

image © Ivanov Arkady | Dreamstime.com



Have organic carrots been credit crunched?

Has the reported demise of the organic market been greatly exaggerated?

Simon Birch reports.

Oh how the media love a drama. Not content with slavering over the gory details of the ongoing global banking crisis, headline writers have delighted in what they see as the collapse of the organic market. Their story runs pretty much like this: with money now being tight thanks to the credit crunch, middle-class foodies have overnight abandoned over-priced organic food and have instead down-traded in droves to the cut-price charms of Aldi and Lidl.

The evidence for this apparent flight from chemical-free food comes from a number of food industry reports which suggest that the annual growth rate of organic food sales have crashed from the dizzying heights of

almost 30% this time last year to now a mere 10%. Further grist to doom-monger's mill was the shock closure of organic supermarket Fresh and Wild this August in the Soil Association's hometown of Bristol.

So just what is going on out there?

Priced out?

Well let's begin with the perennial point of the price of organic food. A quick run around the local Sainsbury's here in Manchester revealed that yes, there is indeed a substantial price difference between organic and non-organic produce with organic tomatoes 60% more expensive, mushrooms 90% and chicken an eye-watering 100% more

expensive than their non-organic equivalents.

However as the Soil Association's Sam Allen points out: "Organic food is not always more expensive, it really depends on how and what you buy." A recent Soil Association survey of supermarkets including ASDA, Sainsbury's and Waitrose revealed that a large number of organic lines were in fact cheaper than non-organic, these included everything from grapefruit to pears, from carrots to cheese.

Traders' views

Given then that it's just not the case that organic is always the more expensive option, what's the view from the organic frontline – how are organic companies surviving the economic storm and are they being credit crunched? What better place to gauge the mood of the country's organic market than the recent Soil Association Organic Food Fair held in Bristol to launch this year's Organic Fortnight.

"We've had a very good summer and haven't really noticed a downturn," reports Neil Palmer from organic wine company Vintage Roots. "The run up to Christmas is always our busiest time but we're a little cautious over what'll happen in the New Year."

Over in the Textile Tent, Green Fibres' William Lana accepts that the boom times are over, at least in the short term. "Certainly we're feeling the credit crunch with sales growth of around 15% compared with last year's figure of around 30%," says Lana. "The important point to remember though is that the organic market isn't sheltered from the same economic battering that everybody else is taking. All businesses, large and small, organic and non-organic are now faced with the same tough trading conditions. What I'm not seeing though is people abandoning organic and ethical products and switching to Chinese sweat-shop produced t-shirts and towels."

This is the key message from the organic and wider ethical market: that the core market of ethically savvy shoppers simply aren't ditching their principles overnight. "Our sales figures

have levelled off but we're not worried about the future as buying organic and Fairtrade food is deeply embedded among our customers, many of whom have been shopping with us for over 20 years," confirms Brenda Smith from Manchester's 8th Day wholefood co-op.

The need for Fairtrade

The good news, and something that's barely been reported, is that whilst the growth of organic food may have slowed, sales of Fairtrade produce are cruising ahead with a whopping 55% increase this spring. Given that families throughout the Majority World have been hardest hit by the global food crisis with the cost of basic foodstuffs doubling in price in countries such as Kenya, the lifeline that Fairtrade can offer is now more important than ever.

Barry Murdoch from Fairtrade and organic co-op Equal Exchange agrees with Brenda Smith: "Buying Fairtrade tea and coffee has now become part of people's everyday purchases and isn't something that they're prepared to drop."

...and alternative banking

Other sectors of the green economy are in equally good health with the ethical banking sector standing alone in bucking the financial gloom and doom, something which again has failed to be reported nationally. Savings at Triodos Bank are up 15% against a mainstream rate of 5%, whilst the Ecology Building Society has already had more savings deposited this year than the whole of 2007. "Many high street banks are struggling in this current economic climate but 100% of our money is lent responsibly and ethically and our expansion is not dependent on the volatile mainstream financial markets," says Triodos Bank's UK MD Charles Middleton. "We're proving that a sustainable banking model provides a serious alternative to conventional banks."