

Organic market development in Coop Danmark

The value of turning your customers into organic consumers

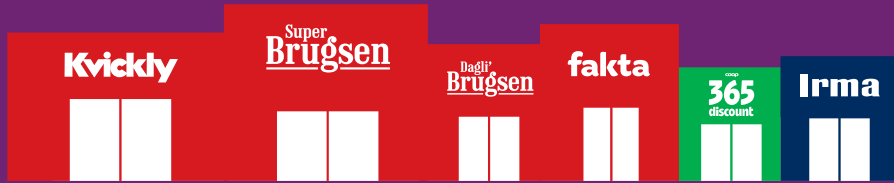
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Coop Danmark in numbers

1000 cooperatively owned stores in 6 chains – (soon 3 chains...)



Strategic goal for market growth of organic products (+60% from 2018 to 2025)

30% of the food sold in the national retail sector - and 35% of the organic food sold



43 years of experience in selling organic food



Total turnover **6 Bn €**



Early organic history paved the way for success

- 1980/81: Basic vegetables
- 1984: Introduction of our own green organic label
- 1986: Organic milk (a winner in families with children)
- 1990: National organic label introduced
- 1993: Lowering price gap to conventional products and nation-wide availability
- 1993: Close partnerships with food producers (These dairy, fruit & veg. growers)
- 1998: Shop bakeries converted to organic products – but only for a few years...
- 2001-04: Market stagnation. Lack of product development and no competition

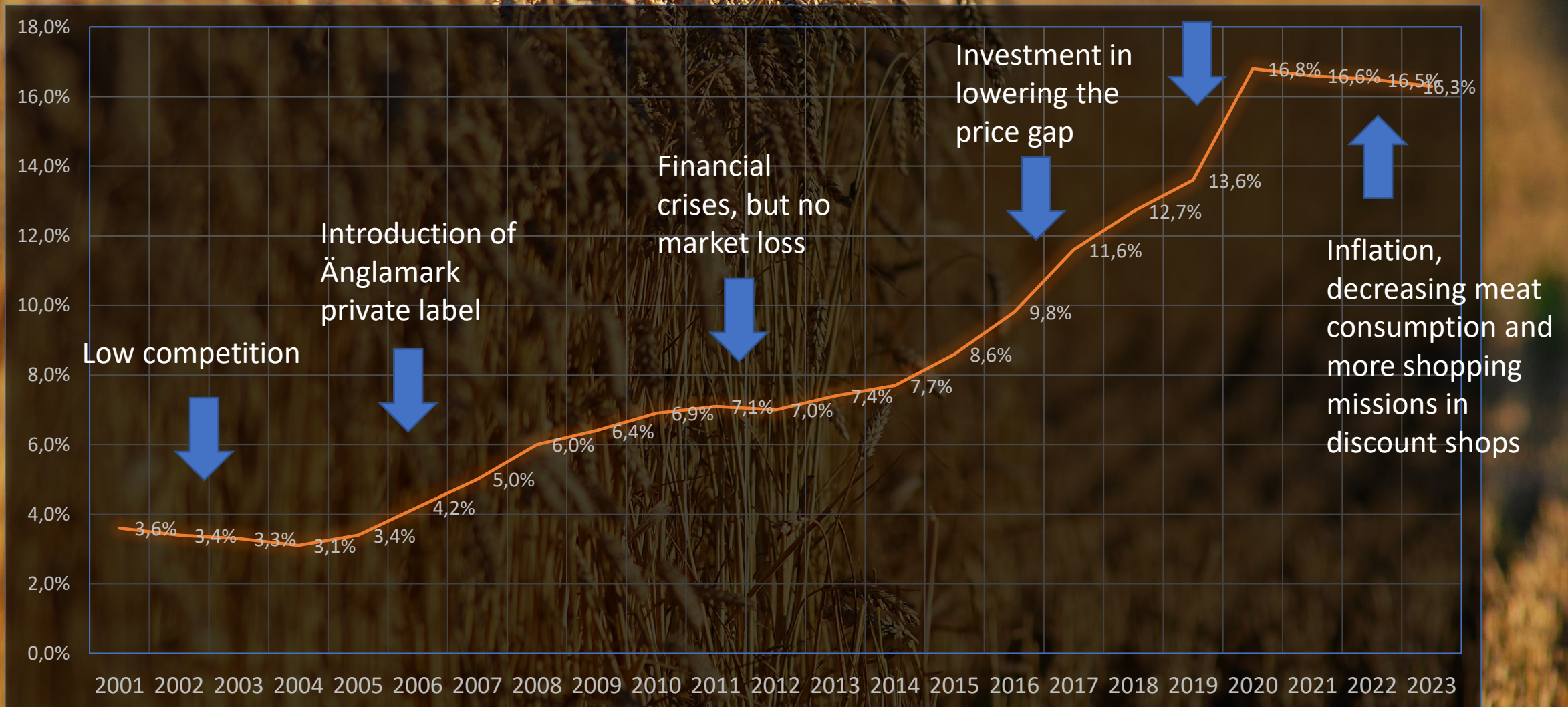
Learnings from the early years:

