

How the organic retailers cope with the economic downturn

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Green marketing



Overall situation across Europe

- Overall slowdown in growth, but no dramatic decline
- Markets hardest hit by economic downturn: UK
- Markets, where the organic shops not doing very well: CZ, HU, Switzerland
- Specialists, not able to compete on price with conventional retail, try new concepts: organic+fair, organic+regional, organic to go, shop and eat, organic+glamour



UK

- UK economy hardest hit by the recession
- Conventional supermarket overreacted and downsized their organic assortment too fast too much
- Direct marketing, best performer before crises, is suffering
- Organic shops doing good despite decline in consumer demand
- New:
 - Natural Kitchen, combining shop with cafe and „food to go“ service
 - Daylesford Organic – organic Glamour, opening new locations, including one in Munich



Germany

- Double digit growth slowed to single digit, but still growth
- Slowdown at discounters – consumers scaling back and going „back to basics“
- Organic shops doing remarkably well
- 58 new organic supermarkets
- Almost 33% shops expect 5+% growth in 2010

New:

- REWE tries „TEMA“ organic shop for masses with services and good advice
- Biofair: organic food from the Bayern region



New developments

The Netherlands:

- DeNaturwinkel finds „bio“ old fashioned and tries new concept: GoodyFood
- Looking for new=younger customers by focusing on taste, sustainability and wellness
- Contemporary design and modern ways of communication
- Concept supported by wholesaler Natudis



New developments

Sweden:

- new organic supermarket opened late 2008 in Stockholm, still doing fine: **Hermans Ekohandel**

Greece:

- Athens region has a dozen organic supermarkets, more coming



New developments

Switzerland:

- conventional retail chains COOP and Migros grew their organic assortments by 5 and 7%
- Sonnentor launched the first “Shop in Shop” within one outlet of the Reformhaus chain “Egli”
- Aldi and Lidl started in Switzerland

with “organic power”
and provided big organic assortments



New developments

Poland:

- Market grew by 20 – 30% in 2009
- Mainly thanks to organic food shops, while conventional retail gives up on OF
- New organic shops open:

Warsaw 3 new shops
over 100 m²

- Smak Natury
- Free Delicatessy



New developments

Croatia:

- Size enlargement of most organic shops
- Supermarkets offer bigger selection of OF
- **bio&bio**, the leading Croatian organic shop chain, made image

re- branding into modern
and urban image,
planning new shop
openings



Organic shows way out of the crises

- Consumers increasingly concerned about their health, the environmental crisis and social justice => seek to make informed purchase decisions.
- LOHAS group: dramatic change in buying behaviour can be expected from a critical trendsetting minority that supports sustainability at point of sale
- Organic sector leads out of the crises:
 - firmly rooted in principles of health, ecology, fairness and care
 - fulfils values consumers seeking more and more: fully traceable and healthy food, grown in environmental-friendly and carbon positive way, and fairly traded



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Source of information:

- Kai Kreutzer, Bio-markt.info
- Toralf Richter, BioPlus
- Sławomir Chłon, Organic Farma Zdrowie
- Karol Przybylak, BioKurier.pl
- Žana Hinek, Biovega.hr

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