



## GROWING DEMAND FOR ORGANIC FOOD: A BRIGHT SPOT IN A TOUGH ECONOMY

With U.S. consumers pinching pennies, cutting corners and seeking out the lowest prices, one might think that demand for organic food would have fallen since the start of the economic downturn in 2007. Instead, the opposite is true. While total U.S. food sales have been nearly flat, the organic food industry is growing and consumer interest in organic food is on the rise.

A 2011 survey by the Organic Trade Association found that more than three-quarters—78 percent—of U.S. families are buying organic food, up from 73 percent in 2009. Forty percent of families say they are buying more organic food now than they were a year ago.<sup>10</sup>

In 2010, the U.S. organic food and beverage industry grew at a rate of 7.7 percent, posting total sales of \$26.7 billion. In comparison, growth in total U.S. food sales stagnated at 0.6 percent. Organic food accounted for four percent of the \$673 billion food industry in 2010.<sup>11</sup>

Since 2000, the U.S. organic food industry has grown exponentially. In 2000, organic food sales totaled \$6.1 billion and represented a mere 1.2 percent of total food sales. From 2000 to 2010, the organic food industry grew at an average rate of 16.5 percent per year, compared to 3.25 percent average annual growth in the overall food industry.<sup>12</sup>

Organic food sales in the U.S. comprise nearly half of global organic food sales. The global organic market reached \$54.9 billion in 2009, more than triple the \$18 billion recorded in 2000.<sup>13</sup>

Organic fruits, vegetables and dairy experienced the most growth in the domestic organic food industry in 2010. This is significant for Wisconsin, which tops the nation in the number of organic dairy farms and ranks third in the number of organic vegetable and melon farms.<sup>14</sup> U.S. organic fruit and vegetable sales reached nearly \$10.6 billion in 2010, representing nearly 12 percent of total fruit and vegetable sales. This is an 11.8 percent increase over 2009 sales. Organic

<sup>10</sup>Organic Trade Association. November 2011. *Seventy-eight percent of U.S. families say they purchase organic foods*. ([www.organicnewsroom.com/2011/11/seventyeight\\_percent\\_of\\_us\\_fam.html](http://www.organicnewsroom.com/2011/11/seventyeight_percent_of_us_fam.html)). Accessed 11/22/11.

<sup>11</sup>Organic Trade Association. 2011. *U.S. Organic Industry Overview*. ([www.ota.com/pics/documents/2011OrganicIndustrySurvey.pdf](http://www.ota.com/pics/documents/2011OrganicIndustrySurvey.pdf)). Accessed 11/22/11.

<sup>12</sup>Ibid.

<sup>13</sup>Willer, H. and L. Kilcher (Eds.) 2011. *The World of Organic Agriculture - Statistics and Emerging Trends 2011*. IFOAM, Bonn, and FiBL, Frick. ([www.organic-world.net/yearbook-2011-key-results.html](http://www.organic-world.net/yearbook-2011-key-results.html)). Accessed 11/23/11.

<sup>14</sup>USDA. 2008. *Organic Production Survey: Wisconsin*. ([www.nass.usda.gov/Statistics\\_by\\_State/Wisconsin/Publications/WI\\_Organic\\_Release.pdf](http://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/WI_Organic_Release.pdf)). Accessed 11/28/11.

dairy captured nearly six percent of the total U.S. market for dairy products, with \$3.9 billion in sales.<sup>15</sup>

This growth translates into jobs. In 2010, 40 percent of U.S. organic companies surveyed by the Organic Trade Association added full-time jobs, with larger businesses more likely to add employees. About half of surveyed businesses with 50 or more employees experienced positive growth in full-time employment. Twenty-three percent of companies with fewer than five employees added full-time jobs. In 2011, 46 percent of the companies responding to this survey expect to add jobs. Fifty percent expect employment to remain steady, and only five percent expect to reduce their workforce.<sup>16</sup>



