



Unlocking growth

Key enablers and unexploited opportunities in the Dutch organic food market

Exploring organic food, a potential choice for better health and environment

March 2025



Five key growth enablers for the organic food market in the Netherlands

Base of preparation

KPMG closely tracks developments in the food retail sector. For this publication, the team engaged in conversations from June 2024 to January 2025 with over 30 representatives from key companies in the food industry. These include major food retailers, large production companies, as well as various farmers and food organizations.

Additionally, KPMG conducted multiple shopper surveys, consulted shoppers, and analysed leading industry sources to build the insights presented here.

Educate the shopper

1

Shoppers are increasingly seeking high-quality, healthy food but often struggle to identify which products meet these criteria⁽¹⁸⁾. Clear communication from food retailers and producers about the benefits of organic food—such as health and environmental advantages—and the differences between organic certification and other product labels can stimulate greater shopper demand^(14, 19).

Narrow the price gap

2

While the price gap between organic and non-organic products has narrowed over time, it remains substantial⁽⁹⁾. The anticipated growth in organic volumes should further reduce this gap, due to the advantages of economies of scale. A key driver of this growth will likely come from large food retailers that are setting organic revenue targets as part of broader environmental goals⁽¹¹⁾.

Expand the organic range

3

The organic product range at food retailers has expanded significantly in recent years, improving availability, particularly in the fresh category. In some food retail chains, an organic option is now the only one available for certain products, as part of a replacement strategy⁽¹⁷⁾. However, the revenue share of organic dry goods still lags behind that of non-organic sales, presenting a significant opportunity for growth⁽⁶⁾.

Offer price stability & demand assurance

4

To foster the organic food market, a stable and sufficient organic supply of raw materials from farmers is essential. Some farmers are still reluctant to transition to organic farming—or have reverted to conventional farming—due to uncertainties regarding long-term demand and pricing⁽²⁸⁾. Transitioning is costly and difficult to reverse, so long-term commitments from food retailers, wholesalers, and producers, as well as adapting demand to varieties more suited to organic farming, could help reduce these uncertainties and support organic production growth⁽¹⁷⁾.

Implement long-term supportive policies & regulations

5

For the organic food market to thrive, governments must provide clear, long-term regulations. While the Dutch government has supported organic growth, industry participants suggest that a more sustained, overarching approach would be beneficial⁽¹⁷⁾. In Europe, Denmark is widely regarded as a leader in creating this supportive environment^(10, 16).

Preface

The organic food market has experienced notable growth in recent years and is becoming increasingly relevant to a wide range of stakeholders^(6, 13). However, many companies remain uncertain about how to fully capitalize on the opportunities within this sector. To accelerate the growth of the organic food market, KPMG has identified five key enablers across the organic value chain.

Growth of the Dutch organic food market

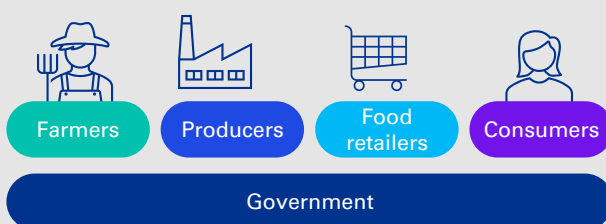
From €1.2bn in 2019⁽¹³⁾ to €1.6bn in 2023⁽⁶⁾, the organic food supermarket revenue in the Netherlands has seen steady growth. Global and European market reports predict the organic food market will grow by 10-13% annually through 2030-2032^(8, 15, 18, 27). This growth is expected to stem from a rise in organic shoppers, increased spending on organic products, and the deeper implementation of organic items, as highlighted by a recent KPMG study.

Though organic food has grown significantly in recent years, uncertainties persist along the value chain. For instance, while the Dutch government launched a campaign in 2024 to highlight the health benefits of organic food and its role in sustainable agriculture⁽²⁴⁾, industry participants emphasize the need for a long-term, supportive government stance to ease the transition, which remains challenging⁽¹⁷⁾. Furthermore, while shoppers show interest in organic products, there is still uncertainty about the benefits of organic compared to alternatives, along with the higher price point, which remains a key barrier^(14, 18). These factors suggest that while growth has been achieved, there is still potential for optimization to support further expansion.

