



# IN 2015 ORGANIC PRODUCT SALES REACHED **\$43 BILLION**



Largest  
Ever  
Dollar  
Increase  
For  
Organic





# THE ORGANIC MARKET LOOKS LIKE A HEALTHY PLATE



**13%**

of **PRODUCE**  
sold in the U.S. is  
**ORGANIC**

**FARM  
FRESH  
FOODS**  
account for  
**MORE THAN HALF**  
of total  
organic food sales

**ORGANIC  
DAIRY**  
accounted for  
**\$6 Billion**  
in sales

# WHAT'S INCLUDED IN THE NUMBERS?

**Organic Trade Association**  
reported Organic Produce  
\$ Sales

**\$13B**

=

**\$5.7B**

+

**\$4.7B**

+

**\$2.6B**



*Mass  
Market*



*Specialty and Natural  
Retailers*



*Direct  
Sales*

**\$5.5B**

**Nielsen**  
reported Organic  
Produce Sales



*Mass  
Market*


# PRODUCE REMAINS CONSISTENTLY RELEVANT

Since 2011, Produce total dollar sales increased over 25%, driven by...



### CONVENIENCE

Fresh produce now available year-round and **26%** of purchased fresh fruit is imported



### PORTABLE OPTIONS

Produce Beverages  
\$1.8 B; **+101%**  
545M; **+99%**  
SKU; **+47%**

### QUALITY THROUGH LOCAL

“ Worth an estimated \$1 billion in 2005, local food sales grew to nearly \$7 billion in 2013 ”  
- USDA

### HEALTHY ISN'T HEALTHY ENOUGH ANYMORE

 <p>ORGANIC FRUITS \$ have grown <b>123%</b></p>	 <p>ORGANIC VEGETABLES \$ have grown <b>92%</b></p>	 <p>ORGANIC OTHER PRODUCE \$ have grown <b>94%</b></p>
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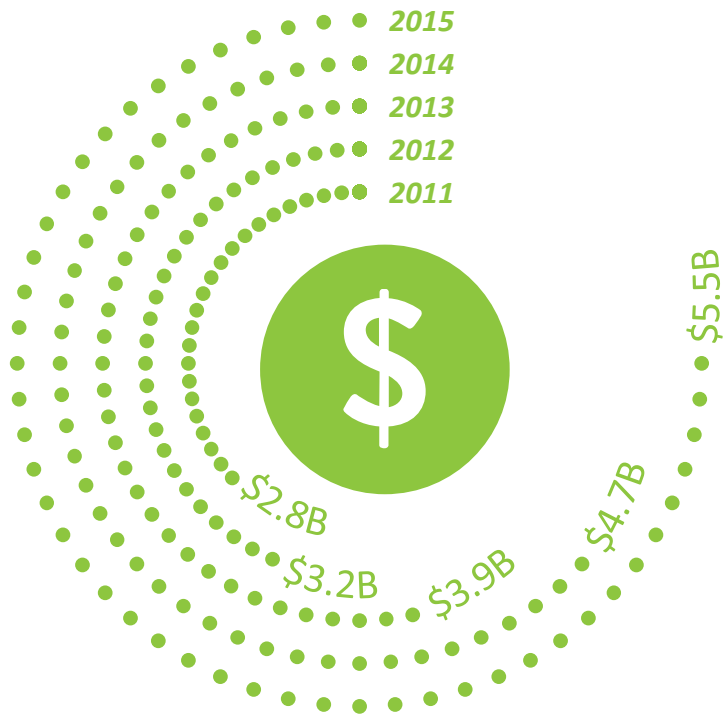
### QUALITY THROUGH TRUSTED BRANDS

**36%** BRANDED \$ SHARE of total PRODUCE +8 points since 2011



*Packaging labels are a key source of information for consumers with three-quarters of global respondents saying they read packaging labels carefully - claims are the strongest when a product is already considered healthy*

