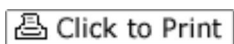




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Organic Foods and HBC Still Not Mainstream: Study

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Even with increasing media coverage and a plethora of new products, consumer products organic food and HBC items have still not gained mainstream acceptance from U.S. shoppers, a recent study by market research firm TABS Group has found.

"There is a significant gap between the hype and reality of consumer purchase behavior with regards to organic products," noted TABS Group president and founder Dr. Kurt Jetta. "Less than 40 percent of adults claim to have purchased anything from the major organic categories in the last six months."

According to the study, organic fresh fruit had the highest purchase incidence, at 27 percent, with organic fresh vegetables a close second, at 26 percent. Organic eggs and milk were bought by 18 percent and 17 percent of American adults, respectively. Frozen organic products such vegetables, fruit, and ice cream had low purchase levels, however, at 5 percent to 6 percent. Organic beauty care products had similarly low mainstream acceptance: Organic skincare had a purchase level of 5 percent, and organic hair care 4 percent, and cosmetics 3 percent.

In contrast, nonorganic products for all of the categories included in the study had household penetration levels of well over 70 percent.

"The findings are consistent with trends we have been tracking in retailer sales data," said Jetta. "Very few of these products have meaningful sales levels in traditional mass market retailers, even the ones that are very strong in the natural food and specialty channels."

Jetta added that while a few retailers have been successful with organic products, the majority of those that have invested heavily in this trend would see a poor return on that investment. "Most of the sales growth in these channels has been driven by increased selection of organic products rather than any inherent growth in consumer appeal," he said.

When asked by Progressive Grocer what advice he had for retailers interested in growing mainstream acceptance of organics at their stores, Jetta replied: "Get organic merchandised within the mainstream products rather than sequester it with other organic products. It should also receive mainstream-type promotional support through their frequent shopper programs and their circulars."

The organic product study was conducted Nov. 12 to Nov. 15, 2008 among 1,000 representative respondents age 18 and above in the TNS panel.

Based in Shelton, Conn., TABS Group has developed particular expertise in the nutritionals industry.