Benefits of organic food market growth

Why should the organic food market grow? Across multiple sources, experts point out that some traditional agricultural practices are unsustainable, contributing to biodiversity loss, climate change, and food security issues⁽¹⁶⁾. Crops and livestock are becoming more susceptible to diseases, further depleting farmland due to pesticide use⁽¹⁷⁾. Besides, research indicates that integrating organic farming can help cultivate healthy food while improving soil health, water quality, biodiversity, and animal welfare, all of which could contribute positively to global food security^(5, 16, 20).

Five parties and their role on the organic value chain have been in focus for this publication



Growth outlook

KPMG expects organic food demand to continue growing, driven by increasing shopper preferences for healthy, high-quality food that is more environmentally friendly. However, persistent inflation could present challenges, as organic food is still more expensive than conventional options, despite the narrowing price gap⁽⁹⁾.

Based on interviews with over 30 industry participants and extensive research, KPMG identified five enablers that could accelerate the implementation of organic food in the Netherlands. While most stakeholders recognize the potential of the organic market, there are significant opportunities to drive deeper market integration.

1 in 2 consumers does not have a clear understanding of 'organic'



Organic food refers to products grown and processed using agricultural practices designed to maintain ecological balance and conserve biodiversity. The standards for organic production are set at the EU level and monitored by local authorities, ensuring consistency across all EU member states, including the Netherlands^(5, 12).



Organic EU logo

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Organic farming avoids synthetic pesticides, fertilizers, and genetically modified organisms (GMOs), relying instead on natural resources and processes to reduce negative environmental impact. The definition of organic food and farming is also EU-regulated, meaning it is uniform across member states^(5, 12).

Organic products must adhere to strict standards designed to uphold their integrity, quality, and transparency. These standards include various requirements, such as a conversion period for farmland to ensure that crops meet organic certification criteria. In the case of organic animal husbandry, animals must be fed with organic feed and provided with ample living space to support their natural behaviours and welfare⁽⁵⁾.

The European Union's organic certification guarantees that these

rigorous standards are met, offering shoppers assurance about the authenticity of the organic label⁽⁵⁾. In the Netherlands, Skal Biocontrole is the designated authority responsible for overseeing the certification and control of organic products. Skal, appointed by the Ministry of Agriculture, ensures that all organic food products in the Dutch market meet these high standards through thorough inspections and certifications, maintaining the reliability and integrity of the entire organic supply chain⁽²⁶⁾.



“The organic logo can only be used on products that have been certified as organic by an authorised control agency or body. This means that they have fulfilled strict conditions on how they must be produced, processed, transported and stored. The logo can only be used on products when they contain at least 95% organic ingredients and additionally, respect further strict conditions for the remaining 5%. The same ingredient cannot be present in organic and non-organic form.” – Agriculture and rural development EU

In the Netherlands Skal Biocontrole is responsible for overseeing and qualifying of organic producers and products.

Skal

“Skal Biocontrole is an independent organisation that oversees the organic chain in the Netherlands. Skal is an autonomous administrative authority (zbo) and ensures that the organic production, processing, and trading of products comply with EU organic regulations, the Dutch Agricultural Quality Act, and the regulations and principles of Skal Biocontrole.” – Skal website

1 Educate the shopper

Shoppers are increasingly seeking high-quality, healthy food but often struggle to identify which products meet these criteria⁽¹⁸⁾. Clear communication from food retailers and producers about the benefits of organic food – such as health and environmental advantages – and the differences between organic certification and other product labels can stimulate greater shopper demand^(14, 19).

Research from KPMG shows that shoppers are more focused than ever on healthy and environmentally friendly food choices. Organic food, for instance, contains up to four times lower pesticide residues, significantly reduced levels of toxic metals, and higher concentrations of vitamins, antioxidants, and overall nutritional value^(5, 7). These benefits have been linked to a reduced risk of chronic diseases⁽⁷⁾. Moreover, organic farming practices support biodiversity and promote sustainable soil management, making farmland more resilient to future challenges^(5, 16, 20). However, when shoppers attempt to choose healthy or environmentally friendly products, they are often overwhelmed by a multitude of labels and certifications⁽¹⁹⁾.

To complicate matters further, many producers include their own claims about health or environmental benefits on packaging, making it difficult for shoppers to distinguish between genuine certifications and mere marketing. According to Milieu Centraal, 33% of shoppers cannot effectively tell the difference between authentic and counterfeit sustainability certifications⁽¹⁹⁾.