# OVER HALF OF HOUSEHOLDS PURCHASE ORGANIC PRODUCE



ORGANIC DEPARTMENT \$ GROWTH  
VS YAGO

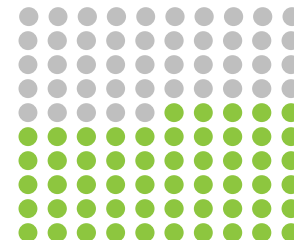
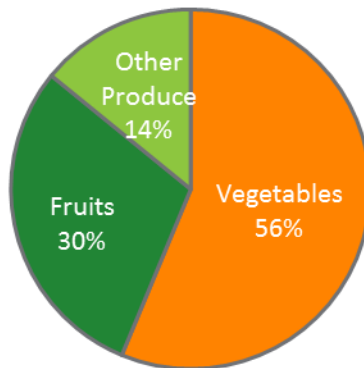
16.4%

TOTAL ANNUAL ORGANIC DOLLARS

\$5.5B

ORGANIC PRODUCE CATEGORY

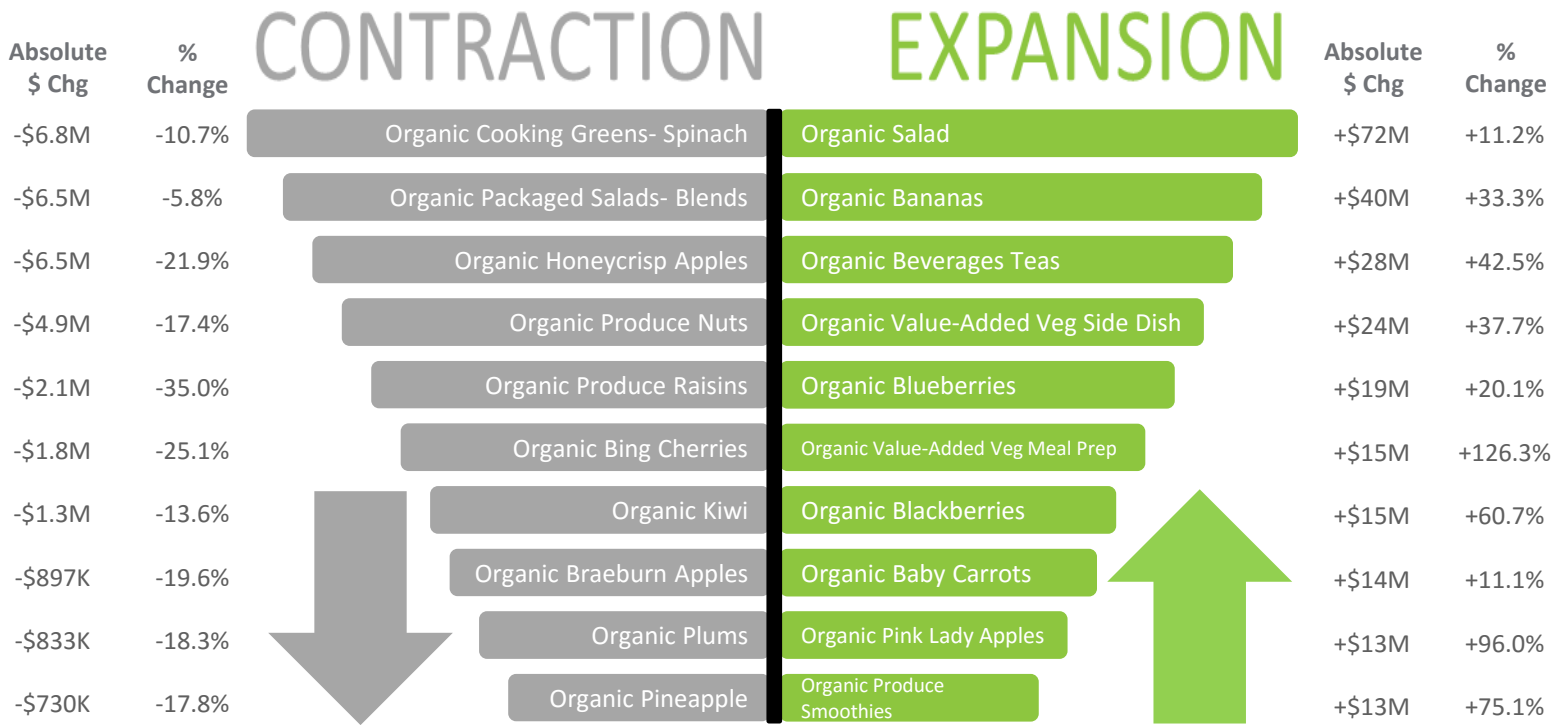
% DOLLAR SHARE\*



55.1% HOUSEHOLD  
PENETRATION



# CONVENIENCE AND PORTABILITY LEAD ORGANIC PRODUCE GROWTH

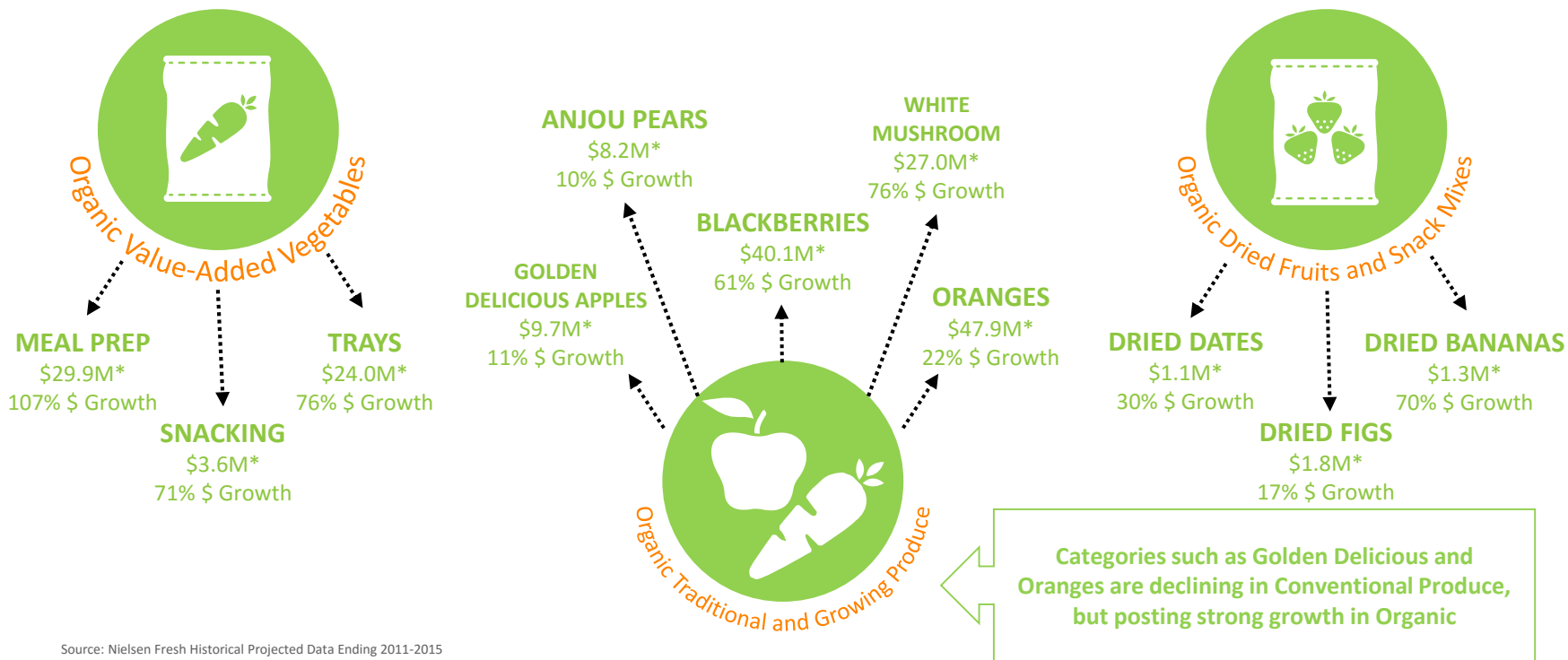


**RANKED BY FASTEST ORGANIC EXPANSION/CONTRACTION AND \$\$ OVER \$1M- Absolute Change vs YAGO**

Source: Nielsen Fresh Census Data 52 Weeks Ending 4/30/16

# CONVENIENCE PLAYS A BIG ROLE IN EMERGING ORGANIC PRODUCE TRENDS

Organic Produce categories with highest share of dollar growth during the latest 52 weeks\* (\$ sales over \$1M in 2015)



Source: Nielsen Fresh Historical Projected Data Ending 2011-2015

Source: Nielsen Fresh Census Data 52 Weeks Ending 4/30/16\*

