



Organic supply
chain patterns,
consumption,
and consumer
expectations

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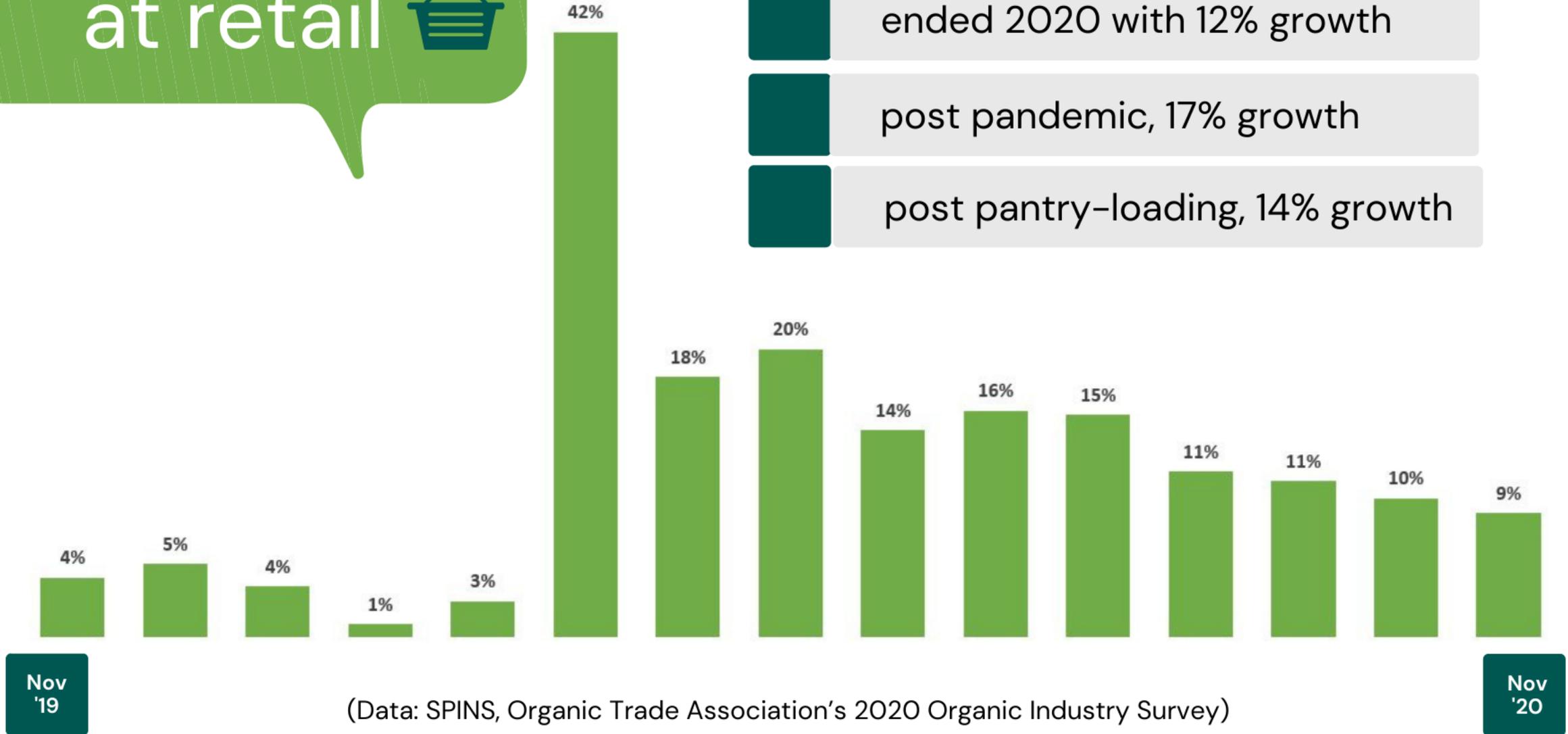


