

## Organic Food

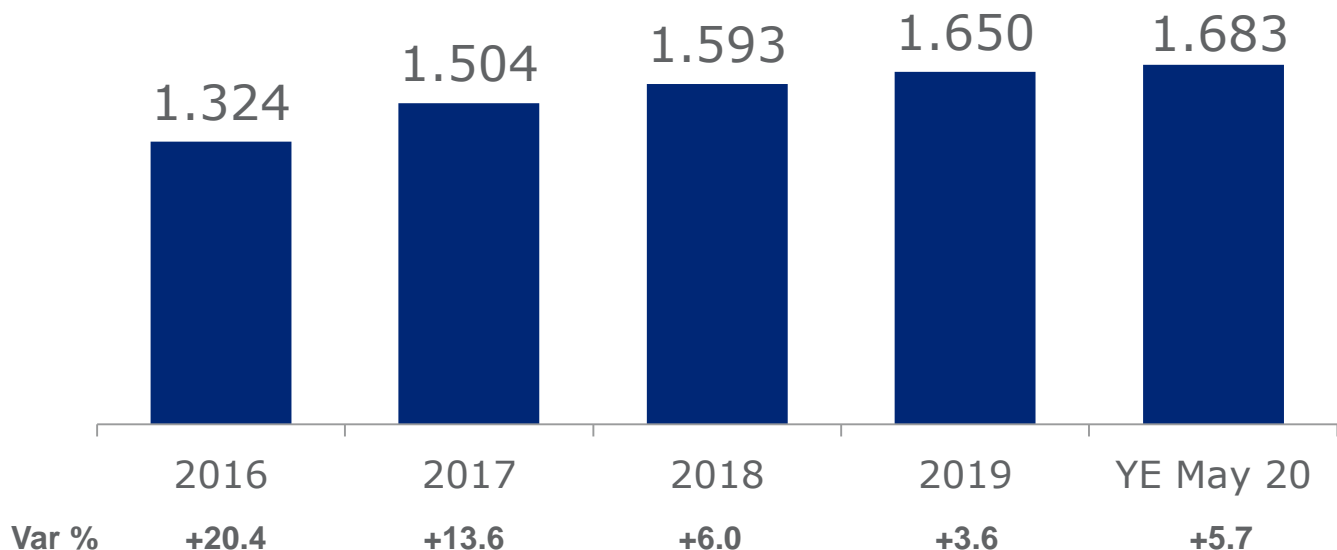
The Organic Food macro segment continues to grow

Starting from January 2020 there has been an increase in FMCG performance, with exceptionally positive results in the Hypermarket + Supermarket + Self-service Convenience Store + Hard Discount Store + Specialized Home and Personal Care Store channels. The YTD data updated to May 2020 shows an increase of +10% in value and +7.8% in volume trends. The rapid slow-down of promotional pressure (-4.3 %) and the rise in inflation (+2.2%) compete the picture of this period.

Of course, the months most heavily affected by Covid-19 had a decisive influence, strongly impacting consumption. In fact, from March, there has been a high strain on demand that, even with some relief, still continues today with inflation continuously on the rise (+3% in May 2020); at the same time purchase frequency has decreased, while shopping baskets have increased in size.

Within the scenario described above, the Organic segment continues to grow. In fact, in 2020, the Organic segment (Food & Beverage), which has a value of almost 1.7 billion Euro - with a weight of 3.5% on the equivalent segment in Retail Channels (Total Hypermarkets + Supermarkets + Self-service small shops - Year Ending May 2020) - is recording an increase in value of +5.7% and in volume of +8.3%. Organic products are also feeling the effect that the Covid-19 epidemic has on consumption in general, especially in February and March 2020.

### The Organic market: sales revenue in recent years



Source: IRI Infoscans Census – Total Italy Hypermarkets + Supermarkets + Self-service small shops. Sales in Value in millions of Euro and percentage variation on previous year.

In fact, if we analyse 2020 year-to-date data trends, from January to May, we see an even more positive increase in results: 7.9% in value and 11.7% in volumes.

All segments have shown significant growth trends; a few examples of this are: Frozen segment reached peaks of 18.8% in value on YTD 2020, while Fruit and Vegetables has seen an increase of 10.3%. Prices in general are higher than the average of FMCG markets, especially if we consider the Food, Beverages, Fruit and Vegetable segments.

Organic products: higher average prices than Fast-Moving Consumer Goods markets

## The Organic market: average prices by segment

	Organic Sales Revenue	Trend	Average price in Organic Volume	Average price in FMCG Volume	Price Index
<b>Organic Total</b>	<b>729.4 million €</b>	<b>7.9%</b>	<b>2.59</b>	<b>2.12</b>	<b>122</b>
Food Grocery	412.2 million €	7.2%	5.48	3.54	155
Fresh Products	170.8 million €	8.7%	1.02	2.47	41
Fruit & Vegetables	96.8 million €	10.3%	3.58	2.76	130
Beverages	34.1 million €	2.8%	3.62	0.77	473
Chilled	15.5 million €	18.8%	5.45	5.89	93