\*Categories such as Golden Delicious and Oranges are declining in Conventional Produce, but posting strong growth in Organic

# ORGANIC MAINTAINS STRONG GROWTH ACROSS CATEGORIES

Organic Fruits	\$	\$ Growth vs YAGO	4 Year \$ CAGR
Berries	\$401M	12%	21%
Apples	\$289M	14%	21%
<b>Bananas</b>	<b>\$165M</b>	<b>33%</b>	<b>25%</b>
<b>Citrus</b>	<b>\$109M</b>	<b>31%</b>	<b>16%</b>
Grapes	\$106M	10%	34%
Avocados	\$52M	21%	31%
Stone Fruit	\$29M	14%	17%
Pears	\$26M	4%	15%
Specialty Fruit	\$19M	2%	23%
Value Added Fruit	\$11M	18%	21%
All Other Fruit	\$19M	-4%	21%



Organic Vegetables	\$	\$ Growth vs YAGO	4 Year \$ CAGR
Packaged Salad	\$862M	9%	15%
Carrots	\$242M	7%	13%
<b>Tomatoes</b>	<b>\$168M</b>	<b>18%</b>	<b>16%</b>
<b>Lettuce</b>	<b>\$157M</b>	<b>11%</b>	<b>8%</b>
Value Added Vegetables	\$148M	54%	53%
Cooking Greens	\$133M	2%	42%
Cooking Veg	\$109M	21%	26%
<b>Potatoes</b>	<b>\$104M</b>	<b>25%</b>	<b>25%</b>
Onions	\$103M	0%	6%
Celery	\$77M	6%	12%
<b>All Other Veg</b>	<b>\$225M</b>	<b>34%</b>	<b>26%</b>

Organic Other Produce	\$	\$ Growth vs YAGO	4 Year \$ CAGR
<b>Herbs and Spices</b>	<b>\$235M</b>	<b>13%</b>	<b>11%</b>
Beverages	\$225M	33%	43%
All Other	\$124M	-3%	8%





# MILLENNIALS CHOOSE ORGANIC MORE THAN ANY OTHER GENERATION



**AMONG PARENTS:**  
**5 in 10**  
ORGANIC BUYERS  
are **Millennials**



# MILLENNIALS ARE MORE ENGAGED IN CHOOSING ORGANIC

% "Make a great deal of effort to do this"	Total parents
Recycling	56%
Reducing energy use	52%
Choosing natural foods/products	45%
Educating myself on the topics of organic, sustainability, clean living, etc.	42%
Purchasing locally farmed foods	40%
Buying environmentally friendly products	38%
<b>CHOOSING ORGANIC FOODS/PRODUCTS</b>	35%
Donating to non-profit agencies	32%
Volunteering time in my community	31%
Choosing restaurants that offer organic menu items	28%