While the organic label is regulated across Europe, with strict rules and regulations that producers must follow, many shoppers are unaware of the robust controls behind it. As a result, many do not perceive the organic label as more trustworthy than

other certifications^(17, 19). Additionally, when asked, many shoppers cannot clearly articulate what the organic label stands for⁽¹⁸⁾.

A study by GfK examining organic food sales in the Netherlands reveals that greater availability of organic products, combined with a clearer understanding of their benefits, leads to higher consumption. It also found that 31% of shoppers buy organic since they are aware of its benefits⁽¹⁴⁾. Supermarkets are responding by using green shelf cards to highlight organic products, increasing their visibility to shoppers. These small but impactful changes are proving effective in encouraging organic consumption. For example, an experiment by Bionext in 11 supermarkets showed that displaying positive messages at the point of sale led to a 21% increase in organic vegetable sales⁽³⁾.



“An intimate relationship with the customer - beyond the label on a (digital) shelf - appears to be a huge advantage to effectively convey the seemingly complex product benefits of organic products, resulting in concrete purchase decisions.” – Tom Peeters (Co-Founder/CEO Crisp)

Top 12 sustainable certificates in 2022⁽¹⁹⁾



Examples of other sustainable certificates⁽¹⁹⁾





2 Narrow the price gap

While the price gap between organic and non-organic products has narrowed over time, it remains substantial⁽⁹⁾. The anticipated growth in organic volumes should further reduce this gap, due to the advantages of economies of scale. A key driver of this growth will likely come from large food retailers that are setting organic revenue targets as part of broader environmental goals.



"The actual price gap between organic and conventional is a barrier for consumer demand and we need to work on closing this gap.

What is often not addressed in this debate, however, is that organic is not too expensive, but that conventional is too cheap. Many hidden costs like soil & water pollution, healthcare costs and subsidies linked to conventional are not included in the actual price. If we would, it would change the game." – Elise Bijkerk (Directeur Marktonwikkeling BioNederland)

According to a recent KPMG shopper study, the primary reason shoppers avoid purchasing organic food is its higher price. As a result, reducing the price gap between organic and non-organic food could accelerate the penetration of organic products into the mainstream market.

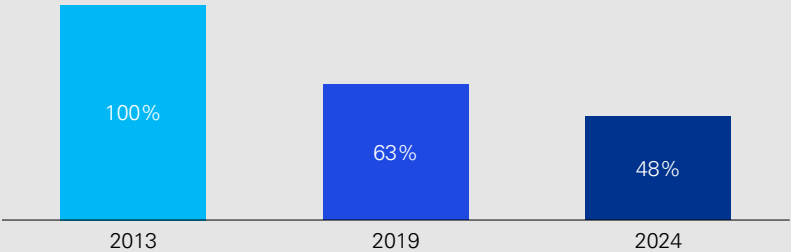
While the price difference between organic and their non-organic products remains substantial, it has narrowed over the past few years. In 2024, the Consumentenbond in the Netherlands reported a 48% price difference, down from 63% in 2019. Price differences also vary significantly across product categories, with relatively small gaps

between organic and non-organic dairy, beef, and pasta⁽⁹⁾.

Interviews reveal that higher production costs are the primary reason for this price gap, driven by the need for greater investments, lower volumes, and higher demand fluctuations. Although, the production costs of organic raw materials are more susceptible to external factors such as weather conditions and interest rate changes⁽¹⁷⁾.

To help reduce price differences, some food retailers have already lowered their profit margins on organic products in certain categories. These margin strategies vary between retailers and product types, often driven by their environmental targets⁽¹⁷⁾. Over the past few years, large retailers such as Albert Heijn, Lidl, Jumbo, Plus, and Dirk van den Broek have set organic sales targets. Lidl, for example, aims to double its organic fruit, vegetable, and potato sales by 2026 compared to 2022, while Jumbo has set specific organic sales targets for particular product categories. Albert Heijn promotes organic consumption by offering a 10% discount on organic items for Premium members. Plus is the first retailer to have an organic revenue share of 5% across its entire product range by 2025⁽¹¹⁾.