- National state-controlled organic label helped building consumer trust
- Organic food is "caring food" – for families with small children who deserves the best!
- Close cooperation with producers/growers are of mutual benefit
- Competition between retailers – and organic products in *all* shops – helped the growth



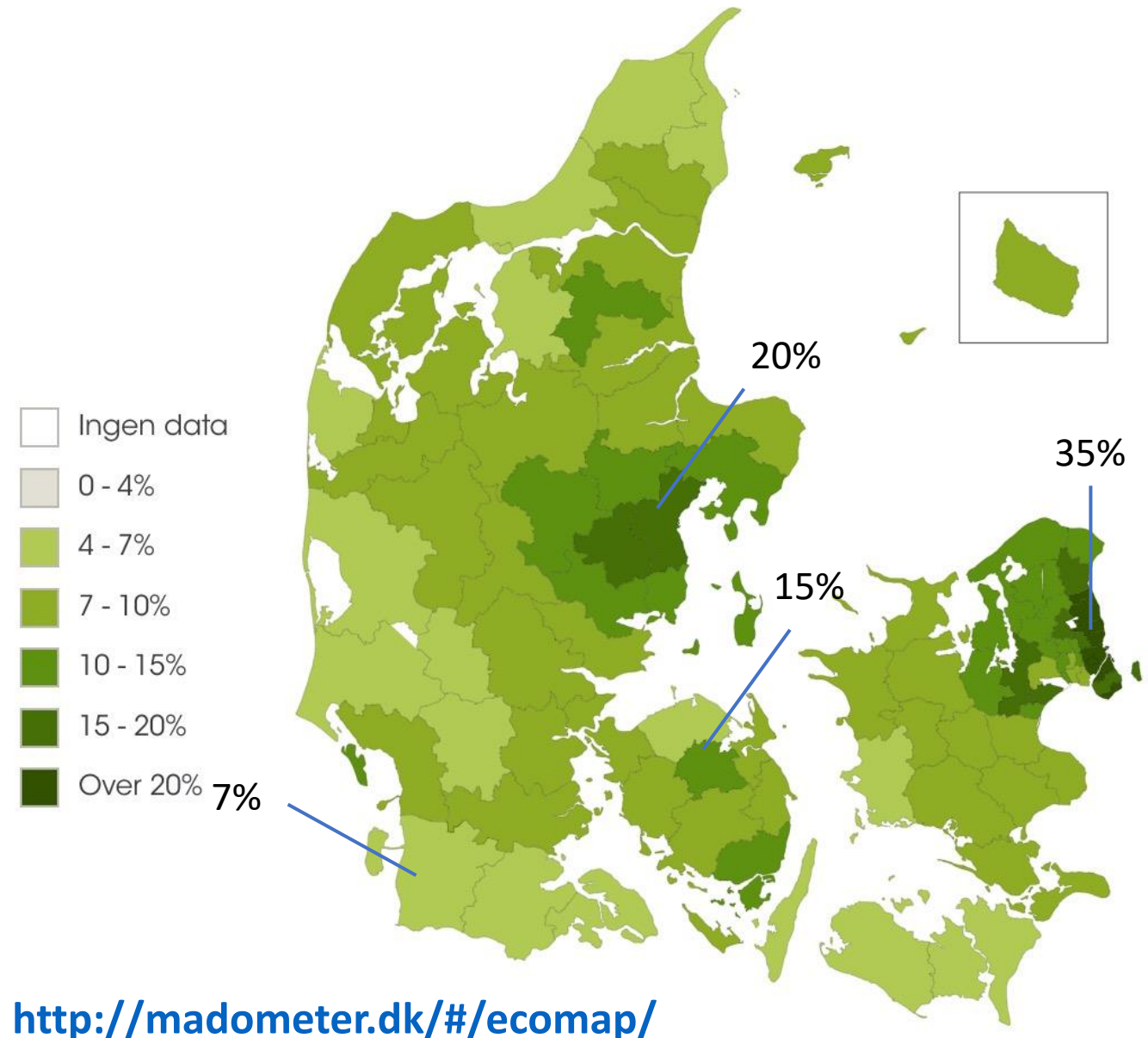
Coop DK organic sales (percentage of total food turnover)

