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The non-GMO industry is growing fast. Where does it go from here?

By Carolyn Heneghan | August 24, 2015 print

GMO — Never have three letters caused such an uproar from those for and against genetically modified organisms (and/or labeling them). From companies and politicians to celebrities and mom bloggers, all chime in when it comes to GMO and non-GMO foods and beverages.

The global food and beverage market, currently retail valued at more than \$5 trillion, is seeing strong growth of non-GMO products, which globally accounted for \$550 billion of that \$5 trillion in 2014, according to a new Packaged Facts report, *Non-GMO Foods: U.S. and Global Market Perspective, 2nd Edition*. In the U.S., non-GMO foods and beverages generated \$200 billion in sales last year.

The non-GMO market is growing significantly as well. Packaged Facts predicts that the total global market for non-GMO products will nearly double by 2019, surging at a CAGR of 15% between 2014 and 2019. This is faster than the 13% growth rate for non-GMO sales in the U.S. specifically, though Packaged Facts forecasts that the U.S. will still comprise about one-third of the global non-GMO food and beverage market.

Non-GMO product launches surge

It's estimated there are about 2,000 non-GMO product launches per year in the U.S., a significant increase from just a few hundred launches per year a decade ago. Packaged Facts noted that the highest jump in non-GMO product launches occurred from 2012 to 2013 as more consumers became aware of GMOs and the controversy surrounding it.

Non-GMO product launches can be found in a wide range of food and beverage categories, but the highest growth in the U.S. has come from snack foods followed by dairy and bakery products. Sauces, seasonings, and juice beverages are popular non-GMO categories as well.

Kellogg's Kashi brand, for example, recently released several organic and non-GMO breakfast options, namely plant-based foods, such as cereal made from organic sweet potatoes or sprouted and ancient grains. In May, Zevia became the first low/zero-calorie soda brand to receive non-GMO certification when it changed its formulas and went color-free.

As Diamond Foods works to clean up its product labels, the company vowed earlier this month that 70% of Diamond's sales in North America will be Non-GMO Project verified by the end of summer 2016. When Chobani released the latest additions to its portfolio expansion in July, the company also changed up its packaging to highlight that these products were made from "Only Natural, Non-GMO Ingredients."

These companies are responding to the non-GMO movement with new products as it shifts across different parts of the grocery store, from vegetables and dairy to consumer goods.

"There's a lot of activity in the perimeter, and it has grown from the side walls to the middle," said Steve French, managing partner for the Natural Marketing Institute during a presentation at the Institute of Food Technologists' annual meeting and food exposition.

How major food companies are responding to this growth

Major food companies have been trying to appeal to consumers who want more non-GMO options in large part through acquisitions.

Many of these larger companies have supported anti-GMO labeling efforts, such as the Safe and Accurate Food Labeling Act of 2015, which the House passed in July. A recent study showed that a GMO label would not necessarily deter a consumer from buying that product.

As for some major companies' non-GMO strategies, Annie's, for example, which produces a variety of condiments, macaroni and cheese, and other products sourced from non-GMO ingredients, was acquired by General Mills last year. General Mills also owns Cascadian Farms, a non-GMO producer of frozen foods, yogurt, and other products.

Applegate Farms, which Hormel announced it would be acquiring earlier this year, produces a wide variety of organic, natural, and non-GMO, meats, and Post purchased Attune Foods in 2013, which produces non-GMO cereals.

Organic and natural foods dominate the non-GMO category

Of all of the new non-GMO product launches and current non-GMO foods and beverages, a majority (60%) are considered natural or organic. Packaged Facts predicts that percentage will grow to about three-quarters of total non-GMO retail sales by 2019.

According to Packaged Facts, this reflects three concepts:

1. The increasing popularity of organic food specifically and natural foods more generally with American consumers

Sales for the U.S. organic food market has tripled over the past decade, and in April, the number of organic facilities in the U.S. was up 5% since 2014 and 250% since 2002. The demand for organic foods and beverages is so high among American consumers that shortages of organic feed and produce are common and contribute to organic products' soaring prices.

2. The link between organic and non-GMO in consumer understanding

Consumers are learning more about labeling standards for organic and non-GMO products, including that organic products are, by definition, non-GMO.

"The two labels are different but are connected. We don't see them as competing but as complementary and necessary for each other," Errol Schweizer, Whole Foods' executive global grocery coordinator, told Organic Connections Magazine. "We see customer preference for both labels."

3. The probability that there will be no resolution on a national level regarding mandatory GMO labeling on food and beverage products

Fights concerning GMO labeling at the state level have gone on for years, but a national debate on GMO labeling is newer to the industry. The bill that the House passed earlier this summer was a huge step toward a resolution for GMO labeling at the national level, but the same legislation still has to make it past the Senate and the president's desk.

As Packaged Facts' numbers project, the non-GMO movement is going to continue to grow as more consumers become interested in GMOs and choose whether to buy products that contain them.

"The whole issue of G.M.O.s has been around for decades," French said in his presentation. "It's not something that's going away. It's part of this larger movement of clean label and transparency."