

# Organic Trends

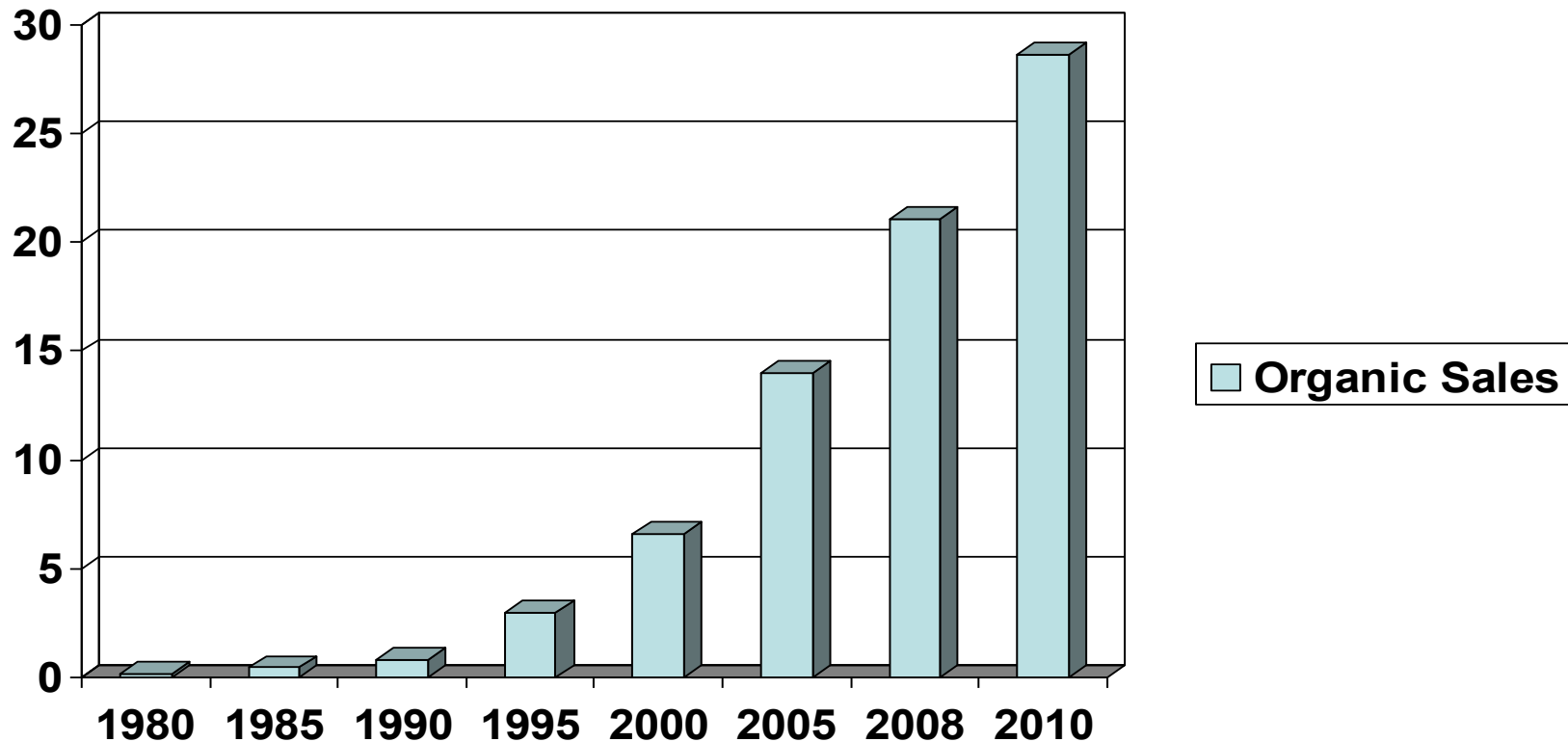
*Where are we headed??*

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# Growth of Organic Sales

(Billion \$)



