

The Eastern European market potential for cocoa

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The cocoa market in Eastern Europe (here including Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia, excluding Estonia, Latvia and Lithuania) is dominated by multinationals mainly purchasing bulk cocoa. Eastern Europe is considered an emerging market for high-quality chocolate, despite being a niche market. Czech Republic, Poland and Bulgaria, for example, increasingly offer interesting opportunities for high-quality cocoa. However, the trends towards higher quality, greater purchasing power, and growing consumer knowledge in this region lag in comparison with western European countries.

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1. Product description

This report focuses on cocoa beans (whole or broken, raw or roasted) under HS code 1801. Harmonised System (HS) codes are used to classify products and to calculate international trade statistics, such as imports and exports.

The cocoa tree (*Theobroma cacao*) grows in tropical areas between 15 and 20 degrees latitude north and south of the equator in Africa, Asia and Latin America. Cocoa pods grow directly from the trunk and thicker branches of the tree. After extraction from the pod, cocoa beans (which are in fact the tree's seeds) are fermented and dried. A cocoa producing tree can deliver on average 7 kg to 9 kg of dry beans per year.

The three main varieties of the cocoa tree on the international cocoa market are the following:

1. *Forastero* is the predominant cocoa variety. It is mainly cultivated in Africa, but also in Central and South America. It accounts for approximately 80% of the global cocoa production. *Forastero* trees grow faster and produce higher yields than other cocoa varieties. These beans have a strong, earthy flavour. Generally, bulk cocoa beans come from *Forastero* trees. Well-known *Forastero* subspecies are *Amelonado* and *Nacional*. *Nacional* trees in Ecuador produce fine flavour cocoa.
2. *Criollo* is mainly grown in Central America, northern South America, the Caribbean and Sri Lanka. *Criollo* makes up approximately 5% of the global cocoa production. These beans have a delicate and sweet flavour. *Criollo* is often mixed with other varieties when making chocolate, given that it is scarce and expensive. Fine flavour cocoa beans are produced from *Criollo* cocoa trees. Well-known varieties are *Chua*, *Porcelana* and *Ocumare*.
3. *Trinitario* is mainly cultivated in Central and South America, the Caribbean and Asia. These beans are a hybrid of the *Criollo* and *Forastero* trees. This variety represents 10%–15% of the global cocoa production. These beans have a floral, fruity flavour. The cocoa beans from *Trinitario* trees are classified as fine flavour cocoa. There are exceptions, however, such as Cameroonian cocoa beans, which are produced from *Trinitario* trees and classified as bulk cocoa beans. Well-known varieties are *Carenero*, *Rio Caribe* and *Sur del Lago*.

Our [study on semi-finished cocoa products in Europe](#) covers cocoa bean derivatives, such as cocoa paste, cocoa butter and cocoa powder.

2. What makes Eastern Europe an interesting market for cocoa?

Bulgaria, Poland and Slovakia are Eastern Europe's largest cocoa bean importing countries. A relatively small share of the region's cocoa bean imports is directly sourced from origin, although Bulgaria is a clear exception with 91% direct imports from producing countries in 2020. Poland is Eastern Europe's largest chocolate manufacturer and the sixth-largest chocolate exporter in all of Europe. The chocolate manufacturing industry in Poland has been and is expected to continue growing steadily, indicating continued demand for cocoa beans.

Bulgaria, Poland and Slovakia: the largest importers in Eastern Europe

Bulgaria and Poland are Eastern Europe's largest importers of cocoa beans. Bulgarian imports amounted to 16.7 thousand tonnes in 2020, while Polish imports reached 15.3 thousand tonnes. Bulgaria and Poland ranked 10th and 11th among all European importers in 2020, together accounting for 1.4% of total European cocoa bean imports. Slovakia is the third-largest cocoa bean importer in the region, with an estimated 7.1 thousand tonnes in 2020, followed by Croatia at 1.8 thousand tonnes.

Most Eastern European countries registered growing import volumes between 2016 and 2020. Poland registered an average annual growth rate of 10%, while Bulgaria, the fastest grower in the region, registered an average annual growth rate of 337%. Bulgaria's extraordinary growth may be a result of the country's increasing importance for chocolate multinationals. Nestlé's factory in Bulgaria, for example, is one of only three factories in Europe producing KitKat chocolate bars. The Swiss multinational has boosted chocolate manufacturing in Bulgaria by investing in production facilities in the country in [2014](#) and in [2020](#).