Organic
SINCE 1985
trade association

Organic at retail



- ended 2019 with 5% growth
- ended 2020 with 12% growth
- post pandemic, 17% growth
- post pantry-loading, 14% growth



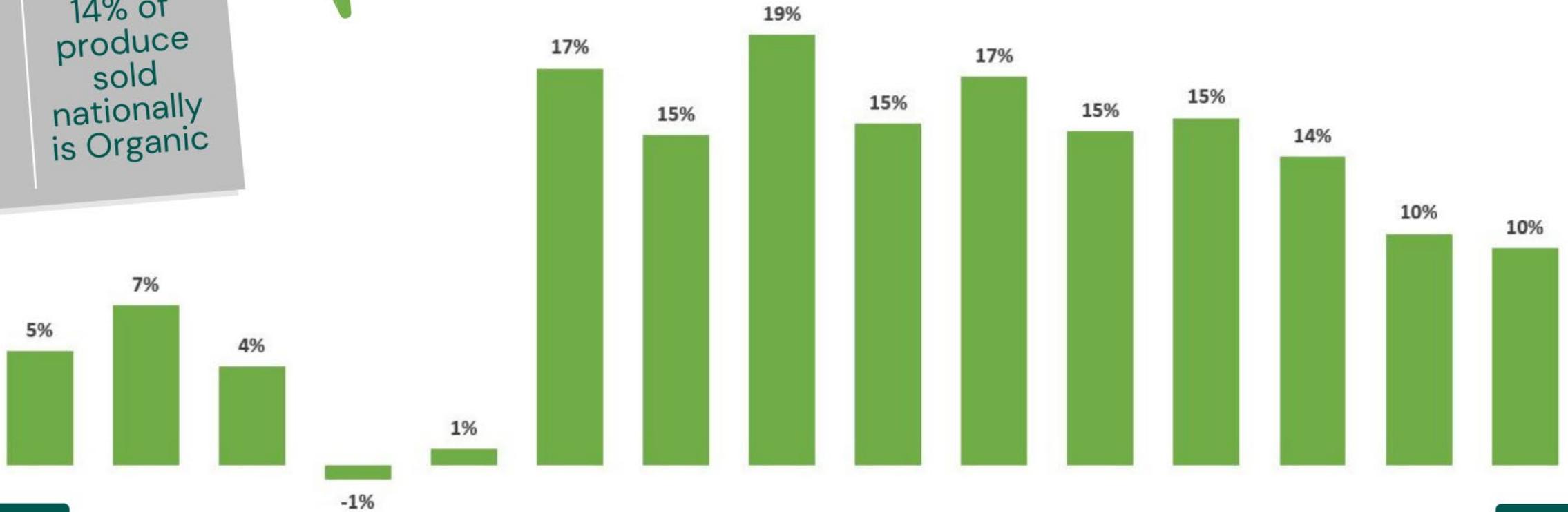
(Data: SPINS, Organic Trade Association's 2020 Organic Industry Survey)

Organic produce



14% of produce sold nationally is Organic

ended 2020 with 11% growth



Nov '19

(Data: SPINS)

