

Organic Trends

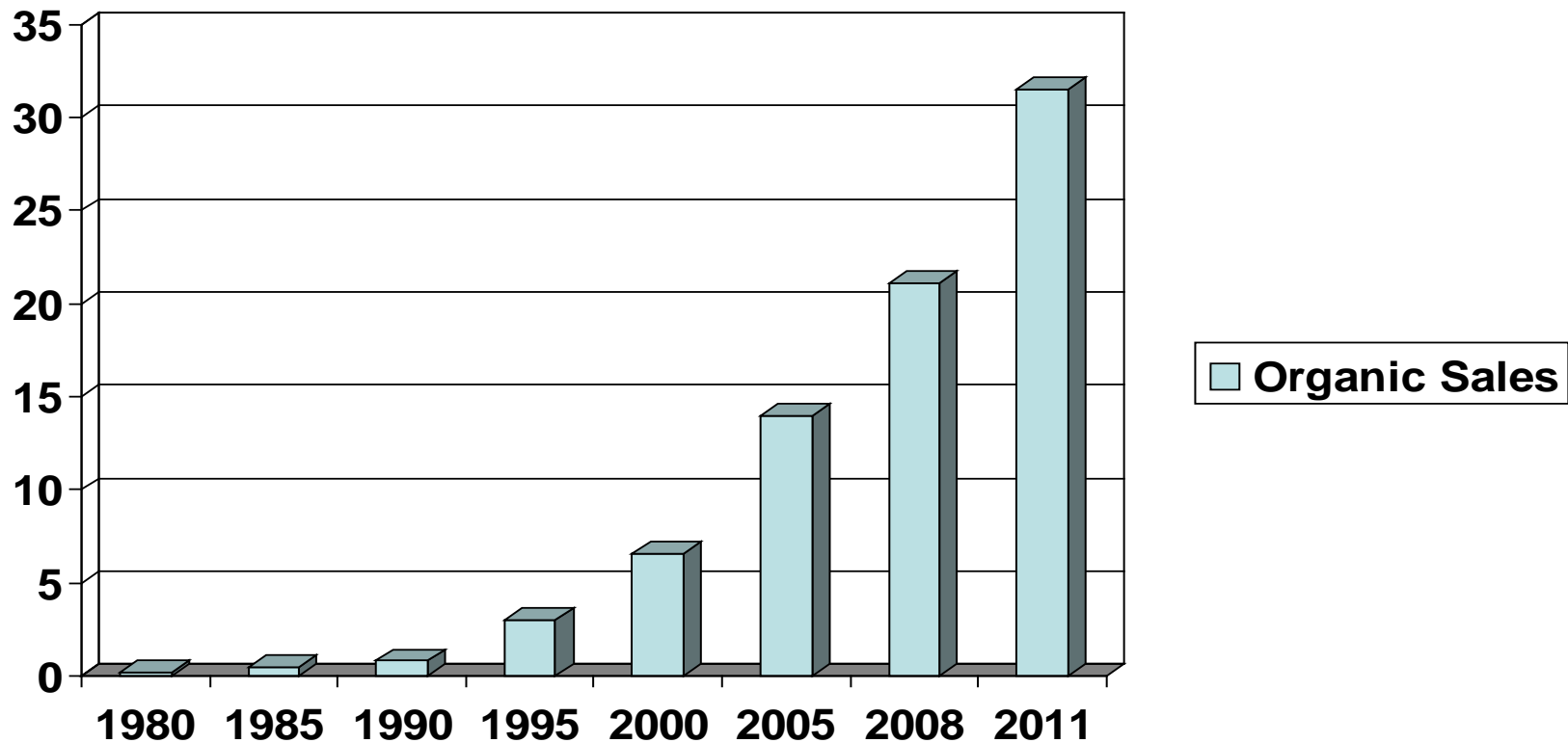
Where are we headed??