Millennials	Generation X	Baby Boomers
51%	57%	67% *
52%	47%	63% *
<b>49% *</b>	41%	41%
45%	40%	39%
42%	36%	41%
41%	36%	37%
<b>40% *</b>	32%	28%
32%	29%	36%
33%	29%	28%
<b>34% *</b>	22%	21%

# GROCERY IS PRIMARY CHANNEL FOR ORGANIC ENTHUSIASTS

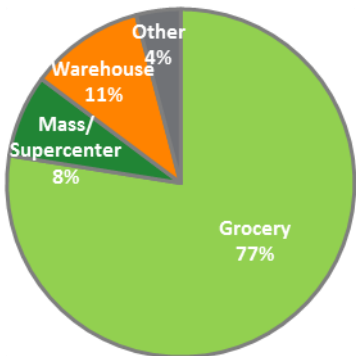


2%  
of HHs

## Organic Enthusiast Produce Shopper

>50% Produce Spend on Organic

Annual Produce Spend: \$225  
Produce \$ Per Trip: \$8.12  
Produce Trips Per Year: 27.7

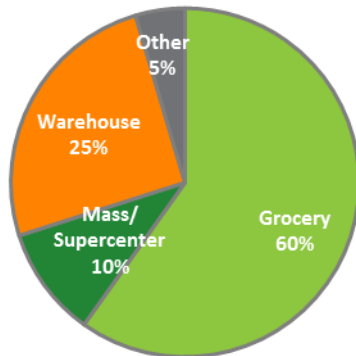


7%  
of HHs

## Moderate Organic Produce Shopper

20-50% Produce Spend on Organic

Annual Produce Spend: \$212  
Produce \$ Per Trip: \$7.57  
Produce Trips Per Year: 28.0

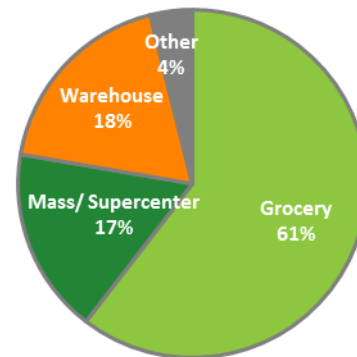


91%  
of HHs

## Light Organic Produce Shopper

<20% Produce Spend on Organic

Annual Produce Spend: \$153  
Produce \$ Per Trip: \$6.04  
Produce Trips Per Year: 25.3





# MORE THAN HALF OF CONSUMERS CHOOSE THE **CONVENTIONAL** ALTERNATIVE



**“ORGANIC”  
not available  
what do  
consumers do?**

# ORGANIC BUYERS SHOW FLEXIBILITY WHEN IT COMES TO PRODUCE



Of the categories, shoppers are most likely to LEAVE a retailer to purchase **ORGANIC** Grapes, Oranges and Potatoes at another store if only the conventional variety is available



Of the categories, shoppers are most likely to switch to the CONVENTIONAL variety of **Bananas** if the **ORGANIC** variety is not available at that retailer

% Of Response For Organic Produce Purchasers by Category	Packaged Salads	Strawberries	Blueberries	Raspberries	Apples	Carrots	Tomatoes	Bananas	Grapes	Oranges	Mushrooms	Potatoes	VA Veggies
Purchase a different organic product instead	16%	14%	15%	16%	14%	11%	12%	10%	18%	20%	14%	17%	18%
Purchase the non-organic version of this product instead	71%	68%	69%	64%	68%	74%	73%	80%	61%	61%	71%	59%	66%
Go to another store instead to buy the organic version of this product	8%	10%	9%	10%	10%	8%	9%	5%	10%	11%	6%	14%	9%
Not buy anything	5%	8%	8%	10%	8%	6%	6%	4%	11%	8%	9%	10%	7%
<b>% Of Respondents Purchasing ORGANIC</b>	<b>13%</b>	<b>16%</b>	<b>12%</b>	<b>8%</b>	<b>16%</b>	<b>16%</b>	<b>15%</b>	<b>16%</b>	<b>9%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>5%</b>
<b>% Of Respondents Purchasing</b>	<b>67%</b>	<b>79%</b>	<b>58%</b>	<b>42%</b>	<b>82%</b>	<b>78%</b>	<b>81%</b>	<b>88%</b>	<b>77%</b>	<b>68%</b>	<b>55%</b>	<b>84%</b>	<b>40%</b>