Nov '20

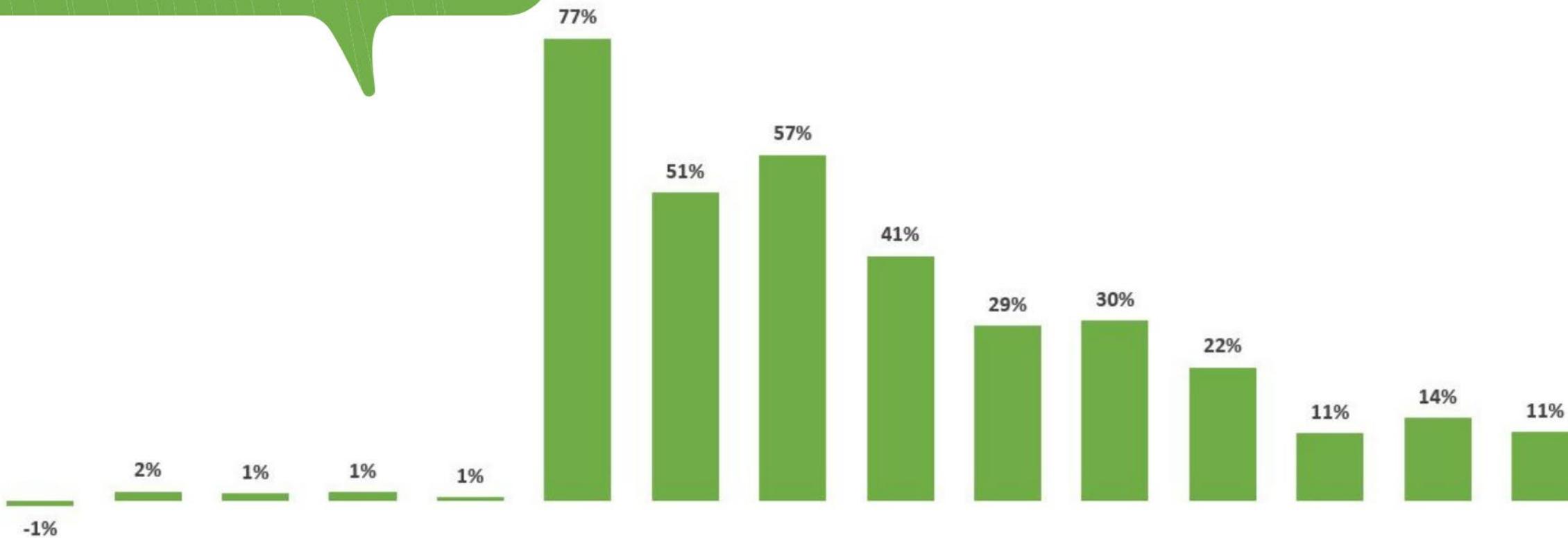
Farmers Markets and CSAs



Some markets differentiate themselves by their focus on local foods. Which shifts have persisted beyond the initial shock of COVID-19 restrictions and supply chain disruptions?

Organic frozen fruit + veg

ended 2020 with 23% growth



Nov '19

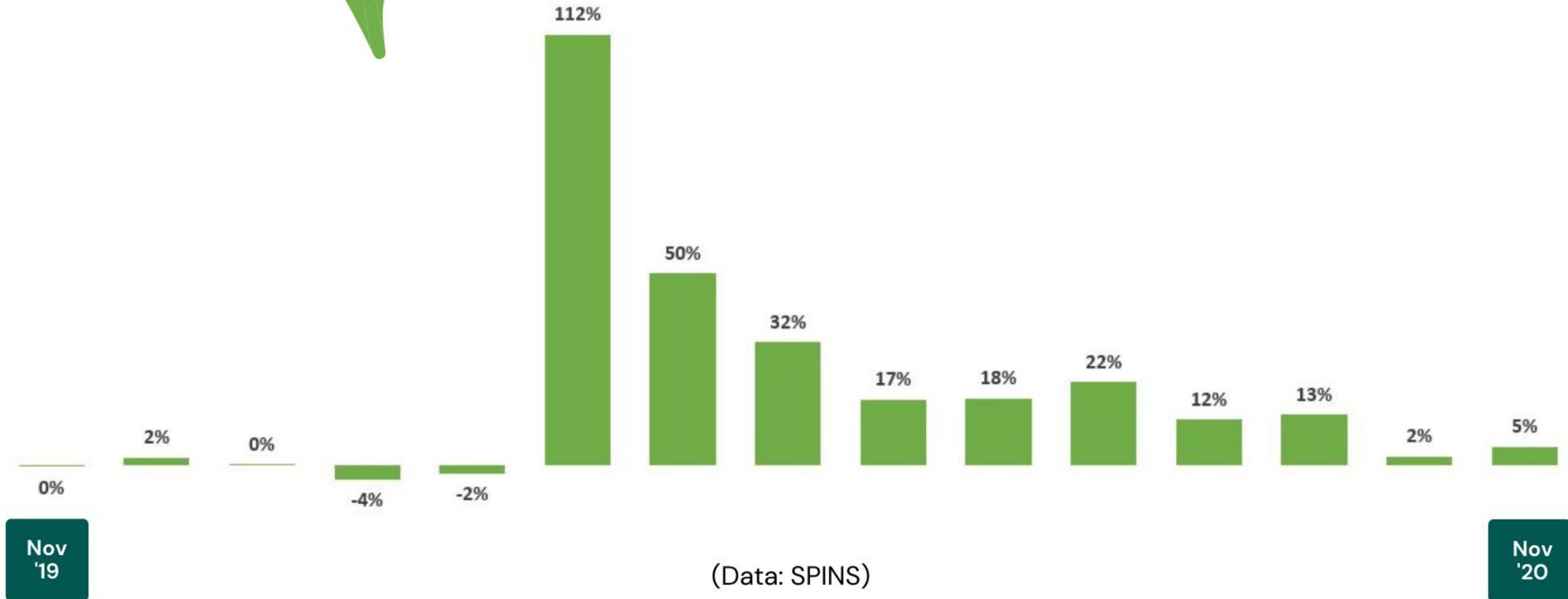
(Data: SPINS)