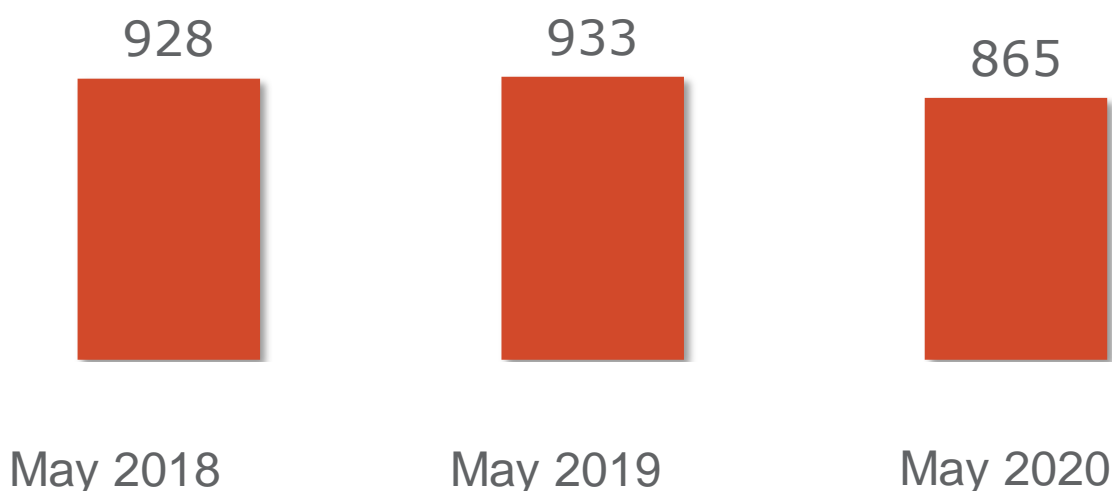
Source: IRI Infoscan Census – Total Italy Hypermarkets + Supermarkets + Self-service small shops. Year-to-date updated to May 2020

Products carrying organic certification have been playing an increasingly important role for a few years now in the Retail stores assortments, both in terms of number of references and in terms of high profile of individual products.

However, starting from 2020, there has been a rationalisation of assortments, with a progressive reduction in the average number of references on the shelves, across all segments of FMCG markets. This reduction in the number of references also affected the Organic world, that has been reduced by 68 references in one year.

**2020:  
reference  
numbers  
falling  
compared to  
previous  
years**

### The average number of references per shop



Source: IRI Infoscan Census – Total Italy Hypermarkets + Supermarkets + Self-service Convenience Stores.

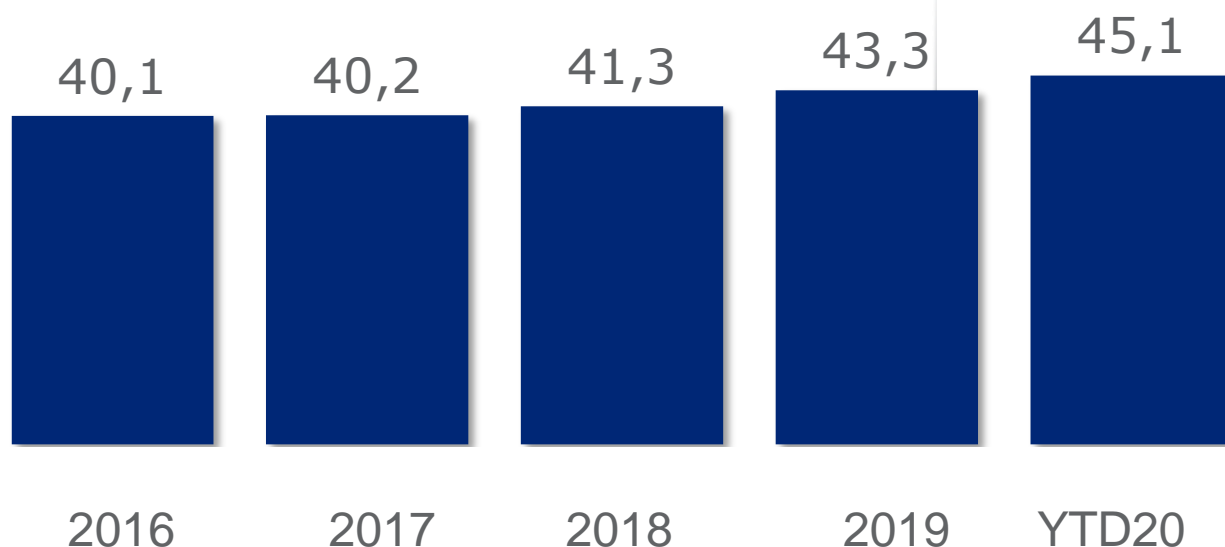
In this context, Private Labels continue to increase their weight in the FMCG world in general, even if the gap with National Brands has been reduced in value.

In the Food & Beverage (year-to-date updated to May 2020) Private Labels have a value of 21% (+1.3% compared to 2019).

It is interesting to note, on the other hand, how in the Organic segment, like in other segments, the Private Labels have a much higher share in value: it is increasing year on year, in fact, starting from a value share of approximately 40% in 2016 and reaching over 45% in 2020. And is continuously rising.

**Private Labels  
increase their  
weight year on  
year**

## Market shares in value for Private Labels



Source: IRI Infoscan Census – Total Italy Hypermarkets + Supermarkets + Self-service small shops

This situation fits perfectly into the retailers' logic of offering a more varied and thorough range of their own brand assortment to increasingly demanding, careful consumers. Therefore, Private Labels have become real competitors to National Brands on the shelves, with ever-more varied, dynamic offers and assortments that are focused on consumers' changes in tastes.

**Private Labels:**  
increasingly varied and thorough offer of their own brand

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