U.S. Healthy Eating Trends Part 2: Organic Enthusiasts Remain Loyal

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Part 2 of 5 on Healthy Eating Trends and Myths

It's the economy! Organics enjoyed stratospheric growth in four of the last five years, but the economic crunch took a bite out of that trajectory in 2009. U.S. dollar sales surged 132% between 2004-2008, building the organics category to more than $4.0 billion in food/drug/mass merchandise retailers, according to Nielsen. In 2008, organic dollar sales decelerated to 16% annual growth, expanding to $4.6 billion. That rate fell to the single digits in 2009, with organics sprouting a modest 2.1% gain for total sales of $4.7 billion in the food/drug/mass merchandiser channels.

The 2009 U.S. organic market size expands by an additional $1.5 billion when natural channel sales captured by SPINS are added to the equation, bringing the all-channel total to $6.2 billion. Mirroring the mainstream channel slowdown, organic sales lost pace in the natural channel as well, albeit to a lesser degree at 4.3%. This is thanks in large part to core loyalists who represent 20% of organic consumers and 80% of organic UPC-coded dollar volume in the natural channel.

Dedicated organic buyers will cross channel shop and purchase private label organics to sustain their lifestyle commitment. In another nod to the economy, organics fared better as house brands such as the Topco Full Circle and Safeway O Organics lines than branded offerings at higher price points. Increased availability and consumer acceptance of private label has expanded its share of organic sales to 24%.

In a survey by *The Packer*, a produce industry publication, almost 50% of consumers said they would buy organic fruits and vegetables if price was not an issue. The global nature of the economic crisis was underscored in a Nielsen study from Great Britain, where the percent of people who felt "it was worth paying extra for organic food" plunged from 27% to 18% between 2006 and 2009.

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