OPPORTUNITIES ON THE PLANT-BASED ORGANIC MARKET

– SWEDEN AND POLAND

ORGANIC DENMARK

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INTRO

The plant-based food agenda is gaining ground all over the world, but there is still very little focus on organic food products. This needs to be addressed, because organics and the green agenda are inextricably linked. Plant-based products are often seen as a direct competitor to organic food products; as part of the green transition, a more plant-rich diet is advocated, and this challenges organics in terms of both shelf space and marketing efforts in general.

It is one thing to succeed in markets where organic products are already popular, like Denmark or Sweden, but it is quite another to make the connection on so-called immature organic markets which have only just started taking an interest in the organic agenda. Either way, both scenarios offer lots of opportunities for Danish producers, and can help to boost Danish exports of plant-based foods. To create a better foundation for a new export adventure, Organic Denmark has collected market data on sales of plant-based foods in Sweden and Poland, the main points of which are shared in this white paper. The report is intended to provide an overview of the two markets for organic plant-based products, and thus clarify any export opportunities/threats for Danish companies.

With organic foods accounting for 8.9% and 0.6% of the retail food markets in Sweden and Poland, respectively, in 2022, the two countries represent two very different export markets for any organic producers wanting to start exporting. On the Swedish market, players have been working actively with organic products for two decades, so that organic sales now total almost DKK 21 billion, with Swedish consumers spending an average of DKK 1,995 a year on organic products. However, the Swedish market has lost momentum, and the growth in sales of organic products has stagnated. In Poland, on the other hand, sales of organic products are just taking off (Polish consumers spend an average of DKK 60 a year on organic products), and organic products are increasingly being introduced via various sales channels, with Polish retail sales of organic products growing by an average of more than 10% a year (FiBL report, 2023). This, of course, has a bearing on the opportunities open to exporters.

What Sweden and Poland have in common, however, is that organic plant-based foods account for a small proportion of sales – with only 6.4% and 4.6%, respectively, of the plant-based segment being organic (Ecovia Intelligence, 2023).

Therefore, there is considerable potential for more organic plant-based products on the two markets.

NOTE! In this report, plant-based foods are defined as the alternatives which exist to meat and dairy products that do not contain any animal ingredients. I.e. the definition only covers products which are marketed as plant-based or vegan. Therefore, in this report, plant-based foods are categorised as follows:

- *Milk alternatives: plant-based drinks used instead of milk*
- *Dairy alternatives: plant-based yoghurt, cheese, cream, butter etc.*
- *Meat alternatives: plant-based alternatives to meat (including fresh and processed products)*
- *Desserts: plant-based ice cream, puddings etc.*

SWEDEN FACTS

Population (2023):
10.5 million

GDP per capita: (2021):
USD 59,238 PPP

7.4% of Sweden's land area **is agricultural land**

Organic food sales grew by an average of **9%** a year in the 2004-2021 period

Sweden is one of the countries in the world with the **highest consumption of organic products.**

POLAND FACTS

Population (2023):
37.7 million

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6% of Poland's land area is agricultural land

Organic food sales account for **0.6% of total food sales,** but are growing by approx. 10% a year

Poland is one of the countries in Europe with the **lowest consumption of organic products.**

CONSIDERABLE POTENTIAL FOR ORGANIC, PLANT-BASED PRODUCTS IN SWEDEN

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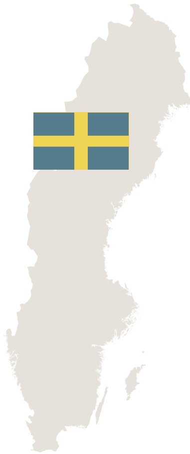


CONSIDERABLE POTENTIAL FOR ORGANIC, PLANT-BASED PRODUCTS IN SWEDEN

The market for food products that are both plant-based and organic in Sweden is growing. Even though the country is impacted by the same inflationary pressures as the rest of Europe, the potential for growing a relatively new product area is already looking favourable from 2024.

This is clear from a market survey conducted for Organic Denmark by Ecovia Intelligence. According to the survey, sales of plant-based foods will grow by a healthy approx. 4% up until 2028. In other words, this represents a return to the growth rates seen before the inflation crisis. Back in 2021, the growth curve hit 3.8%, and plant-based foods generated revenue of EUR 260 million.