100% organic bananas



Organic consumption "spreads" from larger cities

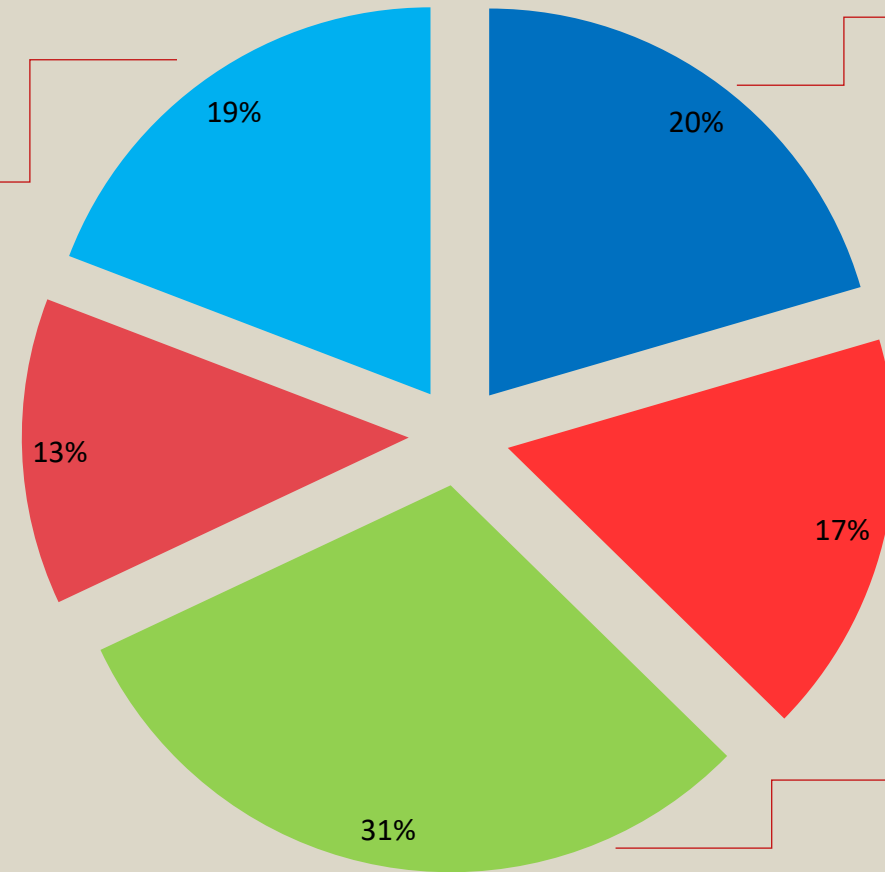
- 85% would choose organic if prices were the same
- In cities demand and thus assortment of organic products are larger
- Especially well-educated (and well-paid) consumers and students prefer organic products
- 75% of our customers buy organic products at least once a month
- Now: Growth rate is decreasing, and consumers look towards discount offers
- We see new market growth in 2024