Price difference of organic products compared to non-organic products⁽⁹⁾

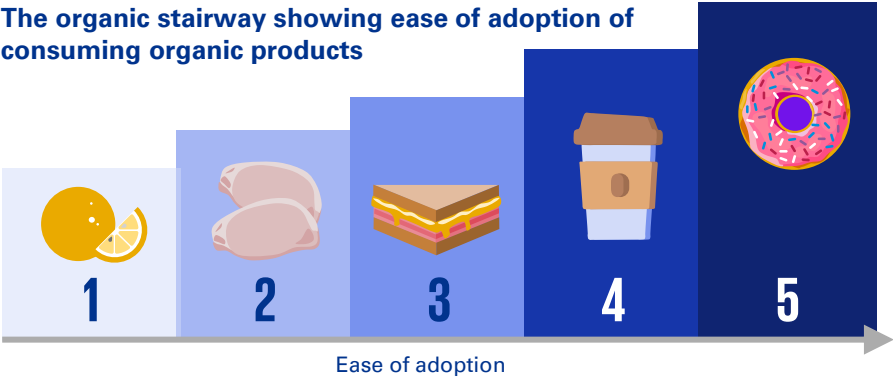


Albert Heijn launched a digital magazine to inspire shoppers for organic consumption

3 Expand the organic range

The organic product range at food retailers has expanded significantly in recent years, improving availability, particularly in the fresh category^(2, 17). In some food retail chains, an organic option is now the only one available for certain products, as part of a replacement strategy⁽¹⁷⁾. However, the revenue share of organic dry goods still lags behind that of non-organic sales, presenting a significant opportunity for growth⁽⁶⁾.

The organic stairway showing ease of adoption of consuming organic products



Organic products vary greatly in availability and variety across different categories. Most retailers offer a wide range of organic fresh products, but the selection of organic dry goods remains limited in many areas. For example, there are many organic pasta options available, but the selection of organic coffee is still relatively sparse^(6, 17). Dry goods represent around 47% of total food retail revenues in the Netherlands, yet account for only 36% of total organic food sales⁽⁶⁾.

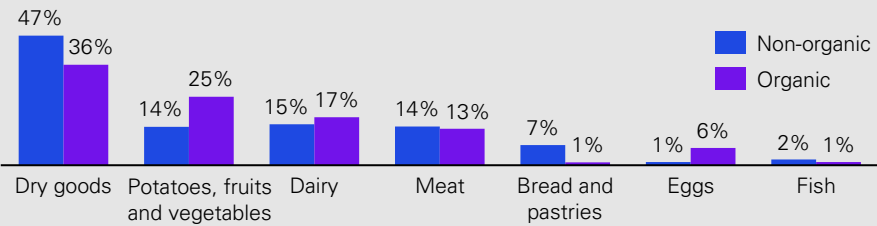
During interviews, several reasons were identified for the slower adoption of organic dry goods. One reason is the concept of the "organic stairway", where organic consumption starts with more basic, unprocessed products such as milk, eggs, and fruit, and gradually expands to more processed items like confectionery, soda, and wine as shoppers become more accustomed to organic purchasing behaviour⁽¹⁰⁾.

Another factor is the focus of dry food production companies on high-volume, standardized production lines. Organic raw materials are generally sourced in smaller quantities and tend to vary more than conventional materials, making large-scale production more challenging⁽¹⁷⁾.

Finally, when shoppers choose between different products in the dry goods category, they have to consider many more factors than when purchasing fresh items. There are a greater variety of brands, frequent promotions, and variations in ingredients, in addition to competing sustainability certifications and labels that influence their decisions⁽¹⁷⁾.

“At Jumbo Supermarkets, we want to continue to make strides in the transition to a more sustainable food and agricultural system. We work closely with Dutch farmers to make our assortment increasingly sustainable, including organic. We see that more and more customers prefer organic products. At the same time, this is not always the first choice for everyone, as it is often more expensive or because people do not fully understand what makes organic products different.” – Menno Wigtman (Unitmanager AGF & Proteïne Jumbo)

Revenue share of different product categories for organic and non-organic food⁽⁶⁾



4 Offer price stability & demand assurance

To foster the organic food market, a stable and sufficient organic supply of raw materials from farmers is essential. Some farmers are still reluctant to transition to organic farming — or have reverted to conventional farming — due to uncertainties regarding long-term demand and pricing⁽²⁸⁾. Transitioning is costly and difficult to reverse, so long-term commitments from food retailers, wholesalers, and producers, as well as adapting demand to varieties more suited to organic farming, could help reduce these uncertainties and support organic production growth⁽¹⁷⁾.