Source: Organic Trade Association's 2011 Organic Industry Survey

# Organic Food Market Share

**4% in U.S.**

Source: Organic Trade Association's 2011 Organic Industry Survey

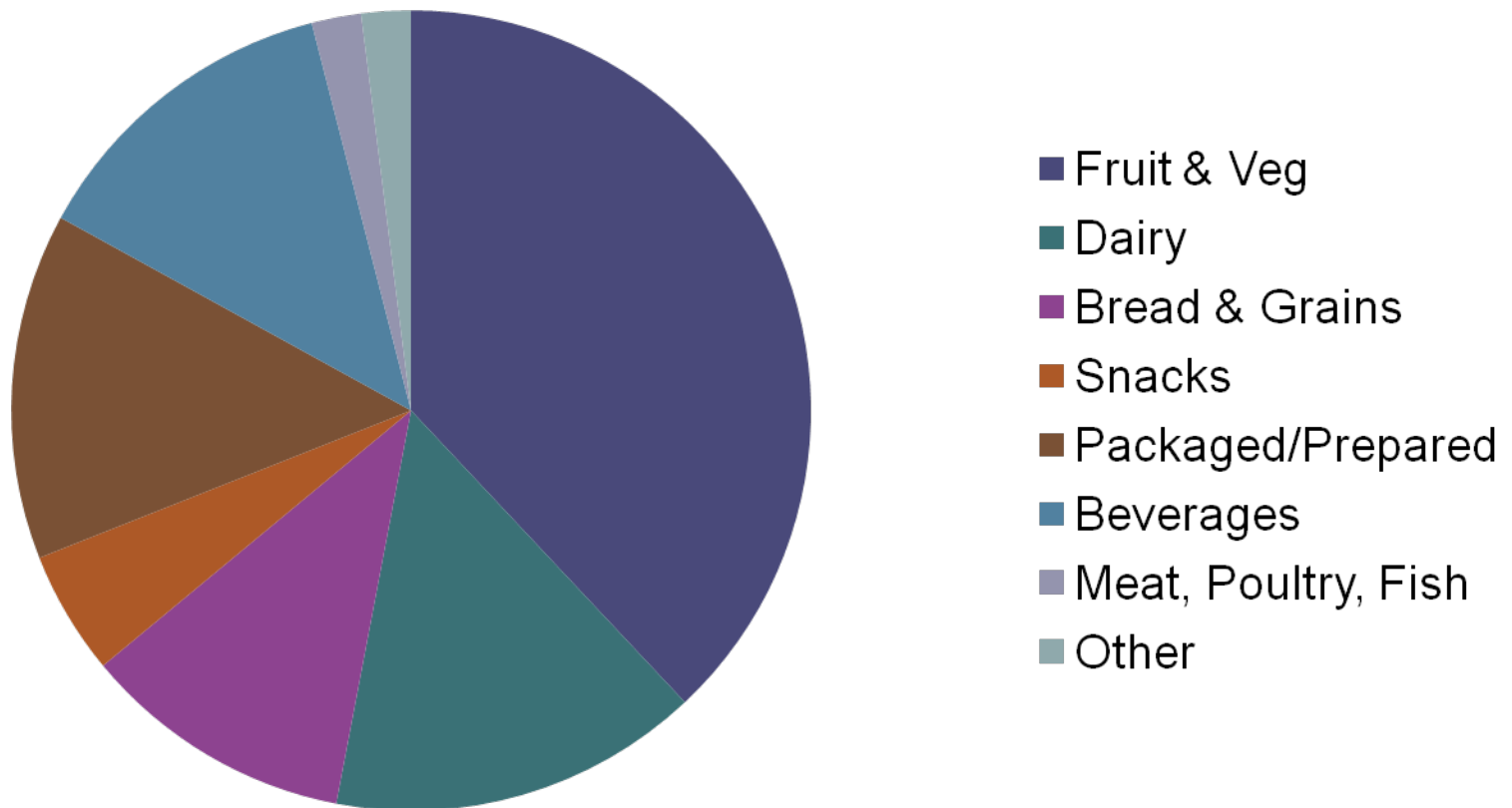
# Organic Growth Rates

- 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%

Source: Organic Trade Association's 2011 Organic Industry Survey