Consumers differ – but organic products can be sold to all

The complacent: uninterested in food, will often choose cheapest possible option
5% organic products in their basket – they just don't know!

Traditionalists: Simple, Danish, cheap (bargain hunters)
6% organic basket – basic products



Idealists: Clean, sustainable, simple products
31% organic basket. High preference for organic products

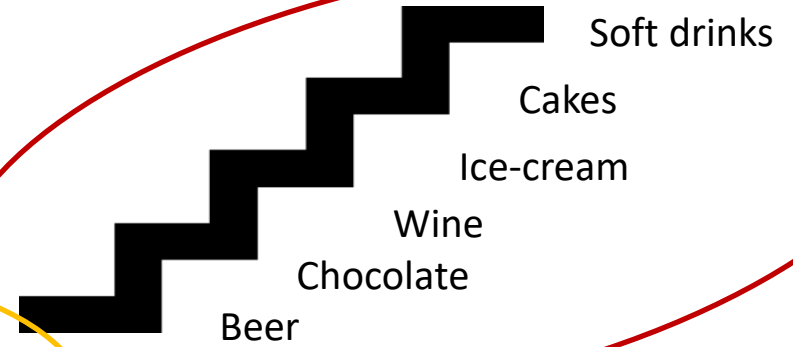
Food lovers: Taste, origin, quality
14% organic basket with a higher potential if quality and taste follows

Functionalists: Easy and fast
10% organic basket. Potential in processed food, convenience and new products

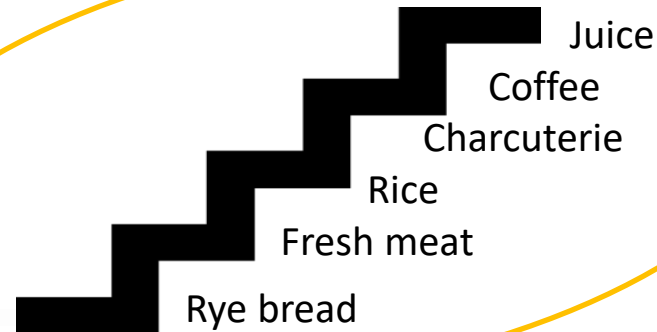
Segments and market shares based on pre-Covid sales figures

The organic staircase

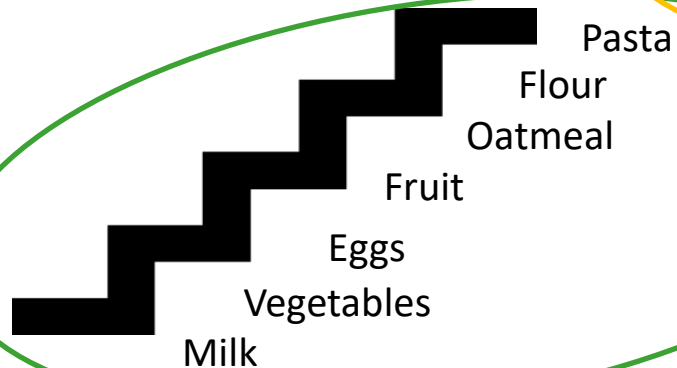
Explanation: If a consumer buys *one* organic product, statistically it is milk. If two products it would be milk and basic vegetables, etc.