Dan Rossman – MSU Extension/Gratiot County



Growth of Organic Sales

(Billion \$)



Source: Organic Trade Association's 2012 Organic Industry Survey Reporting Session

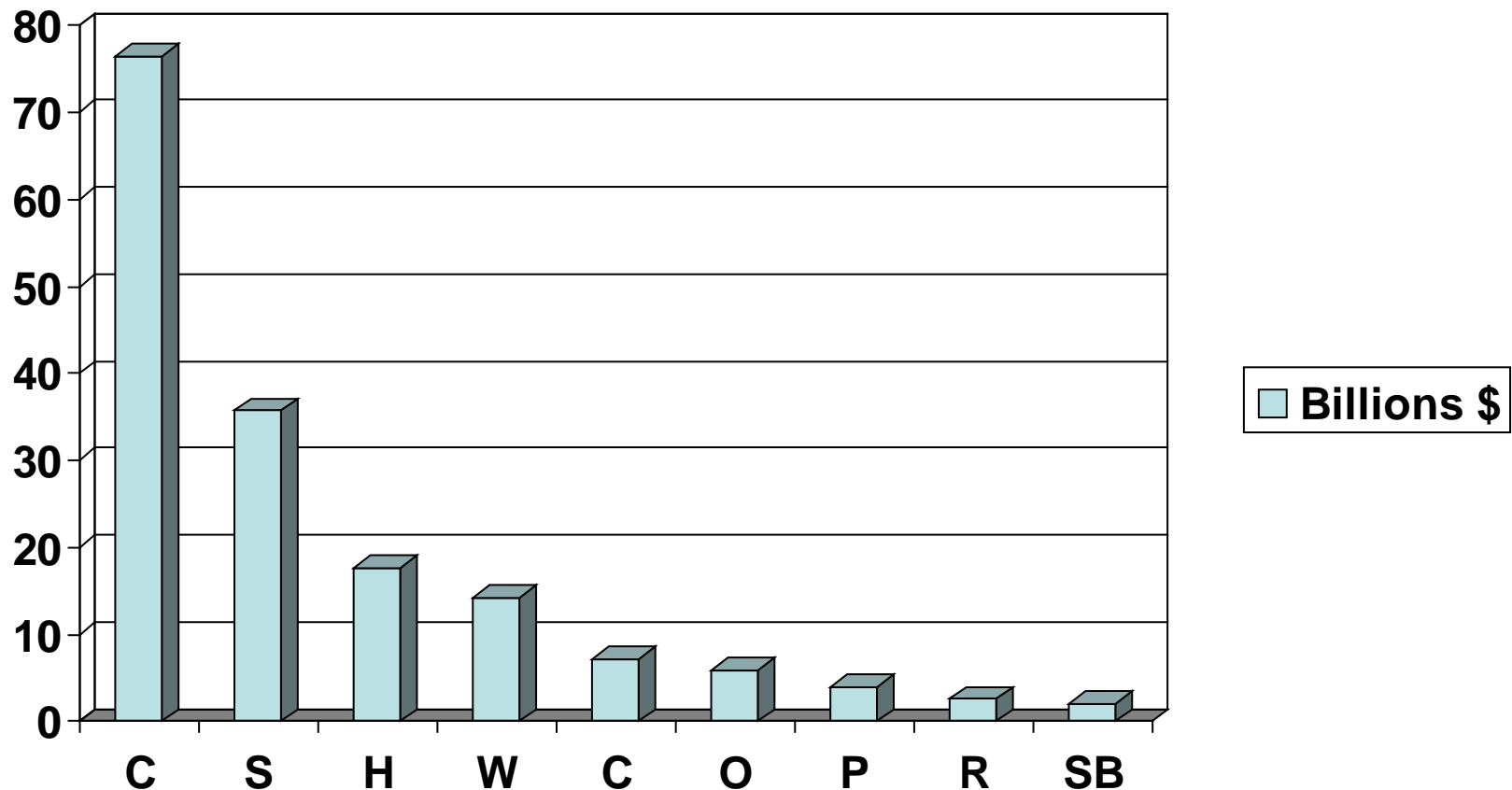
Organic Food Market Share

4.2% in U.S.

Source: Organic Trade Association's 2012 Organic Industry Survey

D. Rossman, 2013 Organic
Reporting Session

Farm Value \$ Crops in US (2011)