# U.S. Organic Food Sales

Sales



# 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



# 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

# 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

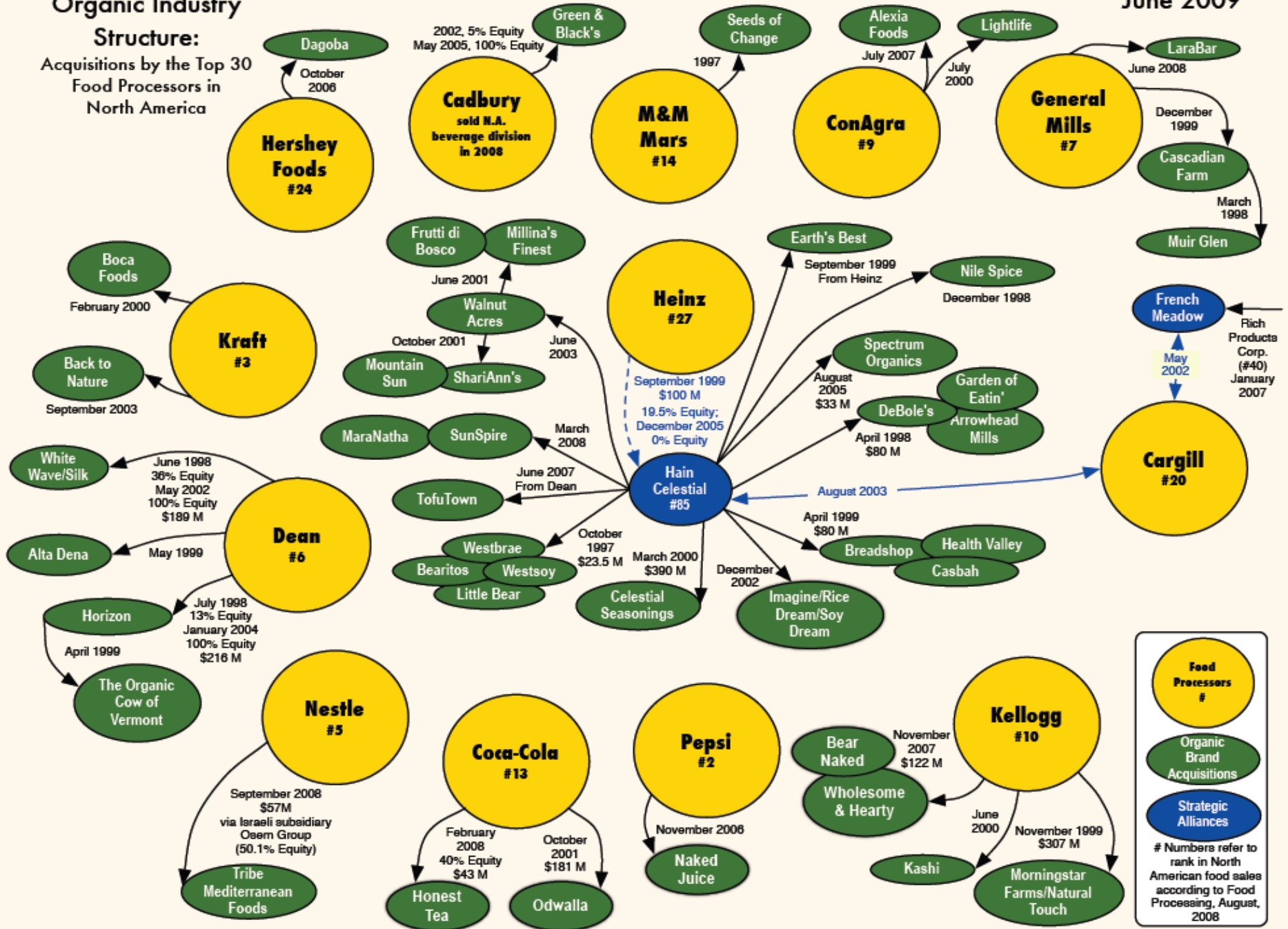
Source: Organic Phil Howard, MSU Assistant Professor, website