“In 2022 and 2023, the development of a market that is still in its infancy came to a standstill. However, there’s no doubt that Swedish consumers are among those in Europe who are set to focus more and more on sustainability and the climate in future,” says Dennis Hvam, International Market Director at Organic Denmark.

“Consequently, it’s necessary to keep up the pressure when it comes to developing products that can meet future demands. This is where Danish companies have a role to play – also because we’ve generally come a long way with our organic products.”

There is undoubtedly scope for improvement in terms of developing organic products in the plant-based segment. In 2019, organic products accounted for 6.4% of plant-based food sales in Sweden. In 2022, sales stagnated, but growth is expected from 2024 to 2028 based on a slight increase in 2023, where sales are expected to total EUR 16.4 million. The main market drivers are increasing demand for organic products and health foods, a wider distribution of organic products to retail chains and increased demand for private label products.

Figure 1:
The Swedish market for plant-based food, in retail turnover, 2019-2028.

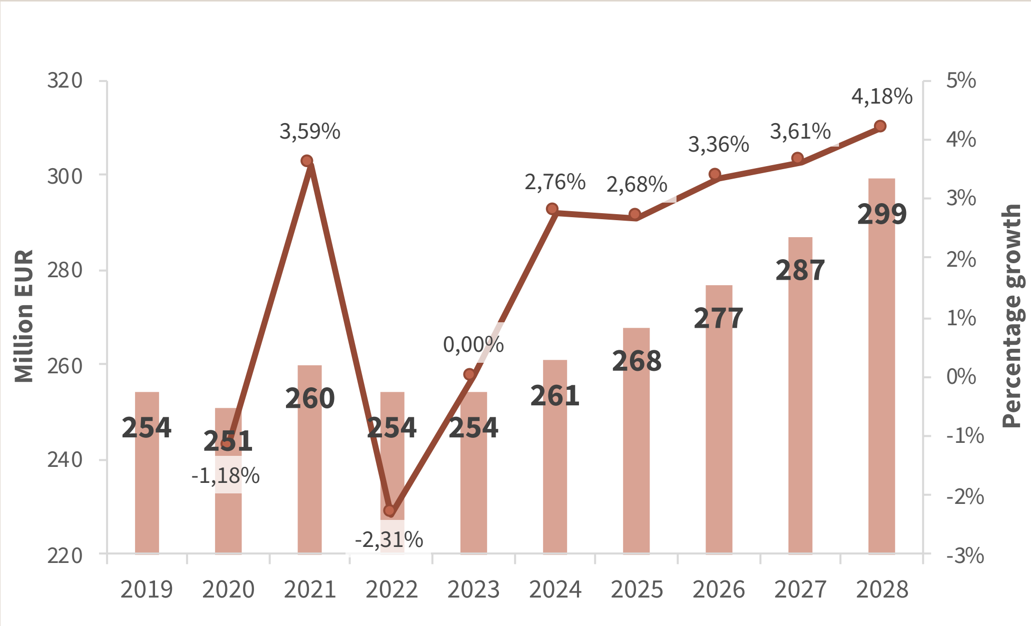
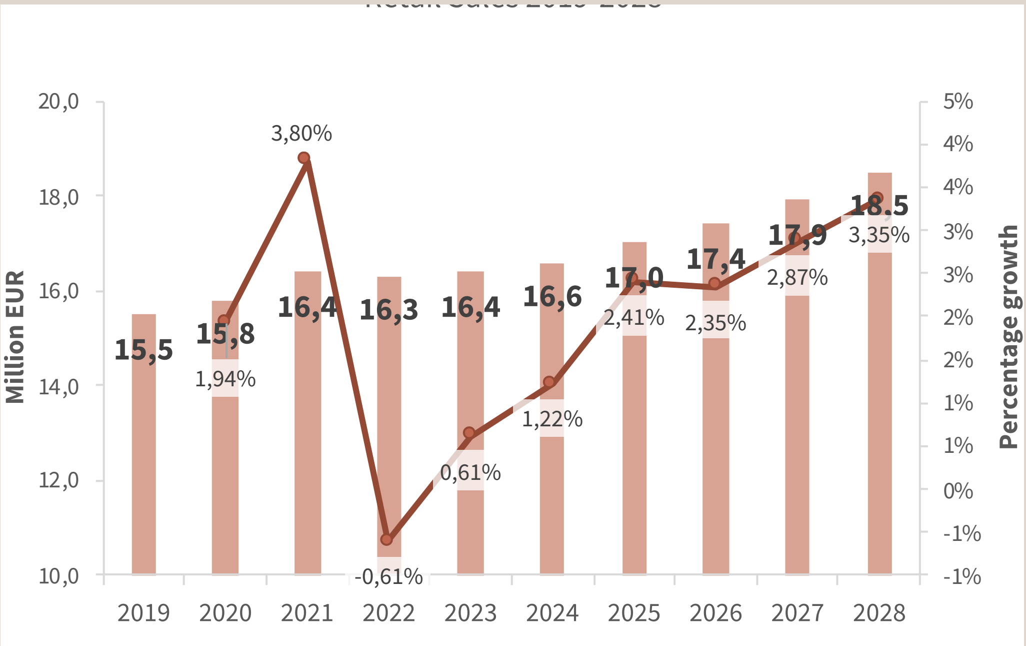