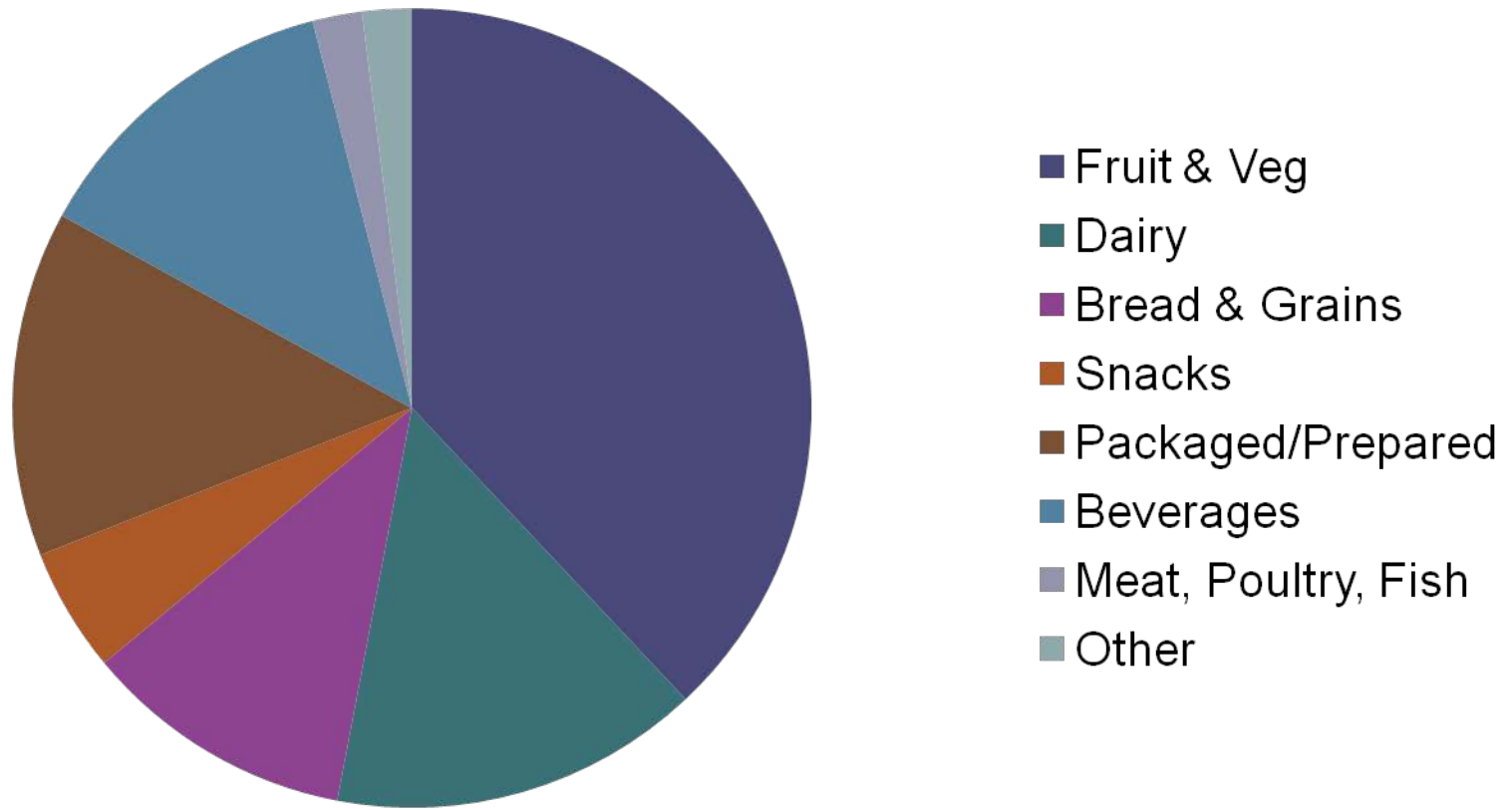
Source: USDA NASS Crop Value 2011 Summary, Feb 2012
 D. Rossman, 2013 Organic Reporting Session

Organic Growth Rates

- 2000 21.0%
- 2001 20.7%
- 2002 17.3%
- 2003 20.2%
- 2004 15.6%
- 2005 18.5%
- 2006 21.1%
- 2008 15.7%
- 2009 5.1%
- 2010 7.7%
- 2011 9.5%

U.S. Organic Food Sales

Sales



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Organic Consumers

- 78% of U.S. adults buy organic (at least occasionally)
- 4 in 10 are buying more organic than last year
- Health & Nutrition
- Concern about effects of pesticides, hormones & antibiotics on children
- Avoid highly processed
- Avoid artificial ingredients



Journal of Consumer Policy, 2013 Organic Reporting Session

Source: Organic Trade Association's 2011 US Families' Organic Attitudes and Beliefs Study

Organic Consumers continued...