An increase in the number of organic farmers—and thus organic supply—is necessary to drive organic production and the growth of the organic food market. In the Netherlands, the number of organic farmers is still relatively small (~4% organic certified agricultural farmers in 2023)⁽²⁰⁾ despite industry participants noting that, on average, total profitability is around 10% higher than conventional farming⁽¹⁷⁾. However, the margin varies significantly depending on the type of farming and the products produced. Farmers indicate that demand and price insecurity are the primary reasons preventing them from transitioning to organic farming, in addition to a lack of clear government direction and regulatory support (discussed in the next chapter).

To support the transition to organic farming, retailers can establish long-term purchase agreements with farmers. By providing long-term purchase commitments, retailers offer stability and predictability, which incentivizes farmers to invest in and transition to organic farming.

Furthermore, several farmers have pointed out that certain fruits and vegetables have alternative species better suited for organic farming, as these species are more resistant to diseases and require no pesticides. Furthermore, farmers noted that many customers (retailers and wholesalers) are still unwilling to make long-term

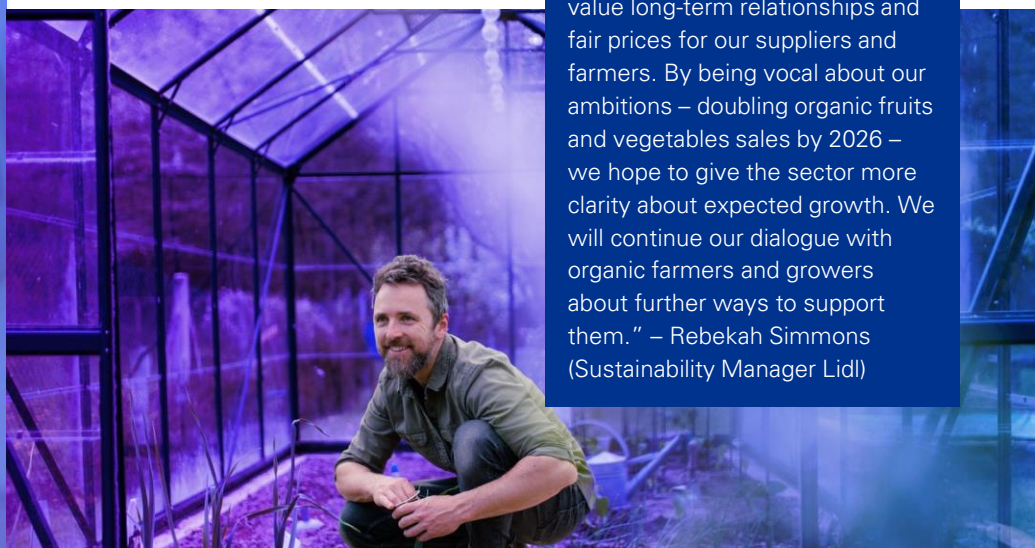
purchase agreements with (partially) fixed prices or are hesitant to offer new species of products. This insecurity results in fewer farmers transitioning to organic farming. This challenge is especially apparent in animal husbandry, where large investments in stable infrastructure are necessary to house the animals. These substantial investments also make it nearly impossible to return to conventional methods. Moreover, farmers indicate that recent fluctuations in interest rates have complicated the process of obtaining the necessary financing due to the uncertainty of the business case⁽¹⁷⁾.

However, there are positive developments, such as the initiative between Lidl and Biohuis in the Netherlands. The "Hutspotakkoord" is an agreement between Lidl Netherlands and Biohuis to boost organic production and sales. Lidl aims to double organic sales by 2026, pay fair prices to farmers, and make organic products more accessible⁽⁴⁾. Agreements like these create a stable environment that helps farmers transition toward organic farming practices.



"As the third largest food retailer, Lidl Netherlands has a responsibility to

support the growth of the organic sector. That is why we highly value long-term relationships and fair prices for our suppliers and farmers. By being vocal about our ambitions – doubling organic fruits and vegetables sales by 2026 – we hope to give the sector more clarity about expected growth. We will continue our dialogue with organic farmers and growers about further ways to support them." – Rebekah Simmons (Sustainability Manager Lidl)



5 Implement long-term supportive policies & regulations

For the organic food market to thrive, governments must provide clear, long-term regulations. While the Dutch government has supported organic growth, industry participants suggest that a more sustained, overarching approach would be beneficial⁽¹⁷⁾. In Europe, Denmark is widely regarded as a leader in creating this supportive environment^(10, 16).