Imports into other European countries are very small. Czech Republic, for example, imported 106 tonnes of cocoa beans in 2020, Hungary 6 tonnes, while Romania and Slovenia did not import any cocoa beans in 2020, according to trade statistics.

Eastern Europe imports small volumes directly from origin

Compared to western European countries, Eastern European countries imported lower shares of cocoa beans directly from producing countries. Slovakia and Croatia, for example, imported all their cocoa beans from other European countries. In Slovakia's case, most cocoa bean supplies came from the United Kingdom (47%), France (32%), and the Netherlands (21%). Croatia imported about 91% of its cocoa beans from the Netherlands.

Poland imported 50% of its cocoa beans directly from origin in 2020, mostly from Ivory Coast: 7.1 thousand tonnes. The other half came from other European countries, mainly the Netherlands (5.9 thousand tonnes) Belgium (1.5 thousand tonnes).

Bulgaria is an exception in the region, having imported 91% of its cocoa beans directly from producing countries in 2020. Countries in West Africa supply most of Bulgaria's imports: Ivory Coast supplied 9.3 thousand tonnes in 2020, followed by Nigeria with 3.8 thousand tonnes and Liberia with 1.3 thousand tonnes.

Poland is Eastern Europe's largest chocolate producing country

Chocolate product manufacturing in the European Union reached [3.7 million tonnes in 2019](#). Poland ranked as the sixth-largest chocolate manufacturer in the EU, accounting for 7% of total production. Germany, Italy, France, the Netherlands and Belgium were the five largest producers.

In terms of chocolate exports, Poland ranked as the fourth-largest European exporter in 2020, only after Germany, Belgium and the Netherlands. Polish exports amounted to 411 thousand tonnes of chocolate products, accounting for 10% of total European chocolate exports. Between 2016 and 2020, Polish exports

increased at an average annual rate of 6.7%. Several investments, such as those by [Mondelez](#) and [Barry Callebaut](#), in the Polish chocolate manufacturing industry help to explain this continuous increase and suggest future growth too.

Czech Republic, Slovakia, Hungary and Bulgaria follow Poland as Eastern Europe's largest chocolate product exporters, but at much smaller numbers: 55, 54, 50 and 49 thousand tonnes respectively.

Large multinationals generally dominate the Eastern European chocolate manufacturing market. The big multinational Mondelez takes the leading market position in several Eastern European countries, such as [Poland](#) and [Bulgaria](#). Mondelez has four [chocolate factories](#) in Poland, one in Bulgaria and one in Slovakia. Nestlé is another large player in Eastern Europe, which has [chocolate confectionery plants](#) in Bulgaria, Czech Republic, Hungary and Poland.

Tips:

- Activate the translation function of your browser to read the studies in your preferred language.
- Access [EU Access2Markets](#) to analyse European trade dynamics yourself and to build your export strategy. By selecting any of the Eastern European countries as a reporting country, you will be able to follow developments, such as trade flows with established suppliers, emerging new suppliers and changing patterns in direct and indirect imports.
- See our study of [trade statistics for cocoa](#) for more detailed information about the European trade in cocoa beans.
- Read more about the developments in the Eastern European chocolate market on the websites of the [Association of Hungarian Confectionery Manufacturers](#) and the [Association of Polish Manufacturers of Chocolate and Confectionery Products](#).

3. Which trends offer opportunities or pose threats on the Eastern European cocoa market?

The mass chocolate market is dominant in Eastern European countries. Large multinationals and retailers set most trends in the region. Certification is not a common consumer demand, but it is often required by the multinational companies that dominate the region's activities. Although still a niche market, Eastern Europe shows a growing demand for higher-quality and premium chocolate products.

Mass chocolate market dominant in Eastern Europe

The [purchasing power of consumers in Eastern European countries is generally lower than that of consumers in western European countries](#). For instance, average per capita purchasing power in Czech Republic in 2020 was almost 34% lower than the European average. In Poland, it was almost 49%, in Hungary 50% and in Romania approximately 60% lower than the European average. Naturally, purchasing power in larger cities in all countries is much higher than in rural areas.