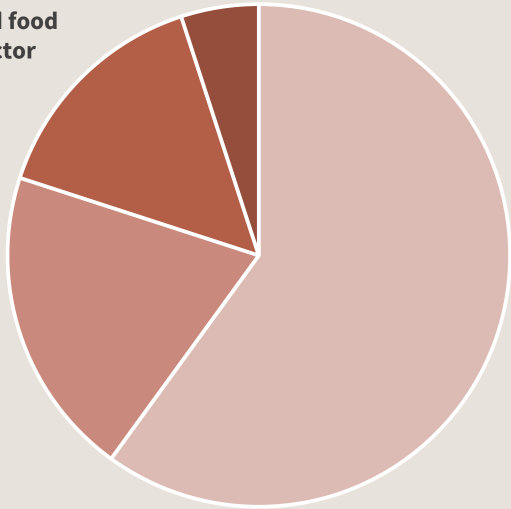
Figure 2:
The Swedish market for organic plant-based food, in retail turnover, 2019-2028.



Source: Ecovia Intelligence, 2023

BIGGEST SALES CHANNELS FOR ORGANIC AND PLANT-BASED PRODUCTS

Figure 3:
The Swedish market for plant-based foods, value share per sales channel, 2022.



Source: Ecovia Intelligence, 2023

The majority – 65% – of plant-based foods are sold by supermarket and discount chains, which all offer plant-based products as part of their ranges. Some of the supermarkets, for example ICA and COOP, market their own private label products. The leading brands are Oatly, Alpro, Valio, Violife, Fazer and Naturli'. More new plant-based products are expected to be introduced in the near future, which will drive growth in the plant-based categories. The supermarket chains usually buy directly from manufacturers.

Specialty stores (e.g. health food stores) account for 20% of total sales of plant-based products in Sweden and sell a wider range of organic varieties than the supermarket chains. The most popular brands are Renée Voltaire, Promavel, Ecomil and Allos. These channels are not expected to grow significantly, and nor is the number of product launches. The specialty stores source their products from wholesalers.

Catering and foodservice channels account for approx. 15% of sales. The channels include public institutions, bars, restaurants and cafés. An increasing number of caterers are offering plant-based options on their menus. The same is true for other foodservice channels in response to increasing customer demand.

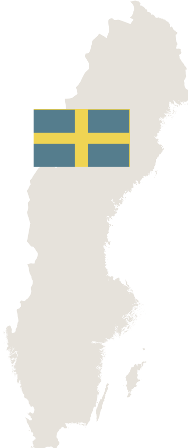
Foto: Colourbox

SWEDISH FOODSERVICE READY FOR PLANT GROWTH

One of the channels identified by the survey as having particular potential now and in the coming years is the Swedish foodservice sector. The survey confirms that demand is already strong for plant-based organic products adapted to the needs of the foodservice segment.

