

Organic Agriculture Market Development

'Working towards a 5% market share'



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Status

The programme is already well underway. The media campaign is being developed and chain managers are being approached. Preparations for the pricing experiment pilot project are also underway.

Facts and figures

- 'Light users' form a large group: 70 to 80% of consumers purchase organic products occasionally.
- In 2005, the total organic market share was 2%, with fruit and vegetables and eggs scoring the highest: 4.1% and 5.7% respectively. (source: Eko-monitor, www.biologica.nl).
- 10% of the land used for agriculture must be farmed organically by 2010. Flevoland is the province with most organic farming; Zeeland is the province with least organic farming.

Period

2005-2007

Parties involved

Trade and Industry and the Department of Agriculture, parties to the MBL agreement: Biologica, Veneca, Rabobank, Triodos Bank, CBL, LTO, and the Federation of the Dutch Food Industry (FNLI).

More information

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agriculture, nature
and food quality

One objective of the Ministry of Agriculture, Nature and Food Quality (LNV) is to give sustainable organic agriculture a place in society alongside other production systems. Consumers have to be given a choice. An aim of the Organic Agriculture Market Development programme is to stimulate 'light users' to buy organic products more regularly. A greater supply of organic products is an important part of this initiative: supermarkets need to stock a wide range of organic products.

Context

The policy document *Biologische Landbouw 2005-2007* (Organic Agriculture 2005-2007) outlines the government's efforts to promote organic agriculture. These measures include the stimulation of organic production and the distribution of knowledge. Trade and Industry is charged with the task of developing the market and must stimulate both consumer demand and supermarket demand. An initial agreement regarding the development of the organic agriculture market (*Convenant Marktontwikkeling Biologische Landbouw, MBL*) has now been followed by a second agreement. Given that 'light users' rarely shop in health food shops, the object is to increase the supply to supermarkets. The idea is that in 2007 5% of food sales should be organic. The purchase of organic products should be a logical trend in the consumption pattern, not only because of the taste, but also because consumers wish to make a concrete contribution to a sustainable society.

Effects

The MBL agreement is an important step towards achieving the concrete 5% objective and is also consistent with the principles of the *Andere Overheid* (Modernising Government) policy. Eleven civil society organisations have expressed their enthusiasm by subscribing to relevant parts of the MBL agreement. A media campaign is part of the approach.

Particular aspects

The business sector is coming forward with product demonstrations and information for consumers. Related sales channels such as catering are also covered. The focus on 'light users' means that all of the large supermarket chains are involved. Long-term upscaling plans envisage reducing the cost of organic products by increasing sales. A pilot research project in the form of a pricing experiment will determine whether reducing the price of organic products will lead consumers to buy more organic products.

Challenges

Careful positioning is important, otherwise 'organic' will simply be seen as a temporary hype. The benefits of organic farming and consumption need to be seen as self-evident rather than as ideal. At the moment a small percentage of export is organic – this needs to be improved. There needs to be greater awareness of the possibilities, particularly in Northern Europe and the US. There is profit to be made in the preparation of composite products that contain organic ingredients.

Compatibility with Ministry policy

In the Netherlands agriculture is under pressure. There is limited space and prices are low. Differentiation based on alternatives serves to strengthen the trading position. Increased sustainability also ties in with LNV/Trade and Industry policy.

Benefits

The price of organic products will come down and organic products will be promoted. This will stimulate consumer demand and increase sales.