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ORGANICS

Organic market momentum

Organics comprise the produce industry's fastest-growing segment. These insights can help your CEA greenhouse operation capitalize.

Jolene Hansen



Photo courtesy of Pure Flavor

Many people within and outside of the produce industry have questioned whether “organic” could ever win consumer hearts. While the industry hasn't hit organic domination, prevailing winds are blowing in that direction. The Organic Trade Association's (OTA) 2019 *Organic Industry Survey* reports that U.S. organic food sales hit \$47.9 billion for 2018. Organic produce represents more than 36% of that total.

According to OTA stats, organic produce now accounts for nearly 15% of all produce sold in the United States. That's up 5.6% from the previous year — more than three times the increase for organic and conventional produce combined. And fresh produce makes up more than 90% of those organic sales.

So, what does that mean for your operation? Whether organic is your livelihood or your competition, the market's momentum can't be ignored.

Savvy consumers look for organic brands

As chief marketing officer for Pure Flavor, an Ontario-headquartered greenhouse vegetable grower, Chris Veillon tracks industry trends. “We continue to see significant growth in consumer interest regarding organics,” he says. “There are some that swear by only purchasing organics. It's a choice being made, and consumers are willing to pay 20% to sometimes 40% more for organic items.”

“Consumers are becoming collectively savvier about organic produce — where it is grown, by whom, how and specifically where,” Veillon says. “There seems to be more confidence in the organic greenhouse-grown space, where vegetables are grown in a controlled environment.”

Organic greenhouse grower Kevin Matthews stepped away from large-scale commercial greenhouse production to grow local organic greenhouse vine crops for direct-to-consumer, internet-based Kristin's Farm Stand.

Matthews says increasingly savvy millennial consumers are intensely conscious of what they consume. “The biggest thing for them right now is getting away from pesticides, herbicides and fungicides,” he says. “To do that, they're turning to organic brands.”

Organic production technologies take new directions

Throughout the industry, talk about production methods is trending toward hydroponics, aquaponics and vertical farms. In Wisconsin, organic greenhouse grower Superior Fresh is generating conversation.

Specifically designed around organic certification and commercial-scale technology, the grower integrates an indoor Atlantic salmon farm with a produce greenhouse. As separate buildings, the fish house and greenhouse share only water — nutrient-rich from fish.

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Brandon Gottsacker, Superior Fresh president, believes aquaculture is the organic produce industry's future. When an in-process expansion ends, the company's organic leafy greens production should top 5 million pounds annually, with 100% of the nutrients provided from annual production of 1.5 million pounds of premium salmon.

Veillon predicts that new growing and harvesting technologies will alter the industry: “Due to scale and capital investment, the migration of traditional organics will be towards protected-culture environments to maximize yield and quality and to further remove the seasonality challenges that exist in some respects.”



Photo courtesy of Superior Fresh

Local, sustainable and safe gain traction

With organic interest climbing, Gottsacker is also focused on local, sustainable and safe. He believes those “four check boxes” will gain significance as millennials demand more sustainable, environmentally friendly foods. “These are the most important pieces of the puzzle moving forward in this industry,” he says. “All those things come into play at the same time.”

Veillon expects consumer interest to mature along with Millennial buying preferences. “They want something specific and on their terms: eco-friendly, less of a carbon footprint and something that will make them part of a greater force,” he shares.

For Matthews, local focus is crucial. Kristin's business model enables online shoppers to buy whatever they want — in any quantity — from a collective of local producers. Then it's delivered to their door each week. Merging local production with the ease of internet grocery shopping is key to meeting local-minded consumer needs.

Veillon adds that regionally based growing operations are becoming growth strategies. “Reducing food miles is one thing, but the power of local to the region is gaining more and more steam, season over season,” he says.

Desires for new eating experiences drive R&D

As organics hit the mainstream, consumers expect more choice in types of produce and diversity within familiar categories. One look at Superior Fresh's line of greens tells the story. From colorful, sweet baby greens to spicy, bold, full-flavored options, consumers choose from Power Blend, Might Mix, Midwest Medley and more.

“We're doing a ton of R&D and trialing new varieties every day and sending them to our retail partners,” Gottsacker says. “We're growing for taste, texture and color, and spending a lot of time putting mixes together and testing and seeing if they like them.” Organic strawberries and other new items are in the pipeline, all with fish house-generated irrigation.

Pure Flavor's greenhouse-grown organic vegetables include on-the-vine, beefsteak and heirloom tomatoes, plus bite-size grape tomatoes and a snack tomato medley strong on flavor and color. Other snackable options include mini sweet peppers and mini seedless cucumbers.

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“Snacking items in general are on trend, regardless of the type of product,” Veillon says. A “significant spike” in the company's snacking tomato line prompted the organic Sangria Medley launch in fall 2019. He compares the tomato medley to a box of chocolates — rich with colors, shapes, sizes and flavors.

Competition with conventional pricing continues

Questions about organic costs and profit margins die hard. While Veillon agrees that organically grown vegetables can cost more to produce, he argues that, from a sales perspective, they can be just as lucrative as conventional greenhouse produce at certain times during the year.

“Consistency in grower supply, brand marketing and overall quality drives the needle upwards,” Veillon says. He adds that building consumer confidence is key, particularly for growers like Pure Flavor that evolved from being a seller to a vertically integrated greenhouse vegetable grower that controls 100% of the process from growing to promoting.

Superior Fresh aims to price in line with other premium growers, whether traditional or organic. “The product's got to be affordable,” Gottsacker says. “I would like to think we're doing it [at] a scale that allows us to have a more conventional or traditional price point. We don't want to drive the price out of good healthy food. We want to do the opposite.”

Matthews holds that more efficient growing methods, informed crop selection and local distribution enhance profitability, but the bottom line is the same: Organic growers must compete with the conventional market on price to succeed.

Progress and passion determine the future

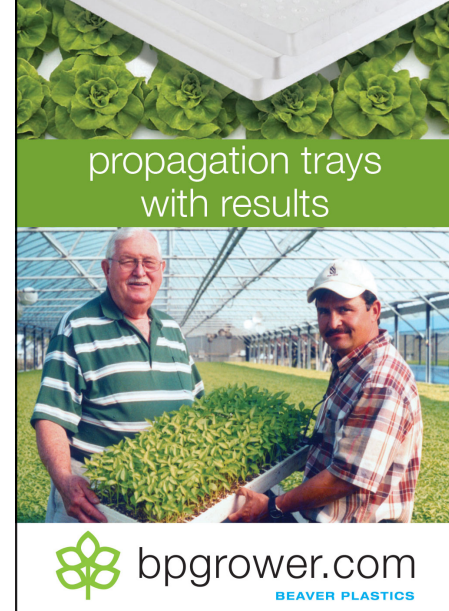
With momentum building in the organic produce market, CEA greenhouse growers are positioned to influence the industry's course.

“We need to continue to breathe life into the produce industry with items that will not only resonate with retailers ... but with consumers who are looking for healthy alternatives,” Veillon says. “A new pack style for an existing item won't increase consumption. Fresh new items that are focused on convenience or enhanced flavor profiles can help ring the bell on several levels.”

Gottsacker plans to keep Superior Fresh at the leading edge of local and organic production. “The future comes down to how many people are going to be on this planet and how do you keep moving forward with providing people the healthiest, safest food possible,” he says.

“We can't slow down on driving technology on how to grow this type of food. It's super important to keep moving forward and keep progressing.”

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