

## Natural, organic market set to soar

**5/24/2006- Natural and organic food and beverages have become the “hottest area” in the food industry, and show no sign of slowing, according to a new report.**

Published by market researcher Packaged Facts, the report reveals that sales in this category are expected to exceed \$46bn by 2010, an increase of around 63 percent.

*“Organics have clearly become a way of life for millions of health-conscious Americans, and the success of the big 3—Whole Foods, Wild Oats, and Trader Joe’s—has finally awakened mainstream American retail to the viability of this market,”* said the group’s Don Montuori.

*“This research delves into the inner-sanctum of the industry showing why it has become—and will continue to be—the hottest area in food retailing,”* he added.

According to the report, the natural and organic category- currently valued at \$28bn- will continue to grow partly because of leading retailer Wal-Mart’s decision to increase its organic offerings. The rapid growth in all major supermarkets’ private label organic offerings, and highly anticipated expansion of the widely successful supermarket ‘lifestyle’ stores also assure the market’s growth.

*“In most cases, the growth of leading natural/organic brands continues to greatly outpace that of their respective categories, while organic products themselves are outselling ‘natural’ ones because they are newer to mass channels and carry more clout with consumers because they are government-regulated,”* said Packaged Facts.

Indeed, the lack of a formal definition of the term ‘natural’ continues to result in consumer confusion. In February this year, the Food and Drug Administration (FDA) was petitioned to establish a clear definition of the term in order to avoid misleading claims.

Filed by the nation’s Sugar Association, the petition requests that products can only carry a ‘natural’ claim if they contain no artificial or synthetic ingredients, and if they are minimally processed.

The new report, which focuses primarily on organics, adds to the growing evidence that the natural and organic categories are here to stay.

But while the natural and organic market presents continued strong growth potential, pricing pressure is also likely to increase as more private label offerings are brought to market.