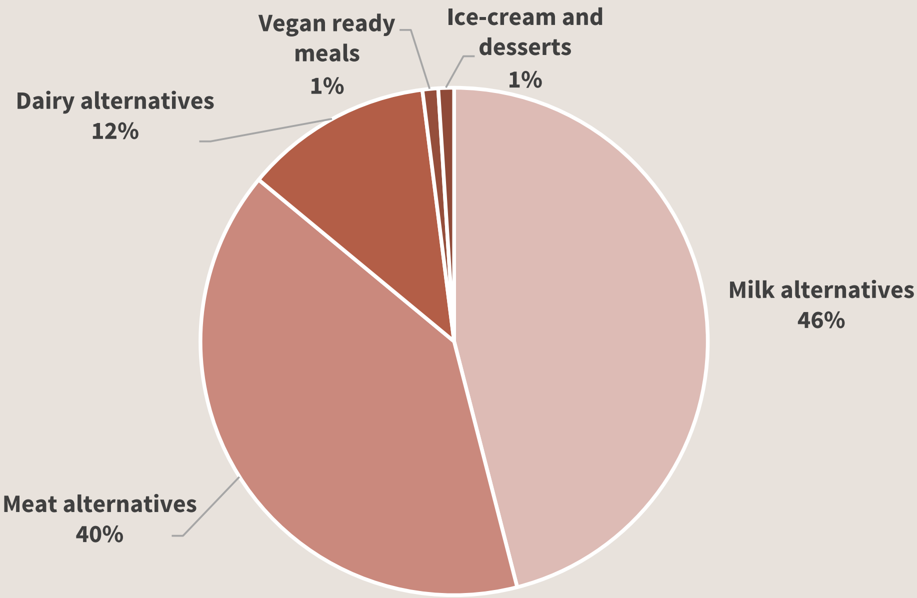
As in Denmark, there are openings to be found in public institution kitchens, while catering companies and restaurants are increasingly offering vegetarian and vegan alternatives. The survey also reveals that a plant-based trend is already underway in the take-away and fast-food segment – for example at McDonalds, Burger King and at the Swedish fast-food chain MAX Burgers.

“Danish companies have a wealth of experience from supplying plant-based organic products to the foodservice sector and especially to public institution kitchens, which are driving the green, organic transition in Denmark. This know-how and experience can be used to exploit the considerable untapped potential in the Swedish market,” says Dennis Hvam, International Market Director at Organic Denmark.



SWEDEN'S MOST POPULAR PLANT-BASED CATEGORIES

Figure 4:
The Swedish market for plant-based food, value share per product category, 2022.



Source: Ecovia Intelligence, 2023

The best-selling category in Sweden is plant drinks (alternatives to milk), which account for 46% of the total plant-based market. In supermarket and discount chains, the best-selling plant drinks are made from oats, soya and almonds. On the other hand, sales of drinks made from cashews, hemp, hazelnuts, potatoes or peas are higher in the specialty stores.

Meat alternatives come second, accounting for 40% of plant-based sales, and the category includes both frozen and refrigerated products, which are typically alternatives to minced meat, ready-made burger patties or sausages. The category is characterised by having the most highly processed products.

In third place, and accounting for 12% of total sales, are plant-based alternatives to dairy products such as yoghurt, cheese, butter and cream. Of these, the most sold are based on oats, soya and coconut.

Ice cream, desserts and ready meals are the two smallest categories, each accounting for 1% of sales.

Foto: Colourbox

SWEDEN'S HUMMUS BAROMETER

It might come as a surprise, but the fact is that you can tell a lot about a country's willingness to reduce its meat consumption and increase the use of plant proteins by measuring hummus sales.

The hummus barometer in Sweden shows growth of 4.5% and total sales of EUR 2.7 million in 2022. Healthy and stable growth of approx. 4.92% is expected in the coming years with sales of EUR 3.7 million by 2028. The key market drivers are: better distribution, new products on the market and increasing consumer awareness of the need to replace meat with plant protein.

GROWING INTEREST IN ORGANICS IN POLAND

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6% of Poland’s land area is agricultural land

Organic food sales account for **0.6% of total food sales,** but are growing by approx. 10% a year

Poland is one of the countries in Europe with the **lowest consumption of organic products.**

GROWING INTEREST IN ORGANICS IN POLAND

In Poland, sales of organic food products as a share of the total food market are among the lowest in Europe. Accounting for only 0.6% of total food sales, there is scope for improvement. A market survey of the Polish organic plant-based market conducted by Ecovia Intelligence for Organic Denmark shows that the market is waking up, and that Polish consumers are showing a growing interest in organic products – out of concern for their own health and that of their family.