= Indulgence. Organics should guarantee a better taste



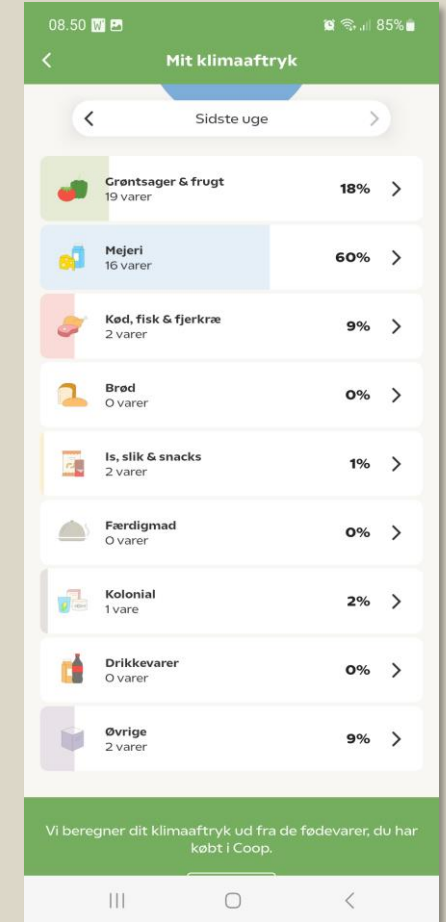
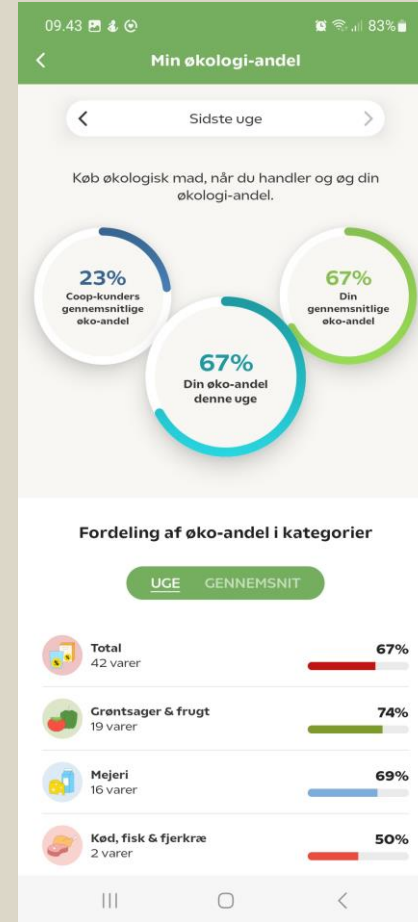
= Price sensitive every-day products. Choices are made in the shops



