

The following highlights some of the major findings in *The Organic Trade Association's 2010 Organic Industry Survey*. The complete report is available for purchase by going online (<http://www.ota.com/bookstore/14.html>) or by contacting ssexton@ota.com.

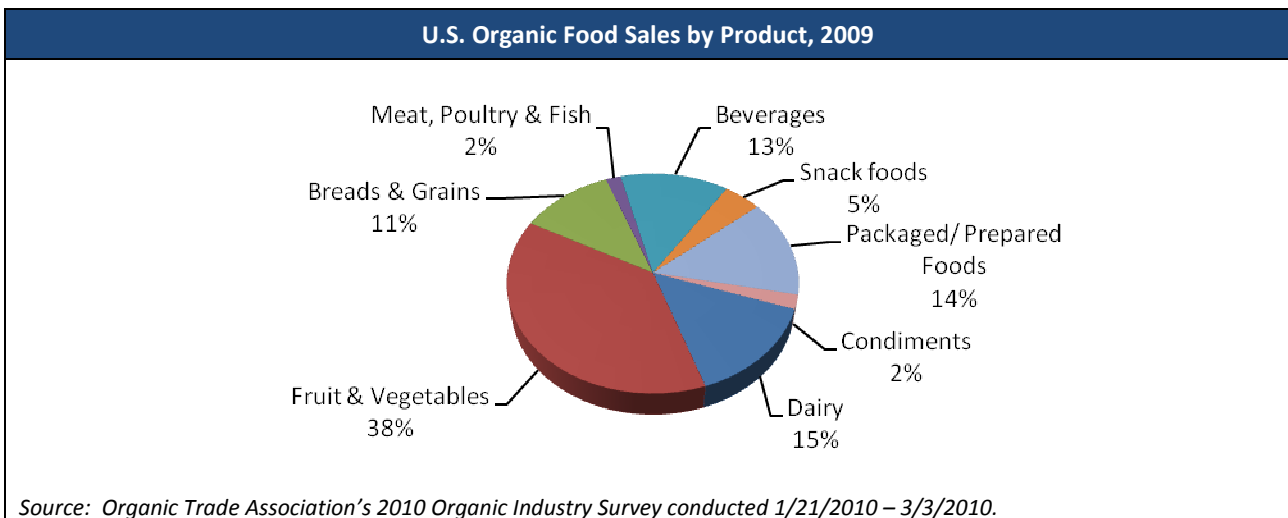
U.S. Organic Industry Overview

Despite the economic recession that gripped the United States in 2009, the organic market continued to experience growth. In 2009, total U.S. organic consumer product sales grew 5.3% to reach \$26.6 billion.

Organic sales growth continued to outpace total sales of comparable conventional food and non-food items by a significant margin. While organic food sales were up 5.1% in 2009, total food sales were up by only 1.6%. Organic non-food sales experienced 9.1% growth, while total comparable non-food item sales actually declined by 1%.

U.S. Organic Food vs. Total Food Sales, Growth and Penetration, 2000-2009										
Category	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Organic Food	6,100	7,360	8,635	10,381	12,002	14,223	17,221	20,410	23,607	24,803
Growth	21.0%	20.7%	17.3%	20.2%	15.6%	18.5%	21.1%	18.5%	15.7%	5.1%
Total Food	498,380	521,830	530,612	535,406	544,141	566,791	598,136	628,219	659,012	669,556
Growth	5.0%	4.7%	1.7%	0.9%	1.6%	4.2%	5.5%	5.0%	4.9%	1.6%
Organic as % Total	1.2%	1.4%	1.6%	1.9%	2.2%	2.5%	2.9%	3.2%	3.6%	3.7%

Source: Organic Trade Association's 2010 Organic Industry Survey conducted 1/21/2010 – 3/3/2010.



The \$9.5 billion organic fruits & vegetables category, commanding 38% of the total organic food market, continued to be the major breadwinner for the industry. The category experienced the highest growth for any organic food category in 2009 with 11% growth, making it the only

segment not recording diminished growth from 2008. Organic dairy and packaged & prepared foods were the big disappointments of 2009, both shrinking about 1%. With factors such as price drops for conventional milk, consumers trying to save money were put off by the wide price gaps of conventional vs. organic in categories such as dairy and meat.

The mass market channel commanded the lion's share of organic food sales in 2009 with more than half (54%) of organic food passing through mainstream grocers, club stores and retailers. Natural retailers were the runners-up with 38% of total organic food sales, conceding some sales to mass market because many consumers assume—although not necessarily correctly—that organic products are cheaper in mass market. The farmers' market/co-op/CSA channel, although small, generates a lot of buzz as consumers increasingly look for local and regional organic foods. Among other factors, wider distribution of organic products in various channels, as well as the growth of private label in the retail channels have contributed to shifts in the allotment of sales among the various channels. When reported in the 2006 OTA report (2005 sales), the natural grocery chains and regional natural and health food stores accounted for 47% of all sales, nearly 10% higher share than in 2009.

Growing by 9.1% in 2009, the organic non-food category continues to outpace the growth of total non-food sales. The organic non-food market added \$151 million in new sales dollars in 2009 to reach total sales of \$1.8 billion.

U.S. Organic Non-Food vs. Total Non-Food Sales, Growth and Penetration, 2003-2009							
Category	2003	2004	2005	2006	2007	2008	2009
Organic Non-Food	439	562	745	938	1,182	1,649	1,800
Growth	20.3%	28.0%	32.6%	25.9%	26.0%	39.5%	9.1%
Total Non-Food	298,200	317,600	331,300	343,800	356,200	369,700	364,300
Growth		6%	4%	4%	4%	4%	-1%
Organic as % Total	0.1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.5%

Source: Organic Trade Association's 2010 Organic Industry Survey conducted 1/21/2010 – 3/3/2010.

Organic supplements edged out personal care as the largest organic non-food category in 2007 after a year of profound growth, and the category continues to hold the top spot with \$634 million in U.S. consumer sales in 2009. Organic fiber, which includes linens, clothing, mattresses and other textiles, shoved personal care from the #2 spot in 2008 and could soon threaten the supplement category for top billing, having handily crossed the \$500 million threshold in 2009 and made significant inroads into the mainstream textiles market. The small, emerging categories of organic pet food, household cleaners and flowers have seen sizable sales increases over the last eight years, but are growing from a small base and still only account for 10% of non-food organic sales.

Source: *The Organic Trade Association's 2010 Organic Industry Survey*