The survey shows that 40% of Polish consumers are interested in organic and natural products. Consumer interest used to be particularly strong in the large cities, but during the corona pandemic, interest also shifted to people in smaller towns, just as sales of organic products increased significantly. All in all, as a result of the corona pandemic, Polish consumers are focusing more on health, good-quality ingredients and organic products.

This focus also includes plant-based food products. In 2022, the Polish plant-based market accounted for 0.3% of a total food market worth an estimated EUR 60 billion. The growth in plant-based products has been increasing since 2019, when sales stood at EUR 97 million compared to EUR 169 million in 2022. However, growth has slowed down slightly because Poland – like the rest of Europe – has been impacted by inflation and the war in neighbouring Ukraine.

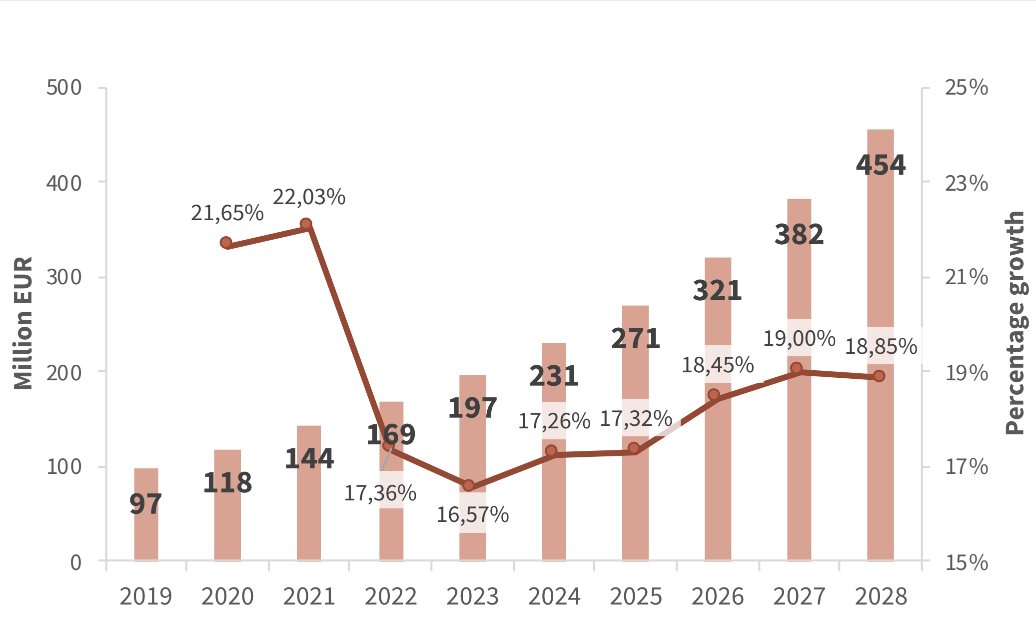
Nevertheless, the survey expects the market for plant-based food products in Poland to total EUR 454 million by 2028.

Food products which are both organic and plant-based currently account for 6.4% of the total plant-based food market.

“The relatively limited range of food products that are both organic and plant-based makes Poland an interesting market and one which holds considerable potential. Polish consumers are increasingly prioritising health and associate this with both organic and plant-based products, and this means that there is a big gap in the market at the moment, which Danish companies should exploit,” says Dennis Hvam, International Market Director at Organic Denmark.

The survey predicts that the market for plant-based organic food products has the potential to grow by 8-10% a year until 2028. The main market drivers are the launch of new products and expansion of the distribution network.

Figure 5:
The Polish market for plant-based food, in retail turnover, 2019-2028.