# Organic Industry

## Structure:

Acquisitions by the Top 30 Food Processors in North America

June 2009



# Organic 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.*

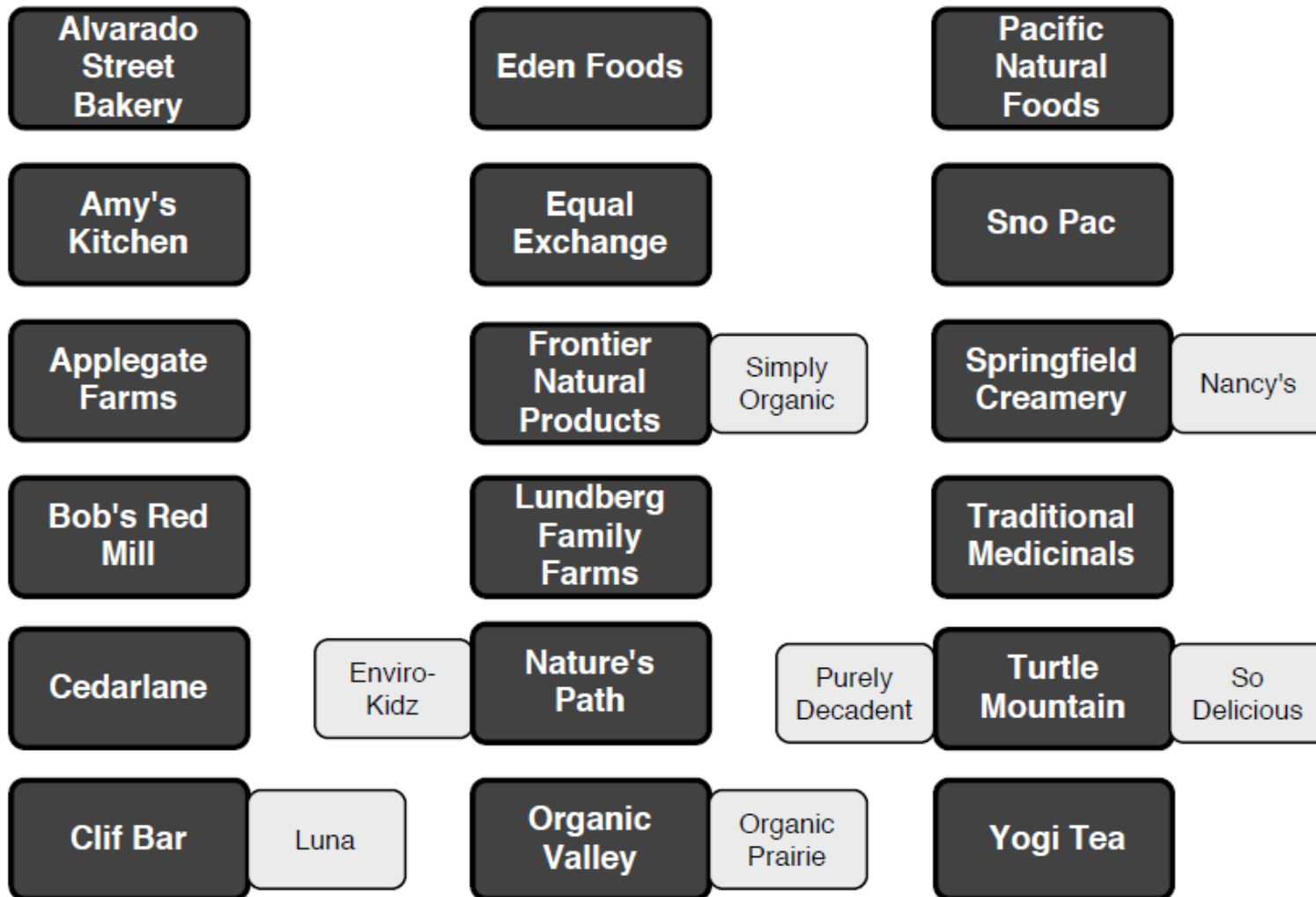
Source: Organic Phil Howard, MSU Assistant Professor, website

# 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.

Source: Organic Phil Howard, MSU Assistant Professor, website

# Organic Industry Structure: Major Independents and Their Subsidiary Brands



# 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

# 2012 Organic Field Crop Prices (\$/bu)

- Corn \$11.50
- Blue Corn \$15.00
- Soybeans \$20-25
- Oats \$5 - 6
- White Wheat \$10 - 12 ?
- Hard Red Spring Wheat \$14-20 ?
- Spelt 18-27 cents / lb ?
- Dry Beans \$65 - 70 / cwt