Nov '20

Organic shelf-stable fruit + veg



ended 2020 with 18% growth



Organic fluid milk



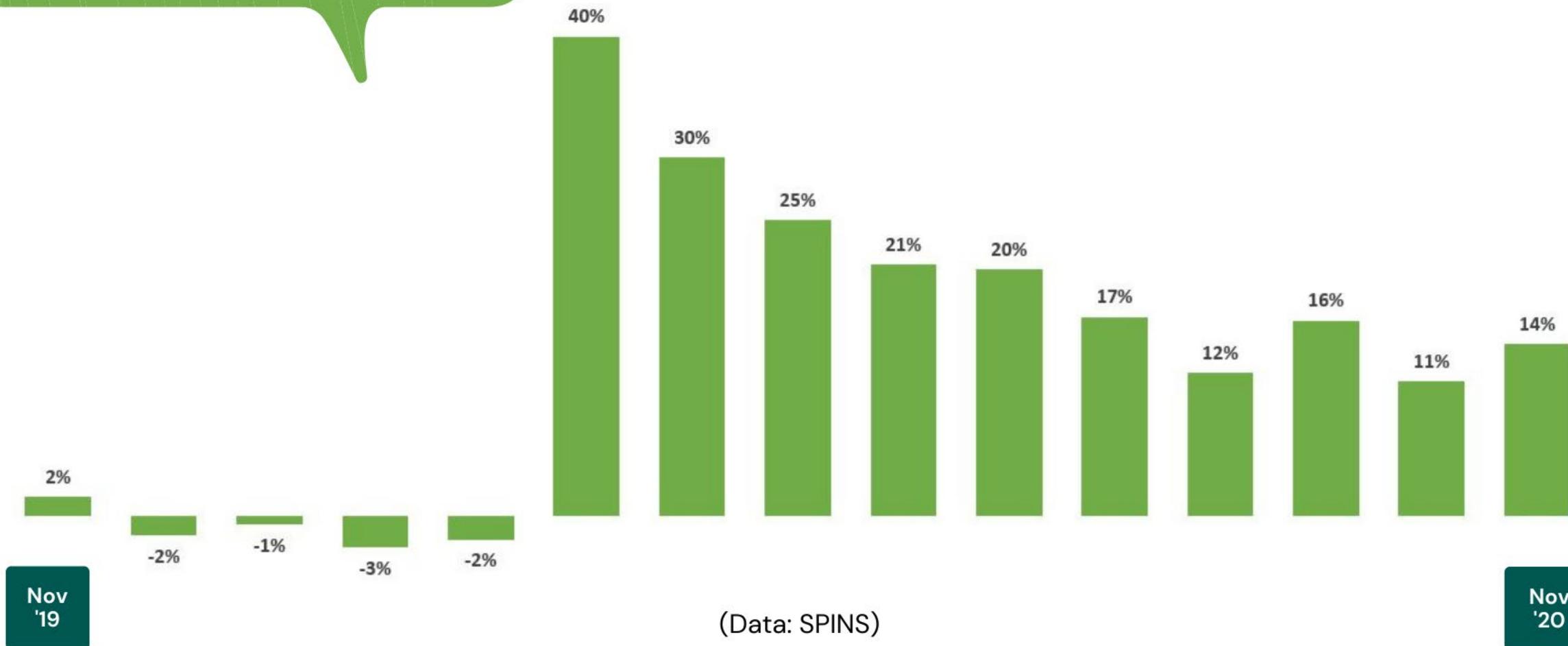
ended 2020 with 8% growth



Organic eggs



ended 2020 with 13% growth



Notable



Organic baking mix

- robust growth of 9% in 2019
- each month in Q2 2020 sales were up more than 80% over the prior year
- sales in 2020 ended up nearly 30% over 2019

Organic canned fruit + veg

- one of the few to end 2019 in the red (-.1%)
- ended 2020 up 18%
- experienced 112% spike in March

Organic butter

- in 2020, early demand ate into the surplus
- ended 2019 with a meager .3% growth
- went from a 12% decline in Feb to a 64% spike in March

You can't just
"make more"



Because of transition, long-term contracts, seasonality, plus the time it takes to plant, grow, harvest, pack/process, and ship a crop, these spikes resulted in full-year challenges throughout the supply chain.

Organic supply chain challenges



Organic businesses face a unique challenge when on-site inspections are not possible (i.e. readying new facilities to meet accelerated demand).

Organic supply chain challenges



Time to market is longer for organic products. Demand spikes can wipe out supply for longer periods of time.

Organic supply chain challenges



Organic commodities were not as heavily impacted by the closure of foodservice outlets. We did not see near the level of dumping that was reported about conventional products.

Supply chain challenges



Smaller and medium sized operations

- Certification cost share changes
- Costs associated with shifting from food service to retail

Organic dairy

- Support to essential workers in food harvest, processing and distribution
- Support to retrofit facilities to protect essential food systems workers

Organic produce

- Accessibility of PPE and COVID testing
- Type of tests available
- Turnaround time on testing

Organic worker safety