- 3/4 of consumers purchase organic
- 1/3 of consumers purchase monthly

Source: The Hartman Group's "Beyond Organic and Natural" report
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Organic Food Place of Purchases (2009)

- 54% Mainstream Groceries
- 38% Natural Retail Stores
(47% in 2006)
- 8% Others – a lot of buzz
Farmer's Markets
CSA s
Food Co-ops



Organic Processor Trends

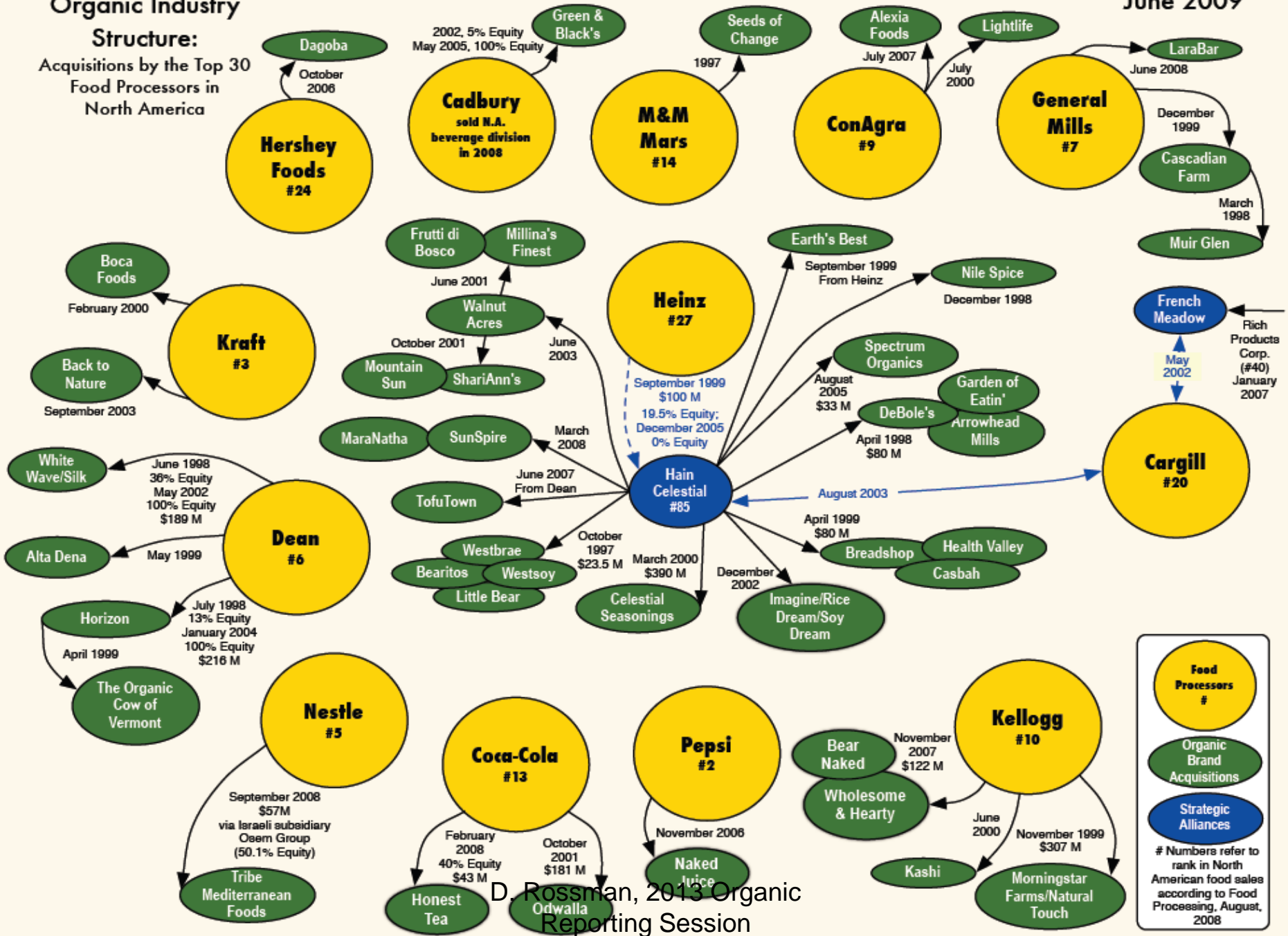
- 1995 81 Independent organic brands
- 2007 all but 15 were acquired by multinational food processors