Rules and regulations significantly impact the transition to organic farming, especially in production. Farmers interviewed indicated that current rules and regulations complicate the transition to organic. The two primary reasons cited are a lack of flexibility and the absence of a long-term outlook for organic farming. These regulations are particularly challenging for smaller farmers who struggle with the demanding process required for the transition⁽¹⁷⁾.

In 2022, only 4.2% of Dutch farmland was used for organic farming⁽¹⁶⁾. The government aims to increase the share of organic farmland to 15% by 2030 to establish a more sustainable food ecosystem. However, this target appears challenging due to limited land availability and strict organic farming requirements^(17, 20, 24).

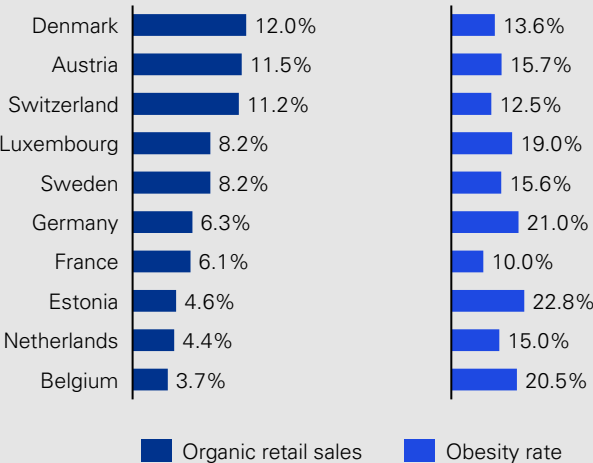
To encourage the shift to organic farming, the government offers incentives. For instance, the 'Regeling Groenprojecten' provides attractive loans, and the 'Eco-regeling 2024' offers subsidies for farmers switching to organic food production⁽²⁵⁾. Organic farmers also enjoy financial advantages when leasing land from

the state⁽¹⁷⁾. Furthermore, the government is discussing initiatives to introduce a minimum share of organic offerings in government buildings and promote knowledge-sharing about the benefits of organic food⁽²⁵⁾.

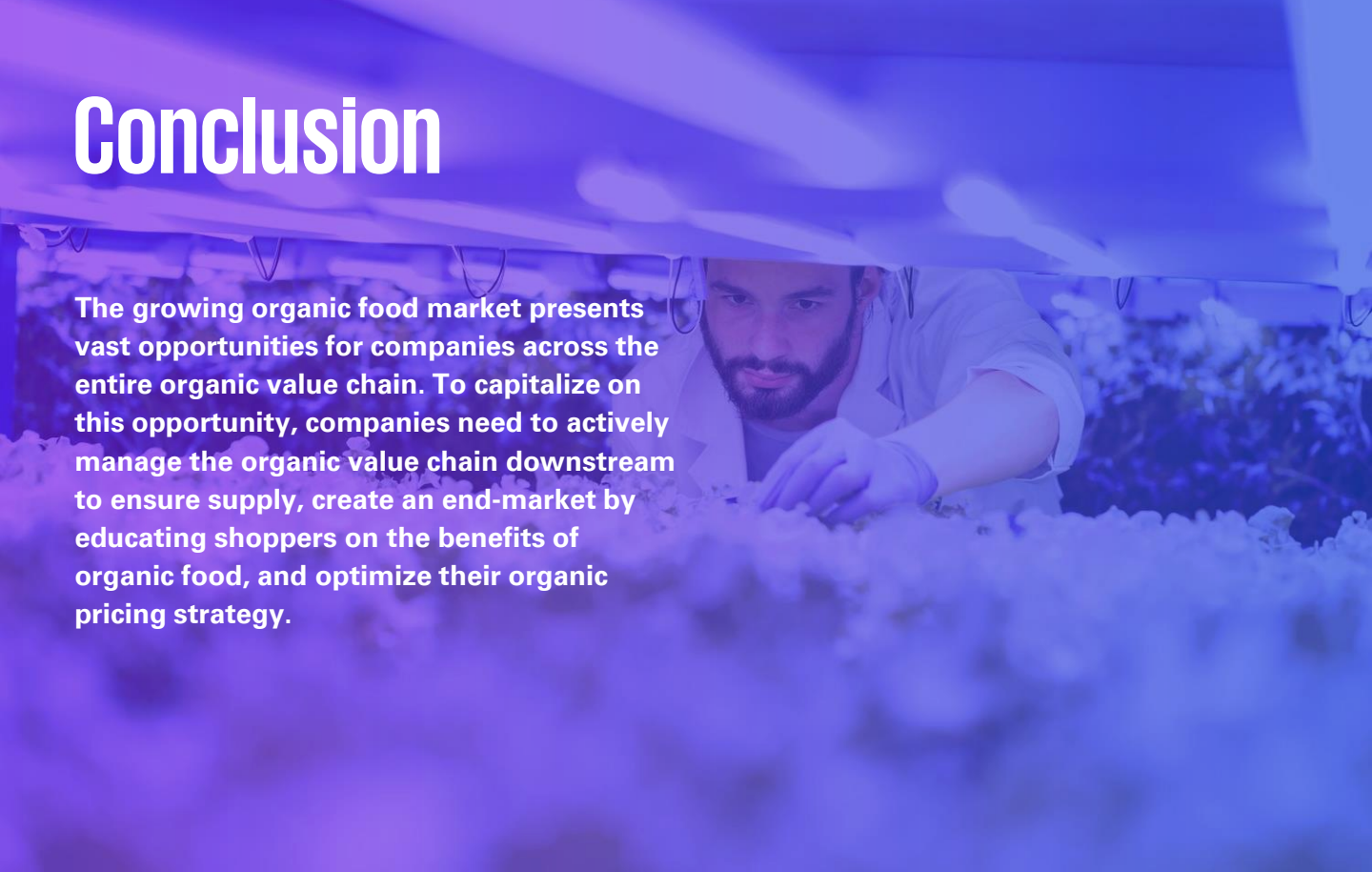
Similar initiatives have been successful in Denmark, a leader in organic production and consumption (around 12% of food retail sales in 2022 was organic)⁽¹⁶⁾. The Danish government has taken an active role in supporting the (partial) transition of conventional to organic farming. This process began in 1995 with an organic action plan, and in 2009, a target was set to double organic farmland by 2020, formalized in 2012 under the "Organic Action Plan 2020". Examples of these policies include promoting organic product marketing, supporting farmers transitioning to organic, and setting a minimum organic food offering in government buildings at 60%^(10, 21).