Organic sector worked fast to keep staff safe and business operational during an intense period of growth. Infrastructure investments prioritized for COVID safety measures, sanitation supplies, and PPE.

Organic worker safety



Organic protects farmworker (and farming community) health by prohibiting toxic and synthetic chemicals.

Justice, equity, diversity, and inclusion



(Data: 2020 Organic Trade Association JEDI member survey)

Where our members want us to focus

- Regularly include diverse perspectives and topics in panels, webinars, and meetings
- Increase diversity in Association membership
- Address food security and nutrition in under-resourced communities at the policy level
- Increase community involvement in underrepresented areas
- Publicize a specific action plan including measurable benchmarks to determine progress

Shifting consumer expectations



(Data: 2021 Edelman Trust Barometer)

Change in importance since last year

- Improving our healthcare system **+62**
- Addressing poverty in this country **+53**
- Improving our education system **+53**
- Addressing climate change **+51**
- Closing the economic and social divide **+48**
- Addressing discrimination **+42**

Looking forward



Climate Change

- advance climate change policy that enhances organic agriculture's science-backed properties that make it the best option for resilience in uncertain times

Innovation

- support innovation consistent with organic principles for producers, handlers, retailers, and support big ideas to tackle the challenges of tomorrow

Resilience

- continuous improvement and accountability in organic standards to keep up with the marketplace and ensure the credibility of the USDA Organic seal

Organic Market Basket



- Tracks 20 iconic food items across the grocery store
- Examines changes in volumes and pricing
- Allows us to tie consumer trends, supply chain issues to retail results
- Released quarterly

(Data: Organic Trade Association exclusive, powered by SPINS)