Source: Organic Phil Howard, MSU Assistant Professor, website

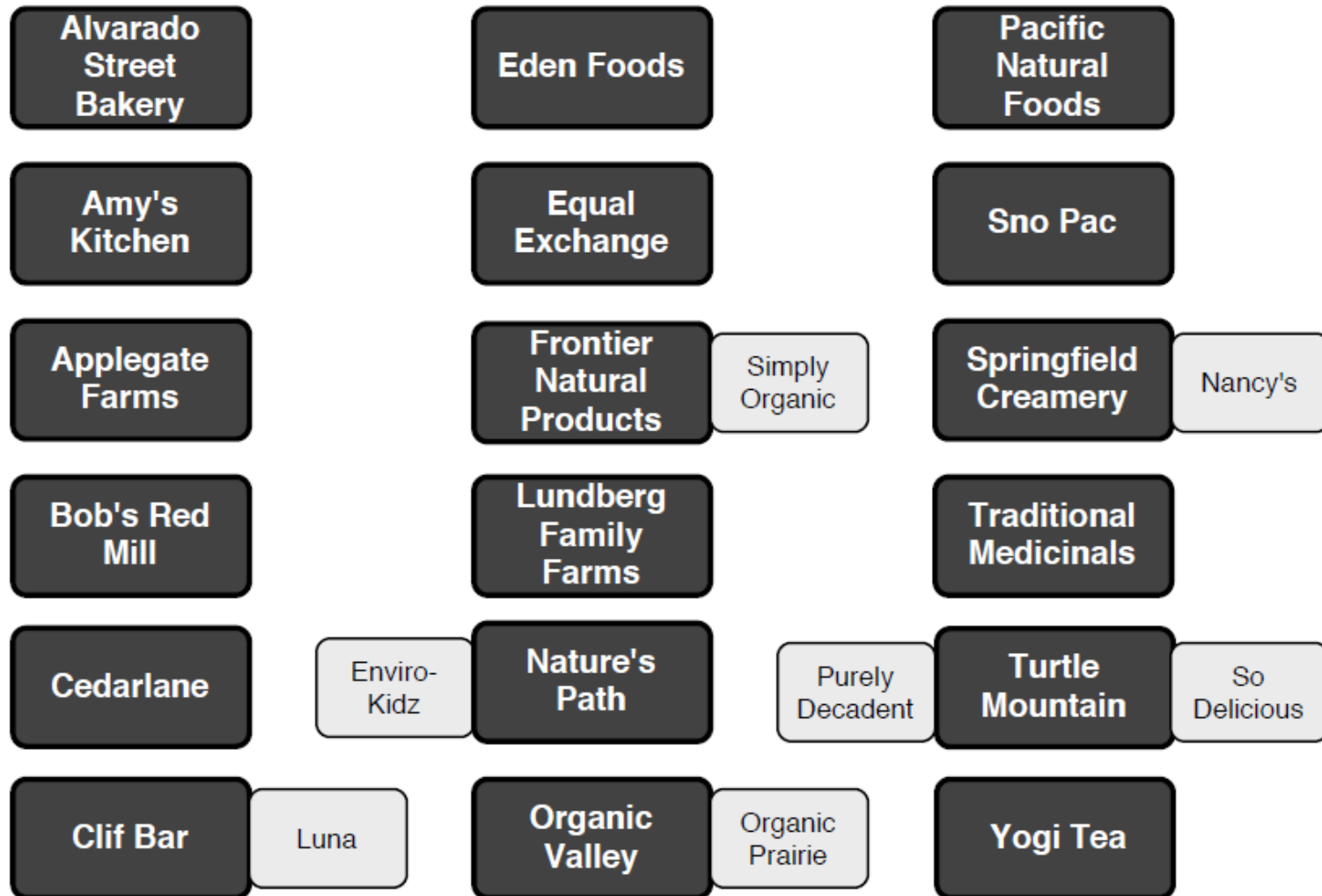
Organic Industry

Structure:
Acquisitions by the Top 30 Food Processors in North America

June 2009



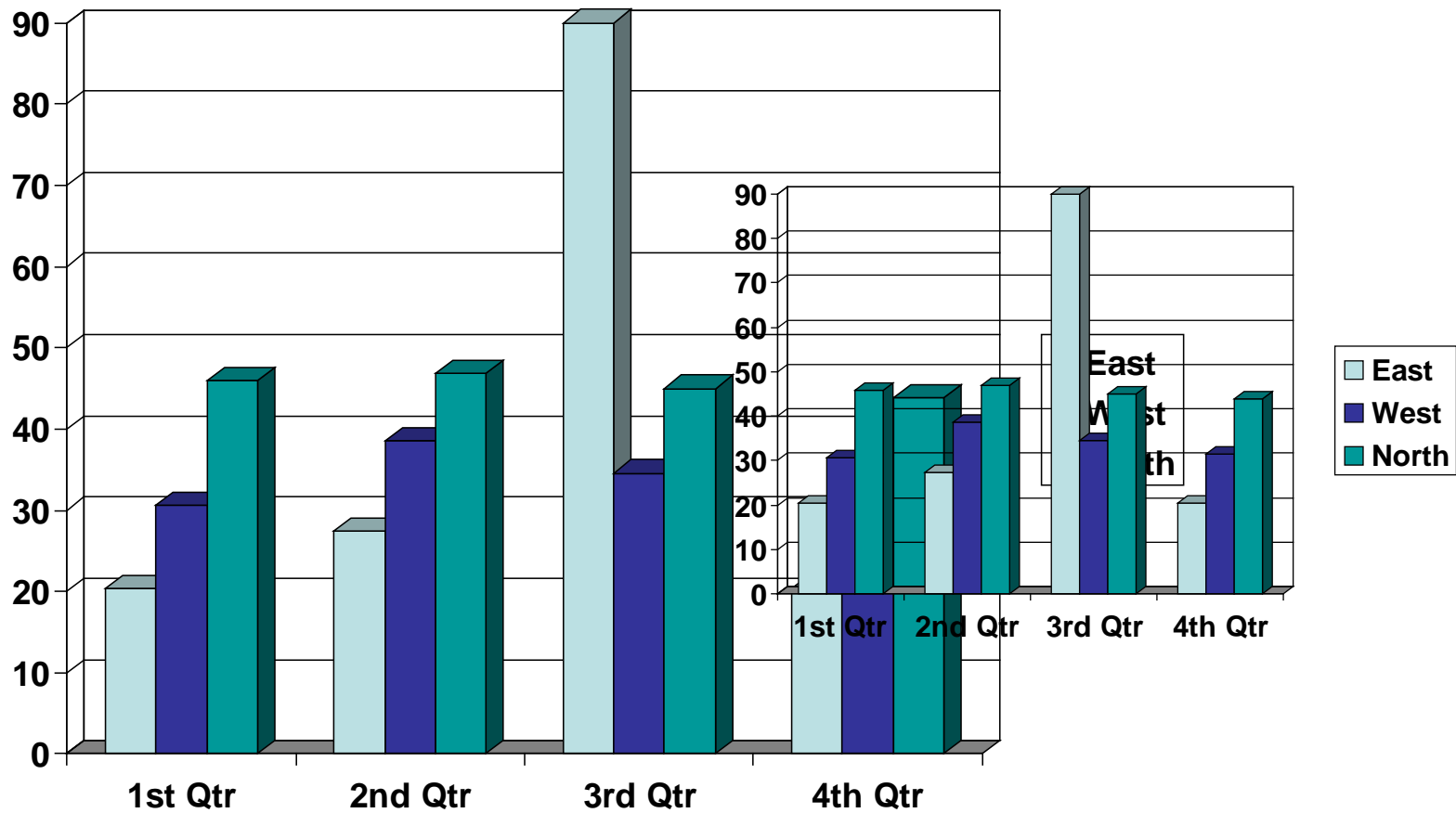
Organic Industry Structure: Major Independents and Their Subsidiary Brands



2012 Organic Field Crop Prices (\$/bu)

- Corn \$11.50 – 15
- Blue Corn \$ 16
- Soybeans \$ 23 - 28
- Oats \$ 6
- White Wheat \$12
- Hard Red Spring Wheat \$14-20
- Spelt 23-27 cents / lb
- Dry Beans \$65 - 70 / cwt

Thank You



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Organic Processor Trends

- *Changes since June 2009 include:*
- *(1) Coca-Cola fully acquiring Honest Tea in March, 2011*
- *(2) Nestle's acquisitions of Cadbury (and Green & Black's) in January, 2010, and Sweet Leaf Tea in May, 2011*
- *(3) Sara Lee's acquisition of Aidell's Sausage for \$87 million in May, 2011.*

Organic Processor Trends

- Most remaining independent organic processors have resisted substantial buyout offers (typically 2 times annual sales).