The government may benefit from increasing organic food production through improved soil health. There are also indications that a higher share of organic consumption correlates with lower obesity rates⁽²³⁾.

Percentage of organic retail sales⁽¹⁶⁾ and obesity rate⁽²²⁾ in 2022 per country



Conclusion



The growing organic food market presents vast opportunities for companies across the entire organic value chain. To capitalize on this opportunity, companies need to actively manage the organic value chain downstream to ensure supply, create an end-market by educating shoppers on the benefits of organic food, and optimize their organic pricing strategy.

In recent years, the organic consumption market has shown consistent growth, a trend expected to continue. This growth offers opportunities for companies across the entire value chain. However, despite the growing market, the organic food market's absolute size is still relatively small compared to its conventional counterpart. To successfully transition parts of their portfolio, companies need assurance of sufficient supply, consistent quality, and continuous growing demand.

To manage and secure supply, companies must engage with parties downstream in the value chain. For companies to increase organic production, long-term price and demand guarantees are essential. For companies to deal with these guarantees require a different strategy than the more short-term contracts commonly used in conventional food production. Such long-term partnerships also provide the additional benefit of more control over quantity and quality, ensuring that end-markets can be fully supplied.

Moreover, for many product categories, there is not yet an established or well-developed end-market. Companies can take a more proactive approach in creating these markets by educating shoppers about the potential benefits and cooperating with other downstream

companies to share the risks associated with opening new markets. While the end-market for many fresh products is already well-developed, categories such as dry goods still have smaller or non-existent markets. By pioneering these markets, companies can gain a competitive edge as first movers while simultaneously advancing their environmental goals.

Finally, the initial margin for new organic markets may be lower than for more established end-markets due to the limited scale at launch. Companies must balance their pricing strategies to achieve a healthy margin while simultaneously encouraging demand. This pricing strategy must also consider the product lifecycle, and its relative price compared to conventional alternatives. For some products, a replacement strategy might be more appropriate due to the suitability of organic alternatives.

To successfully capitalize on the opportunities in the organic food market, companies must take a more active role in both upstream and downstream aspects of the value chain while focusing on long-term opportunities. These changes will require new strategies and capabilities to optimize the potential at hand.

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