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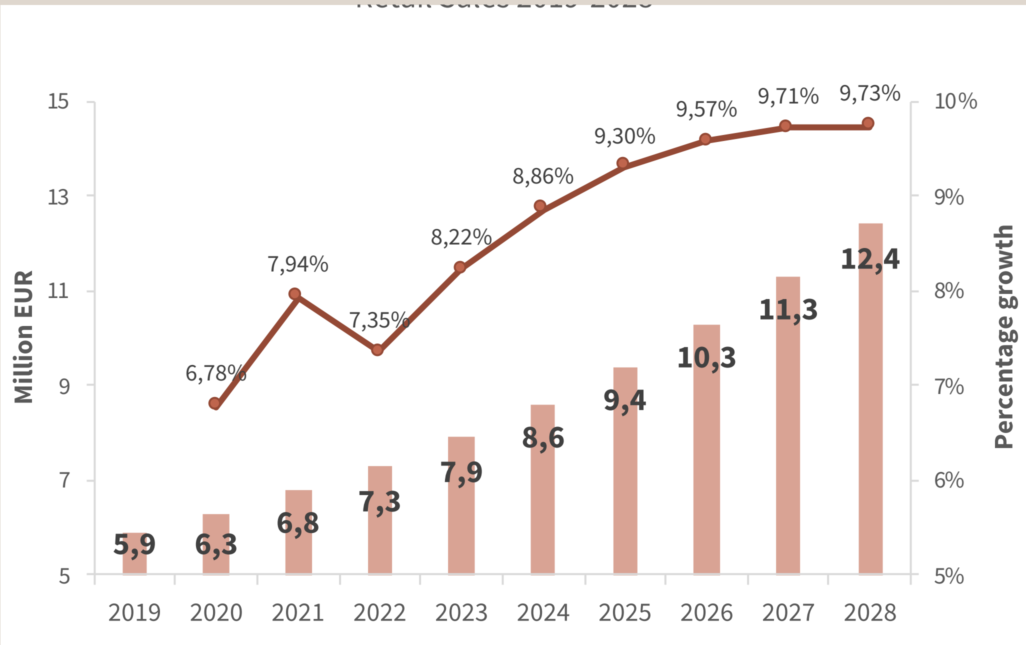

Source: Ecovia Intelligence, 2023

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Figure 7:

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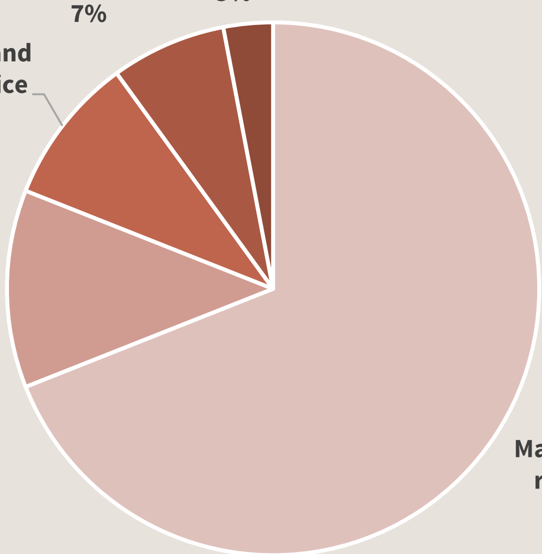

Source: Ecovia Intelligence, 2023

Plant-based food products are mainly sold by supermarket and discount chains, which account for 69% of sales. Most chains have plant-based foods on the shelves, and the largest also sell their own private label products. The majority of plant-based products sold in the supermarket chains are non-organic. The leading brands are Alpro, Koko, Inka, Riso Scotti and Frazer. Supermarket sales are expected to drive the strong growth which is anticipated in the coming years, because companies and producers target their new products at this channel. The supermarket chains usually buy directly from manufacturers.

Specialty stores (e.g. health food stores) account for 12% of total sales of plant-based products in Poland and sell a wider range of organic varieties than the supermarket chains. The most popular brands are Natumi, Ecomil and Isola Bios. These channels are not expected to generate growth as there is more pressure on the large supermarket chains. The specialty stores source their products from wholesalers.

The catering and foodservice channels account for 9% of sales. The channels include public institutions, bars, restaurants and foodservice outlets. An increasing number of caterers are offering plant-based options on their menus. The same is true for other foodservice channels in response to increasing customer demand.

In Poland, some sales (7%) of plant-based foods also take place from chemists such as Rossmann and DM Drogeriemarkt. They sell, among other things, products under their own private labels and brands such as Sante and Inka.