\*PRELIMINARY RESULTS- Survey in field through 6/30/2016, results reported 6/21/2016

\*\*Minimum of 882 respondents purchasing organic for each category

Source: Omnibus Homescan Panel Survey, June 2016



# SALES OF ORGANIC PRODUCE **DON'T** DAMAGE SALES OF CONVENTIONAL PRODUCE



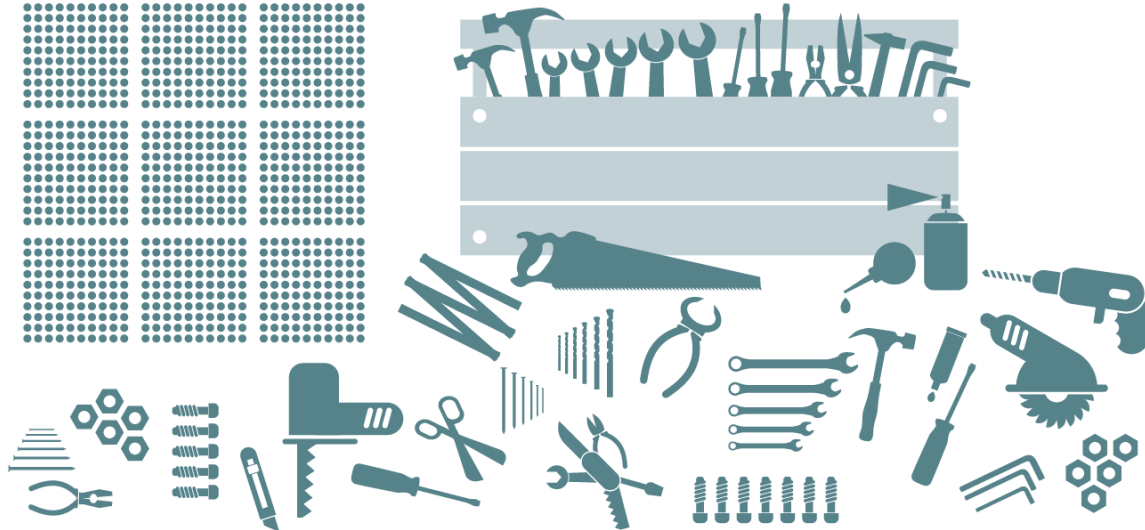
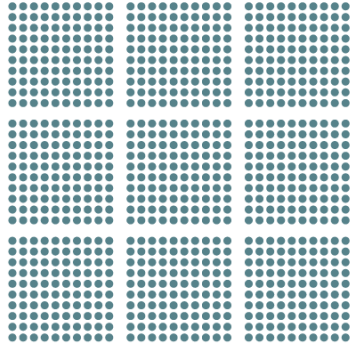
## How do the synthetic pest control products allowed in organic farming compare to the pesticides allowed in conventional farming?

25 synthetic active pest control products allowed in organic crop production



The organic farmer must first use mechanical, cultural, biological and natural materials and move onto the toolbox only when and if they don't work. In this way the toolbox is "restricted."

900+ synthetic active pesticide products registered for use in conventional farming by EPA\*





# RETAILERS SHOULD NOT BE AFRAID TO **DIFFERENTIATE** ORGANIC PRODUCE



**ORGANIC  
PREMIUMS**  
REQUIRE  
differentiation



THE ORGANIC PRODUCE SHOPPER WILL RESPOND  
TO DIFFERENTIATED **POSITIVE MESSAGING**

