



## Introduction

Organic is outgrowing its moniker as a specialty category thanks to a double digit increase in sales last year by consumers nationwide of all political leanings and ethnic backgrounds according to data from the Organic Trade Association (OTA). Organics have moved beyond being a niche market reports CEO of the OTA, Laura Batcha.

Sales of organic food climbed 11% to \$35.9 billion in 2014. While consumers in New England and the Pacific Northwest continue to lead the charge, shoppers in the Mountain and South Atlantic regions were not far behind. Sales penetration is highest in New England at 87% and Pacific Northwest at 86% as expected, but sales penetration in the mountain region is close to 82% and South Atlantic reached 79% last year based on the purchase of organic CPG coded products.

### Sources:

Research for this article was obtained from FOOD navigator-usa.com website. These articles were written by Elizabeth Crawford.

- ◆ Who buys organic and where they buy it is evolving - April 3, 2015
- ◆ Organic food sales grow 11% in 2014 with politically, geographically diverse shoppers - April 20, 2015
- ◆ Rise in organic imports signals opportunity for US farmers, OTA says – April 22, 2014
- ◆ GMOs, limited technology, dwindling farmers threaten organic growth, Sen. Tester says – April 24, 2014

## Growth of the U.S. Organic Market

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Texas, Oklahoma, Mississippi and Louisiana even had penetration of 75%. There has even been strong growth in areas that historically haven't seen the growth. For example the number one market for

organic sales growth in 2014 was Salt Lake City with 34% year-over-year growth, followed by Dallas-Fort Worth which grew 32% and Phoenix-Tucson which increased 31%.

## Who Buys Organic and Where they Buy is Evolving



There is no longer a typical organic consumer. The face of organic buying families now mirrors the demographics of the US population in terms of ethnic background.

Organic shoppers are more ethnically diverse now than previously. For instance 14% of blacks buying on a regular basis in 2014 compared to only 7% in 2009.

Fifteen percent of Hispanic households were buying organic in 2014 compared to only 7% four years ago. The vast majority of families at 73% described themselves as white. This is in line with the US Census population data.

Broader awareness of organics could influence the diversity of shoppers as well. OTA's survey found 47% of US families were "very familiar" with the

USDA organic seal which is up from 27% six years ago. Nearly seven out of ten parents say they are extremely well informed or know quite a bit about organic. Beyond race, increased awareness of organic helped drive a 10 percentage point increase in the percent of families who buy organic to 83% compared to 2009. The increased diversity may also be partly related to increased accessibility and affordability of the products due to a broader distribution. In 2014 Walmart launched its Wild Oats organic brand at 3,800 stores in the US with prices roughly 25% lower than its competitors. Sam's Club also offers more organic products as does Kroger who launched their own line of organic products in 2014. The big box stores and warehouse clubs often offer lower prices than natural grocery and specialty stores which also helped to increase sales in the market. Seventy-eight percent of organic buyers now shop the conventional grocery retail category.

## Growth Despite Supply Crunch

Batcha reports that the growth in organic sales in 2014 is "striking" because it occurred in the face of increasing and "very dramatic" supply shortages. The OTC also stated that currently organic sales account for 4% of total food sales, while acreage devoted to organic agriculture is less than 1% of total US cropland. There is a huge opportunity for rural communities to fill this demand. In particular

organic fruit and vegetables offer potential as they continue to be the largest selling category in 2014 with \$13 billion in sales, a 12% increase from 2013. Organic dairy also offers opportunity with an 11% increase in sales to \$5.46 billion in 2014, the largest increase for that category in six years.

## Addressing Organic Farming Challenges

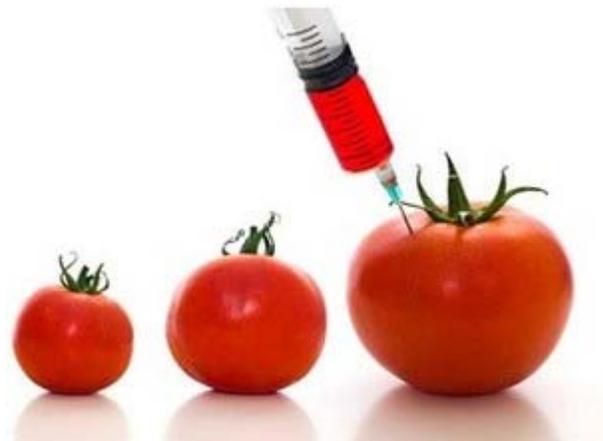
There are several reasons for the insufficient production. Worry about making ends meet while in the three year transition period concerns farmers. There is insufficient data about the organic sector concerning what quantities the market needs and what prices will be have also hindered the growth. The OTA is



advocating an organic check-off campaign and this might help to address some of these concerns. Some of the funds collected would go towards research that could answer questions about market demand and production.

## Threats to Organic Farming

**Cross pollination with GMO crops is the biggest threat to organic farmers.** It would quickly put them out of business. Another challenge holding back the growth of organics is the lack of organic farmers which causes an insufficient supply. A third reason for lack of organic farming are the tools used are not as advance or easy to use as those for conventional farming. Also more research needs to be done to improve organic farming methods and help farmers improve how and when they plant and how to predict demand.



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