

30 May 2017

PRESS RELEASE

Organic milk continues to buck the trend

UK organic milk volumes increased by 4.4% in 2016, in contrast to the standard milk category which fell by 1.9% during the same period.

The increase is being attributed to an organic milk recovery, in spite of reducing conventional prices and increasing organic shelf premiums.

According to the 2017 organic milk market report, produced by the Organic Milk Suppliers Cooperative, (OMSCo), over the last year one in four households now purchase organic milk, which is an increase of 15%.

“Last year the organic milk category attracted one million new households – more than any other milk sector in the UK,” says OMSCo managing director, Richard Hampton. “This is despite it being a private label dominated category, and therefore subject to less advertising and innovation than other growth milk segments such as dairy alternatives and filtered milk, and increasing shelf premiums as conventional prices fell”.

“However, UK organic dairy growth is still behind other key international markets, growing at a rate of just 2.2%. This is compared to the USA market which is growing 10% year-on-year and European markets, such as Germany and France, which are also witnessing significant growth,” adds Richard.

Globally, organic dairy is in a period of strong growth and is one of the largest sectors within the organic food and drink market, worth \$9.5bn in a market valued at \$82bn.

“For this reason, exports have become an increasingly important market for UK organic dairy products,” explains Richard. “Over the last 10 years exports have grown from zero to 20% of UK organic milk sales. They play an important role in balancing UK market fluctuations, and therefore delivering a stable return to UK organic dairy farmers”

“Export expansion has been constrained in the last couple of years by a lack of supply due to the UK market recovery and last year’s poor growing season. However, new organic milk supplies – the vast majority of whom are joining OMSCo - will emerge during 2017 and 2018 to support the growth of these markets, and together with like for like expansion we are seeing from existing producers, we expect the UK to be able to cover growing UK demand and export opportunities without there being requirement for further milk at this stage.”

Richard adds that he attributes global growth drivers to consumer demand for products with health and wellbeing benefits as well as a solid provenance story. “Organic dairy offers consumers a host of benefits including increased levels of omega-3, and we remain confident that UK and global demand for high quality, sustainable and healthy organic dairy will remain strong.”

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“However, there are threats, notably the emergence of ‘single issue’ products (Free Range; Ethical) the benefits of which are covered by the organic standard but may not be understood by consumers, whilst on the export front Brexit poses a significant threat to export-led food sectors, including organic dairy, as well as any potential downturn.