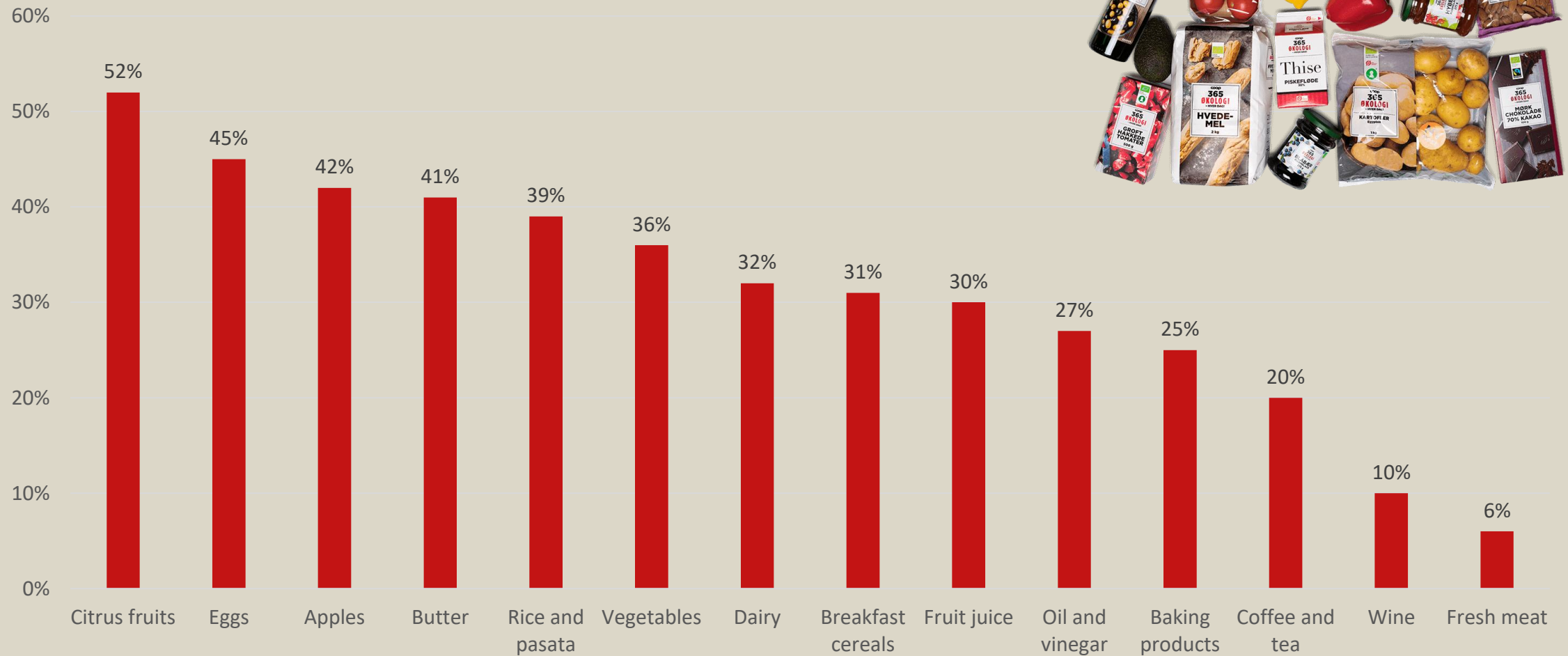
= Basic food. Attractive prices appeal to many customers and attract customers to the shop

- Ten times stronger upward movement, than downward

Nudge and give back data – new feature in our app



Organic share in selected categories



Develop the organic standards in accordance with consumer expectations

Organic production already addresses important consumer concerns:

- Use of pesticides (residues, drinking water pollution)
- Excess use of antibiotics
- Animal welfare
- Transparent, controlled, and trustworthy production

➔ Future development must include stronger answers to:

- Climate change
- Loss of biodiversity
- Reviving rural landscapes and communities



Continued focus on market development

Our market success is a result of deliberate choices:

- The organic customers are very attractive. Fight for them!
- Keep telling customers about the organic advantages (no pesticide residues, better animal welfare, protection of biodiversity and drinking water)
- Form strong partnerships based on mutual commitment between producers and retailers
- Choose for your customers (remove non-organic products with low revenues and use organics as "entry level criteria" in relevant categories)
- Set and communicate goals for the market development to unleash the creativity of your suppliers
- Secure fair prices (i.e. profit margins equivalent to conventional products)
- Help customers with clear navigation on the shelf



To sum up

- Many products claim sustainability, but organic products deliver on several agendas simultaneously – acknowledge that publicly
- Embrace organic products, producers and customers in the “conventional” retail chains - also in discount supermarkets
- Organic products help increase the overall value of your categories
- Make space for organic products in a wide range of qualities and price points
- Develop private label organic brands as a lever for growth
- Offer organic processed food
- Don't hesitate even if growth does not appear at first



The future is (ever more) organic

Thank you for your attention

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coop