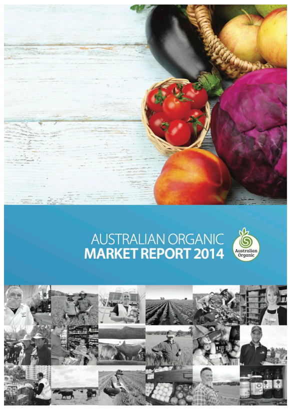
# *Australian Organic Market Report 2014*




## Methodology

The *Australian Organic Market Report 2014* is based on independent university research, industry reporting, interviews, ABS data and Mobium consumer research that's been conducted since 2007.

In this Report, the term 'organic' indicates operations at all stages of conversion to certified organic – precertification, in conversion and certified organic – in line with internationally recognised requirements for farming, value adding and marketing, and encompasses a category of the organic market sector, biodynamic production and marketing. Research used data from certified organic (and certified biodynamic) operations only (not operations that may claim organic status but are not certified by recognised certification programs).

The questionnaire used to gather data for the 2014 Report remained aligned with ABS categories for integration of data. This has enabled a smooth transition to this new form of data collection, while building on the progressive benchmarking of industry from 2008 through to 2012.

Survey content was reviewed during a pilot phase by a range of organic industry sectoral representatives and researchers. Direct email to the organic industry was based on existing databases, ensuring reach to the majority. The time period of the survey was four weeks between July and August 2014.

The online post-farm-gate survey was emailed to 831 companies; 392 fully or partially completed the survey (47% response rate) with 218 comprehensive responses that included financial data for the 2013-14 financial year (56% of the received responses). This is a considerable increase from response rates in previous reports.

**Respondent, sector and question categories**

Within the online survey, organic industry operators were segmented into four categories: wholesaler, retailer, manufacturer and processor. Within these categories respondents were provided with 12 sectors within which they could respond. The organic sectors included: meat; textiles; poultry meat and eggs; dairy products; fruit and vegetables; honey and nuts; cosmetics, personal care and essential oils; grain products; oil crops; gardening and farm input products; processed foods; wine and beverages. Questions related to: sales and profits breakdown; primary sales outlets; product sourcing; primary distribution outlets; export and import markets; business sentiment; and sales margins and related expected trends.

**Calculation and data validation**

National production data calculations for the sectors included ABS data, the post-farm-gate surveys and related research, and other publicly available Swinburne University data. This research approach has been bolstered and crosschecked via interviews from supply chain members from primary production, processing, wholesaling and retail. Additional crosschecking was done via domestic retail tracking agencies such as Euromonitor and IBISWorld, along with publicly available data from certification organisations and other market sources.

As a form of data validation of the survey results, key players were also interviewed. Twenty-six interviews with 24 representatives from the 12 key segments of the organic industry and two from supermarkets were undertaken to cross-validate sectoral values and assumptions, and gain additional qualitative data. In addition, all Australian-based certification organisations were informed of the survey and requested to provide crosschecking and supportive data, with Australian Certified Organic, NASAA and Organic Growers of Australia providing information for this Report.

**Other data sets**

The Report also uses secondary data from recent studies by MarketLine, IBISWorld and Euromonitor. This publicly available data, along with sectoral business reporting data and other available market information and research, were crosschecked for validity and reliability before being reported in this research or used as part of the basis for estimating sectoral values.

In terms of export data, the DAFF Export Organic Program (formerly AQIS) regrettably now collects little data from accredited certifiers beyond the number of organic operators in the supply chain, the area used for organic agriculture and the volume of exported organic produce. The only records DAFF can provide on organic exports are data related to certified products exported to Switzerland, Europe and Taiwan, which have been included in this Report.

The Report also collected data on the organic trade (export and import) between Australia and New Zealand via the Organic Exporters Association of New Zealand and the authors of the *New Zealand Organic Market Report 2012*.

As with previous industry reporting (Halpin, 2004; *AOMR*, 2008, 2010, 2012) private certifier data (estimated to make up some 20% of the industry numerically by primary producer operator, but less than 10% by non-primary producer operator) was largely unavailable due to confidentiality requirements or demands within those types of agencies. This was managed by taking a cross-sector review of market values as reported by the market itself, adjusting for overall values obtained by accommodating this missing data set, as well as crosschecking values via other information available as noted above. The direct emailing to all publicly known organic operators, irrespective of certification agency involvement, also ensured a broad and representative sample.

The approach of only using the survey format for post-farm-gate operators has enabled greater simplicity and, in turn, reliability of the data collected for this research and future reports. In past reports, an inordinate amount of energy, time and cost was required – with much variability and 'noise' in the results – to obtain and interpret data from a wide range of primary producer sectors.

**ABS Agricultural Census data**

Also contributing to reliability of data is the use of results pertaining to organic primary production from the ABS Agricultural Census for the 2010-11 financial year. Preliminary results from the Agricultural Census for the 2012-13 financial year are also included in this Report for the first time where appropriate, as it includes both conventional and organic agricultural commodity values.

Additional investigative research was requested of the ABS to analyse the key questions in this Census relating to farm values and volumes by sector, which could then be compared with, and crosschecked against, the post-farm-gate surveys and research.

Farm numbers, hectares certified and main farming activity are now tracked by the ABS due to two key questions relating to certified organic status and area of farm certified. Answering positively to such questions then enables the ABS, with additional research, to collate respondents into separate sectors and production volumes based on responses to all other questions in the Census. Additional assumptions and estimations have to be made of overall values, volumes and areas under certification due to the existence of some operations having split (or partial) certification. In such instances a conservative approach has been taken to estimate value (taking the lower number of value reported from such data).

While the ABS data is robust for those respondents who have completed that section of the Census, clearly based on other available data on the industry, the reporting of certified operator numbers is significantly lower in the ABS data than it is from other known industry sources. This, combined with the consequent potential underreporting on volumes, areas and values for each sector, has been taken into consideration in the overall Report and in terms of estimates of values for each market sector; a conservative approach has been taken in these cross-estimates.

This additional data source, even though available to the organic industry only every five years, is important additional information for organic industry research.

**Mobium consumer research**

The research in section 3, 'The organic consumer 2014', was developed by Mobium Group (Mobium). A total of 1011 qualifying respondents (the primary food shopper for their household) completed the surveys. Rounding of the data set has been undertaken in the analysis. Readers should note this may cause a variation of +/- 1%.

Mobium is a member of the Australian Market & Social Research Society (AMSRS) and all research methodologies, data collection, analysis and reporting is conducted in accordance with the AMSRS Code of Professional Behaviour.