# 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



# 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

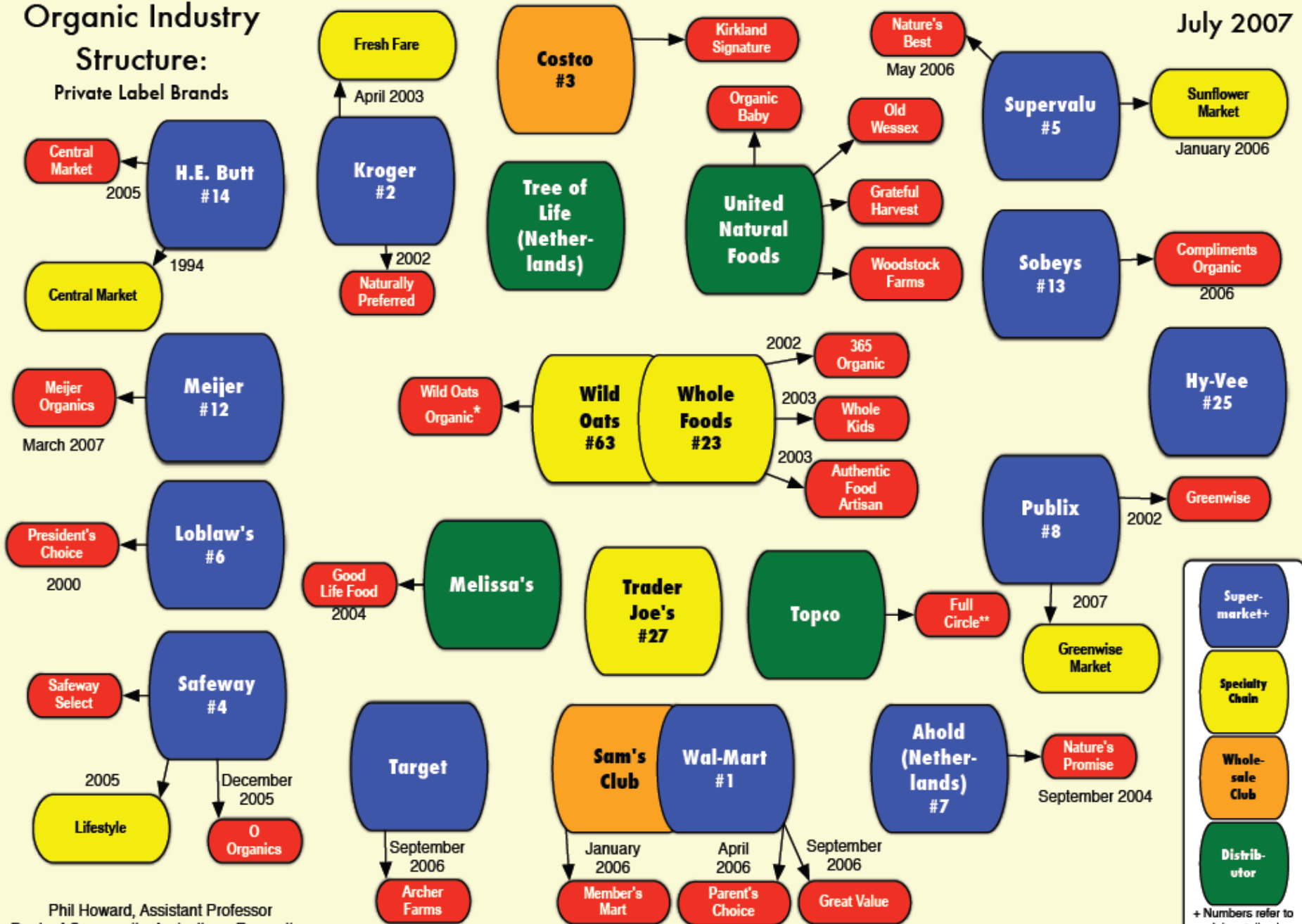
# Costs of Production 2011

	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

**Thank You**

# Organic Industry Structure:

Private Label Brands



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\*Wild Oats private label is also sold by Ahold (#7, which includes Giant, Stop & Shop, and Peapod), Pathmark (#31), and Price Chopper (#38).

\*\*Full Circle is sold at 23 supermarket chains that are cooperative members of Topco.

Legend for Retailer Types:

- Supermarket++ (Blue)
- Specialty Chain (Yellow)
- Wholesale Club (Orange)
- Distributor (Green)

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



# 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 limestone .....Approved
- Gypsum .....Approved
- Sugar Beet lime.....Prohibited
- Water treatment lime .....Prohibited

# Conventional Fertilizers

- Anhydrous Ammonia .....Prohibited
- 28% Nitrogen .....Prohibited
- Urea.....Prohibited
- Ammonium Sulfate.....Prohibited
- 10-34-0.....Prohibited
- MAP / DAP .....Prohibited
- Potash 0-0-60 .....Prohibited



# 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	P	K
87 lbs	69 lbs	48 lbs

# Organic Fertilizer Materials

<b>Material</b>	<b>N %</b>	<b>P<sub>2</sub>O<sub>5</sub>%</b>	<b>K<sub>2</sub>O%</b>
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

<b>Material</b>	<b>N %</b>	<b>P<sub>2</sub>O<sub>5</sub>%</b>	<b>K<sub>2</sub>O%</b>
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