Big Changes for the Netherlands' Organic Industry

By Wendalin Kolkman

Concerns over a series of food scares are prompting Dutch consumers to turn to organic foods. Their concern translated into estimated sales of $293 million for 2001. Part of that total, the turnover of organic foods at natural food stores, is estimated at $147 million.

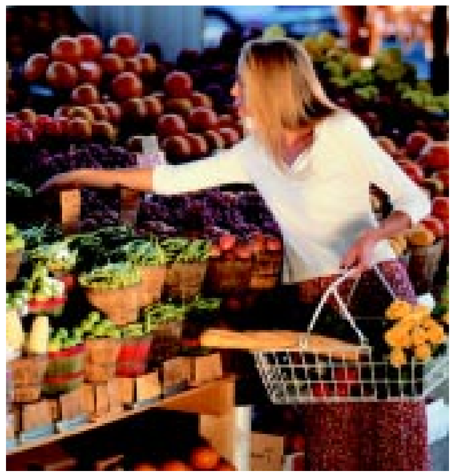
But this industry is still on the rise. At the moment, there are about 200 natural food stores in the Netherlands, but only 25 can boast a floor space of more than 200 square meters. Within the next 10 years, however, organic food stores are expected to grow from small shops to stores with floor space of 500 to 1,000 square meters.

Opportunities for U.S. Organics

What are the best organic options for U.S. exporters? Dried fruits and tree nuts are popular, as the story on the next page demonstrates. In fact, the Netherlands has the highest per capita consumption of tree nuts in the European Union (EU).

Other products in demand and therefore of interest to U.S. exporters are vegetable oils and fats, dried beans, rice, wine, breakfast cereals and honey. As the demand for manufactured organic food products increases, the opportunities will expand.

Current demand for organic fresh produce among the Dutch far outstrips that for processed organic food items. Unfortunately for U.S. exporters, a significant proportion of these fresh products comes from other EU members, with their geographic and trade advantages, rather than from countries outside the union.



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MORE CONSUMERS ARE CHOOSING ORGANICS–CHANGING THE WHOLE INDUSTRY.

The Netherlands' Organic Renaissance

The Dutch organic food industry is getting stronger through restructuring and consolidation, and these changes could benefit U.S. exporters.

For example, the Laurus Group of supermarkets has announced a project to increase the number and type of organic products in its stores. Laurus plans to introduce a private label to rival supermarket competitor Albert Heijn, a chain that has also announced an aggressive organic promotional campaign.

Supermarket chain Konmar, owned by Laurus, has been widely regarded as the pioneer in organic food retailing; it first started stocking organics in 1991. But so far its share of the Dutch market has been limited due to a small number of outlets.

Boutiques vs. Supermarkets

Other industry players are benefitting from consolidation as well. The result should be a wider variety of products within the natural food store sector, since these new, larger chains will have more purchasing power.

The natural food store chain Natuurwinkel has swallowed rivals Groenewinkel and Gimsel. As a result, over 100 natural food stores are being refurbished and standardized in the Natuurwinkel image. Natural food stores were the principal outlet for organic foods before the entry of Albert Heijn.

While Natuurwinkel saw a big boost in its number of stores during 2000, supermarkets already accounted for 45 percent of total organic food sales, and their market share is still climbing.

Like bakers and butchers, natural food shops will increasingly be hit by the trend of one-stop shopping that draws customers to large retailers.

Supermarket sales of organic foods are expected to reach $132 million in 2001. By 2010, organic foods will account for 2.4 percent of supermarket sales, up from 0.6 percent in 2001. Supermarkets that actively promote organic products could boost that share to 5 percent. ■

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