Source: Organic Phil Howard, MSU Assistant Professor

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Costs of Production 2009

	Corn		Soybeans		Winter Wheat	
	Organic	Conventional	Organic	Conventional	Organic	Conventional
Yield	90	150	25	45	50	80
Price	\$8	\$3.20	\$22.5	\$9.10	\$6.50	\$4.00
Gross	\$720	\$480	\$562	\$410	\$325	\$320
Expense	\$338	\$352	\$217	\$173	\$180	\$193
Land	\$125	\$125	\$125	\$125	\$125	\$125
Net	\$257	\$3	\$220	\$112	\$20	\$2

Organic Processor Trends

- Most acquisitions of organic processors occurred between December, 1997 when the draft USDA standard was released, and its full implementation in October, 2002. Few companies identify these ownership ties on product labels.

Costs of Production 2010

	Corn		Soybeans		Winter Wheat	
	Organic	Conventional	Organic	Conventional	Organic	Conventional
Yield	100	150	25	45	50	80
Price	\$6.25	\$5	\$21.5	\$12.00	\$6.50	\$6.50
Gross	\$625	\$750	\$538	\$540	\$325	\$520
Expense	\$338	\$352	\$217	\$173	\$180	\$193
Land	\$150	\$150	\$150	\$150	\$150	\$150
Net	\$137	\$248	\$171	\$217	-\$5	\$177

Costs of Production 2011

	Corn		Soybeans		Winter Wheat	
	Organic	Conventional	Organic	Conventional	Organic	Conventional
Yield	110	165	35	50	65	85
Price	\$10	\$5.55	\$21	\$10.71	\$6.00	\$6.00
Gross	\$1100	\$908	\$735	\$535	\$390	\$510
Expense	\$428	\$482	\$224	\$283	\$162	\$256
Land	\$175	\$175	\$175	\$175	\$175	\$175
Net	\$497	\$249	\$336	\$77	\$53	\$79

Organic Industry

Structure:

Private Label Brands



July 2007

Phil Howard, Assistant Professor
 Dept. of Community, Agriculture, Recreation
 and Resource Studies
 Michigan State University

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*Wild Oats private label is also sold by Albert Heijn, Hema, Jumbo, Sainsbury & Shop, and Peapod, Pathmark (#31), and Price Chopper (#38).
 **Full Circle is sold at 23 supermarket chains that are cooperative members of Topco.

+ Numbers refer to rank in retail sales according to Supermarket News, 2007

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Living Soil Benefits

- Decomposer / nutrient recycling
- Release bound up minerals
- Enhance water infiltration & holding capacity
- Enhance root penetration
- Secrete plant growth stimulants
- Casts have high soluble nutrient content
- Fix nitrogen
- Improve soil structure / glue
- Fight soil diseases
- Detoxify soils
- Increase water and nutrient uptake

Lime Materials

- Calcitic limestone Approved
- Dolomitic limestoneApproved
- GypsumApproved
- Sugar Beet lime.....Prohibited
- Water treatment limeProhibited

Conventional Fertilizers

- Anhydrous AmmoniaProhibited
- 28% NitrogenProhibited
- Urea.....Prohibited
- Ammonium Sulfate.....Prohibited
- 10-34-0.....Prohibited
- MAP / DAPProhibited
- Potash 0-0-60Prohibited

Nutrient Costs

Dried Poultry Manure

- Cost per Ton \$75- \$85
- Transportation Costs 15 cents/mile
- Spreading Costs per Ton \$6 - \$8
- Nutrients per Ton

N
87 lbs

P
69 lbs

K
48 lbs

Organic Fertilizer Materials

Material	N %	P₂O₅%	K₂O%
Potassium sulfate	0	0	51
Processed fish residues	11	6	2
Soft rock phosphate	0	15-30	0
Bone meal	2	15	0
Soybean meal	7	2	1
Kelp	1	0	4
Alfalfa meal	4	1	1
Feather meal	12	0	0
Pelleted chicken manure	2-4	1.5	1.5

Additional Organic Fertilizer Materials

Material	N %	P₂O₅%	K₂O%
Earth Juice Grow	2	1	1
Feed-N-Gro	2	2	4
Garden Club Select	10	2	8
McGeary GP Fertilizer	5	3	4
Meta Naturals	1	5	5
Nature Safe Starter	5	6	6
Organic BioLink	5	5	5
Soilvigor	10	2	3
Spurt	2	0	1

Thank You

Michigan State University
Extension