October 2002
- Vegetarian Foods - US - November 2003
- Low Carb - US - May 2004
- Yogurts - US - June 2004
- Eggs & Egg Substitutes - US - June 2004
- Kids' and Teens' Eating Habits - US - June 2004
- Poultry - US - August 2004
- Fish and Seafood - US - September 2004
- Functional Foods - US - October 2004
- Food & Drink Packaging Trends - US - October 2004
- Red Meat - US - October 2004
- Ingredient Trends - US - December 2004