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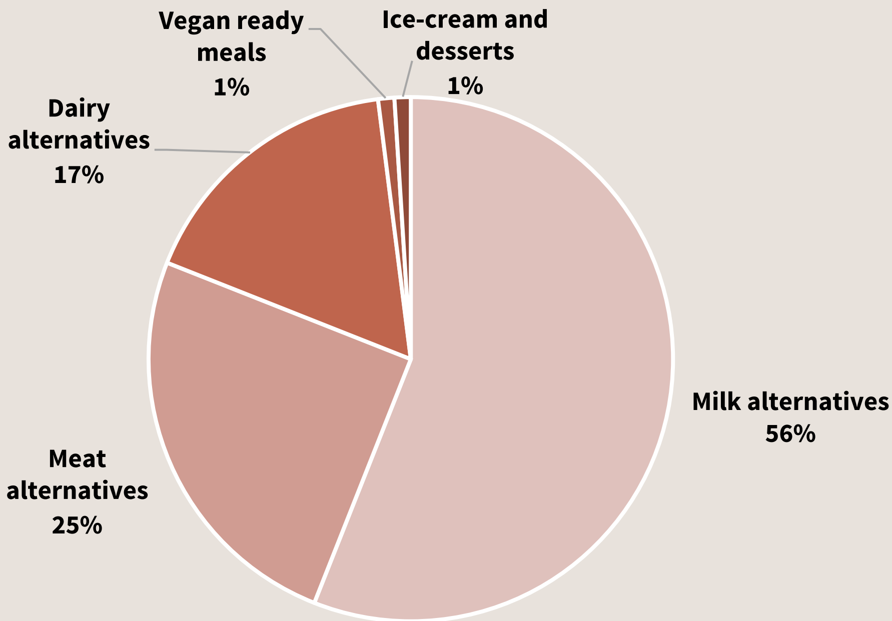

Source: Ecovia Intelligence, 2023

The best-selling category in Poland is plant drinks (alternatives to milk), which account for 56% of the total plant-based market. In supermarket and discount chains, the best-selling plant drinks are made from soya, oats and almonds. On the other hand, sales of drinks made from cashews, hemp, hazelnuts or peas are higher in the specialty stores. Organic plant drinks account for 7% of the total plant drink market in Poland.

Meat alternatives come second, accounting for 25% of plant-based sales, and the category includes both frozen and refrigerated products, which are typically alternatives to minced meat, ready-made burger patties or sausages. The category is characterised by having the most processed products, and there are very few organic options – only about 0.5% is organic.

In third place, and accounting for 17% of total sales, are plant-based alternatives to dairy products such as yoghurt, cheese, butter and cream. Of these, the most sold are based on oats and soya. And here the organic variants account for 2%.

Ice cream and desserts account for 1%, while ready meals have a market share of 1% – there is a lack of organic options in these categories as well.

THE POLISH HUMMUS BAROMETER

Growing consumer awareness of sustainable, green and healthy food has led to an increase in the consumption of plant-based proteins. In 2019, the market was worth EUR 4.4 million, and by 2022 this had increased to EUR 5.8 million. In the coming years, annual growth of 10-12% is expected.

Foto: Colourbox

A LARGE MARKET IN ITS INFANCY

It’s not all good news, however, as Poland – like many other countries worldwide – has been hit by stagnation, especially in food sales. That said, the Polish market for organic and plant-based foods is an extremely young market and very interested.

Imports account for approx. 80% of organic sales in Poland, which makes it an interesting growth market for Danish companies. There are openings in virtually all channels, but with particular emphasis on supermarket chains and foodservice outlets.

Danish exports of organic food to Poland are a modest 0.26% (2021) and thus hold considerable potential – not least because Polish consumers are seeing annual wage growth of up to 7% (2021) combined with a growing awareness of the importance of food ingredients, health, quality and the environment.

In addition, surveys show that 70% of the Polish population are familiar with the organic symbol, and that they are positive about Danish products, which can be a distinct advantage on the Polish market. This ties in well with the fact that many Poles are very familiar with Danish food products, because they – or people they know – have worked or studied in Denmark.

Interested to hear more about plant-based organic exports to Sweden and Poland?

Sign up for our seminar which is being held at 13:00-15:00 on Monday 13 November by sending an email to **daniel.madsen@vegetarisk.dk**

For example, you will be able to pick up insights into competitor analyses, the key market drivers for tomorrow's plant-based organic foods and dive deeper into the survey. Afterwards, you will have access to the full survey.

Dansk Vegetarisk Forening

Plantebaseret Videnscenter

ORGANIC DENMARK

STØTTET AF:

Fonden for **økologisk landbrug**