Most U.S. consumers purchase organic food at mainstream grocery stores. In 2010, mass market retailers captured 54 percent of organic food sales. Natural food retailers accounted for 39 percent of total organic food sales that year. Other markets for organic food include farmers' markets, community supported agriculture farms, the internet, mail order and specialty stores.<sup>17</sup> Interestingly, while most consumers buy organic food at supermarkets, 46 percent would prefer to purchase organic produce at farmers' markets. Thirty-two percent prefer supermarkets and 20 percent choose their own gardens as the preferred source for organic produce.<sup>18</sup>

Organic consumers tend to be young and well-educated. A Thomson Reuters-NPR poll found that Americans with a college degree are more likely than less-educated consumers to prefer eating organic food. Consumers over the age of 65 are less likely to prefer eating organic food than younger Americans,<sup>19</sup> and young adults between the ages of 25 and 34 are the most likely to express interest in buying organic food.<sup>20</sup>

Why do people buy organic food? Parents tend to be motivated by health concerns. The Organic Trade Association found that nearly half of parents surveyed—48 percent—were motivated to buy organic food because they believe

<sup>15</sup>Organic Trade Association. 2011. *U.S. Organic Industry Overview*. ([www.ota.com/pics/documents/2011OrganicIndustrySurvey.pdf](http://www.ota.com/pics/documents/2011OrganicIndustrySurvey.pdf)). Accessed 11/22/11.

<sup>16</sup>Organic Trade Association. 2011. *U.S. Organic Industry Overview*. ([www.ota.com/pics/documents/2011OrganicIndustrySurvey.pdf](http://www.ota.com/pics/documents/2011OrganicIndustrySurvey.pdf)). Accessed 11/22/11.

<sup>17</sup>Organic Trade Association. 2011. *Industry Statistics and Projected Growth*. (<http://www.ota.com/organic/mt/business.html>). Accessed 11/23/11.

<sup>18</sup>Thomson Reuters-NPR Health Poll. June 2011. *Organic Food*. ([www.facts4healthcare.com/pressroom/NPR\\_report\\_organicFoods.pdf](http://www.facts4healthcare.com/pressroom/NPR_report_organicFoods.pdf)). Accessed 11/22/11.

<sup>19</sup>Ibid.

<sup>20</sup>Mintel. March 2010. *Consumer Attitudes Toward Natural and Organic Food and Beverage*. Mintel International Group Limited.

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it is healthier for themselves and their children. Other motivators for parents include concerns over the effects of pesticides, hormones and antibiotics on children, and avoidance of highly processed food and artificial ingredients.<sup>21</sup>

When researchers look at a broader population than parents, however, they get different reasons for purchasing organic food. Of the respondents in the NPR poll who prefer organic food, 36 percent are motivated by a desire to support local farms. Thirty-four percent wish to avoid toxins in their food, 17 percent believe that organic food is better for the environment, 13 percent say that organic food tastes better and 11 percent believe organic food is safer.<sup>22</sup>

Based on these numbers, the organic food and beverage industry presents an opportunity for growth in both revenue and jobs during the downturn. As a national leader in both organic dairy and vegetable farms, Wisconsin is in an excellent position to capture more of this expanding market.

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<sup>21</sup>Organic Trade Association. November 2011. *Seventy-eight percent of U.S. families say they purchase organic foods.* ([www.organicnewsroom.com/2011/11/seventyeight\\_percent\\_of\\_us\\_fam.html](http://www.organicnewsroom.com/2011/11/seventyeight_percent_of_us_fam.html)). Accessed 11/22/11.

<sup>22</sup>Thomson Reuters-NPR Health Poll. June 2011. *Organic Food.* ([www.facts4healthcare.com/pressroom/NPR\\_report\\_organicFoods.pdf](http://www.facts4healthcare.com/pressroom/NPR_report_organicFoods.pdf)). Accessed 11/22/11.

