

TAPPING THE ORGANIC TREND

How much potential is there in the organic trend, and how can it help your business?

By Bridget White

Even though we have recently seen a “movement” of sorts toward an organic lifestyle, organic gardening is not new — it has been in existence since long before the term “organic” was coined (the term has really only been around for about 40 years). Organic gardening is comprised of the methods farmers have used for centuries to grow healthy plants without chemicals, which are actually relatively new to the market.

While organics were considered on the fringe about 16 years ago, they have become mainstream as more people understand the health benefits. Reports linking a dependence on chemical fertilizers, pesticides, insecticides, food additives and other substances to environmental contaminations and health problems have caused many to turn to organic products. In response to consumer demand, farmers and manufacturers are hustling to fill shelves with a range of organic products you can carry in your garden center to be part of the organic trend.

A Growing Industry

The statistics on the organic industry are impressive and might be the best reason to enter this category. The following data is taken from the Organic Trade Association’s 2006 Manufacturer Survey.

- U.S. organic food sales totaled nearly \$14 billion in 2005, representing 2.5 percent of all retail sales of food.
- Historically, organic retail sales have grown between 20 and 24 percent each year since 1990.
- Studies indicate that at least 39 percent of the U.S. population buys organic products.
- Organic foods’ share of total food sales is up from 1.9 percent in 2003. According to survey results, sales of organic foods are expected to reach nearly \$16 billion by the end of 2006.
- Non-food products, including personal care, flowers, pet food, fiber (linen and clothing), household cleaners and nutritional supplements, grew by 32.5 percent during 2005 to reach \$744 million in sales.

- The fastest-growing non-food categories during 2005 were organic flowers (50 percent), pet food (46 percent) and fiber (44 percent).
- Roughly 38 percent of organic non-food sales, or \$282 million, were personal care products.
- Compared to organic foods, which had a penetration rate of 2.5 percent in 2005, organic non-foods are still emerging as a category and accounted for only 0.22 percent of total sales in their sectors in 2005.

Safeguarding Customers

While the organic industry shows strong growth that would be appealing to any retailer, its unique requirements make it somewhat tricky to manage. The U.S. government is starting to regulate the industry more closely, but many products remain labeled as organic that do not conform to the government’s stringent requirements.

For a product to truly be organic, its inputs, production and processing must all be organic. For example, flower oil is a main ingredient in many personal care products. For the end product to be considered organic, the oil must be organic, which means the flower had to be grown and dried and the oils extracted organically.

Products that comply with the organic guidelines drafted by the Food and Drug Administration can carry the certified organic seal. This is an assurance that the product is truly organic, and it is fairly hard for a product to get. As such, many manufacturers instead promote their products as being partially organic. These claims are

currently not regulated, and while they may be completely true of some products, less reputable manufacturers use this method to surreptitiously tap a lucrative market with substandard products.

The best way to ensure your products are truly organic is to look for the certified organic seal and work with reputable manufacturers. You may be surprised

2005 Organic Non-Foods Category Share

Organic Category	2005 Sales (\$ Million)	Percent Growth In 2005
Supplements	\$238	29%
Personal care	\$282	28%
Household products	\$19	29%
Pet food	\$30	46%
Flowers	\$16	50%
Fiber (linens & clothing)	\$160	44%
Total organic consumer non-food sales	\$744	32.5%

Figure 1. These organic non-food categories are from the Organic Trade Association’s 2006 Manufacturer Survey. Category and growth estimates derived from survey responses, *Nutrition Business Journal’s* organic industry model, SPINS retail data, and other sources.

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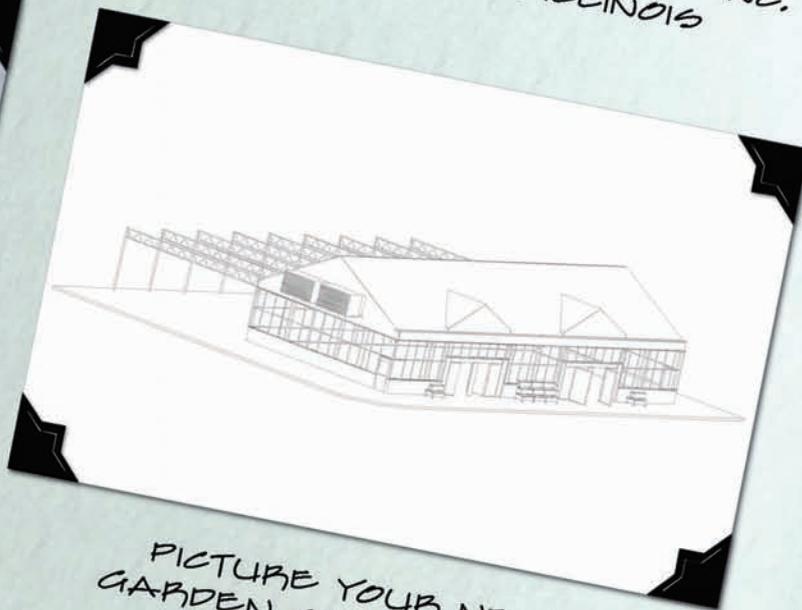
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to learn that many of the companies you have worked with for years now offer organic products. As more mainstream companies enter the organic arena, the number of available organic products continues to rise, as does the number of manufacturers and retail opportunities, so checking up on your suppliers is becoming more crucial and more difficult.

Possible Product Categories

When asked about organic products, most people immediately think of

produce or chemicals such as fertilizers, herbicides or pesticides. Obviously, these are a great place to start when stocking organic products, but there are many other products that support the organic lifestyle. Customers often enter the organic field with an organic pesticide and quickly expand into other product categories; digging a little deeper into these products will really establish your garden center as a premier organic supplier.

Soil. It makes little sense for customers to use organic fertilizers if the soils they are planting into are not organic. Many bagged soils contain chemical fertilizers or other additives that are not organic. Be sure to stock some organic soils near your other organic products with special signs explaining their importance.

Plants and seeds. One of the fastest-growing organic categories, organic plants and seeds can sometimes be hard to find, but the supply is starting to increase. Hard-core organic customers will definitely want organic starter material, especially vegetables.

Containers. This organic category is right on the verge of exploding. Organic containers come in several different styles, everything from paper sleeves to rice-hull composites to chicken feathers. Organic containers can be used for production, so be sure to talk to your grower if you want to go this route, and some new styles are attractive enough to compete with upscale glazed pottery.

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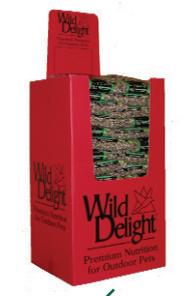
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