The [COVID-19 pandemic has had a particularly stronger impact on reducing household wealth in Eastern Europe has been particularly high](#) in comparison with countries in north and western Europe. Nevertheless, the chocolate market has not been affected as much as other sectors. In fact, in markets like Poland, chocolate sales increased by 6% in 2020 compared to the previous year.

Consumers are expected to focus more on the lower price segments for food, including chocolates. Supermarkets offer more accessible prices for better quality products from mainstream brands. [Well-known Western brands are said to be perceived as higher-quality chocolate](#), suggesting that mass chocolate is not likely to lose market share in Eastern Europe.

Examples of popular brands in the Eastern European chocolate market include Kinder ([Ferrero](#)), and well-known brands of [Mondelēz](#), such as Milka, Alpen Gold (mainly in Poland), Figaro (Slovakia and Czech Republic), Poiana (Romania) and Svoge (Bulgaria).

Within Eastern Europe, Poland and Slovakia have the largest annual chocolate consumption rates at [5.7 kg](#) and [5.2 kg](#) per capita respectively. Czech Republic follows with [4.9 kg](#) per year, then Croatia with [4.7 kg](#), Bulgaria with [3.5 kg](#), and Hungary with [2.6 kg](#) per year. In comparison, the largest European chocolate consumption rates are in Switzerland ([9.9 kg](#) per capita) and Germany (9.2 kg per capita).

Growing demand for high-quality and premium chocolate

Although the mainstream market is prevailing in Eastern European countries, the region also has a growing market for artisanal and high-quality chocolate. These markets especially flourish in urban areas, where consumers have higher purchasing power and are more likely to spend more on high-quality chocolate products.

Czech Republic can be seen as an important market for artisanal chocolate products. The first Czech company making high-quality single-origin bean-to-bar chocolate was [Jordi's Chocolate](#), founded in 2012. Nowadays, it competes with the likes of [Ajala Chocolate](#), [Choklid](#) and [Míšina čokoláda](#).

Other examples of bean-to-bar chocolate makers in Eastern Europe include [Gailot Chocolate](#), [Chocoleya](#) and [Casa Kakau](#) (Bulgaria), [Taman Chocolates](#) (Croatia), [ChocoMe](#), [Choco Card](#) and [Rózsavölgyi Csokoládé](#) (Hungary), [Manufaktura Czekolady](#) (Poland), [Thea's Chocolate](#) (Romania), [Lyra Chocolate](#) (Slovakia) and [20 Chocolate](#) (Slovenia).

Most of these small chocolate makers import cocoa beans through specialised importers or distributors, such as [Twenty Degrees Cacao](#) (United Kingdom), [Silva Cacao](#) (Belgium), [Daarnhouwer](#) and [Crafting Markets](#) (Netherlands). However, for larger volumes, they may opt to directly source cocoa beans from producing countries. [Casa Kakau](#) from Bulgaria is an example of a chocolate maker already engaged in direct trade, importing cocoa beans directly from Ecuador.

Well-established chocolate producers also increasingly see opportunities in Eastern Europe. Swiss premium chocolate maker Lindt, for example, [opened its first boutique in Hungary in 2018](#). As of June 2021, Lindt had four stores in Hungary, four in Bulgaria and four in Czech Republic as well. Poland has 10 Lindt chocolate stores. In comparison, Italy has 37 such [Lindt locations](#).

[Lindt's 2019 general sales numbers](#) indicated that within Europe, especially among Eastern European markets Poland, Czech Republic, Slovakia and Hungary did very well, registering high double-digit growth rates. In addition, during the pandemic in 2020, the Eastern European market achieved market share gains and sales growth of [+12%](#). Only Poland registered a decrease of -2.9% due to sales declines in shops and retail trade related to the pandemic.

Mainstream chocolate manufacturers are also venturing into the premiumisation trend in the Eastern European market. Nestlé, for example, made its premium chocolate tablet brand [Nestlé L'Atelier](#) available on the Czech market. Another example is Mondelēz bringing its [Suchard](#) chocolate products to the Bulgarian market.

Multinationals drive certification requirements

Certification is not a common consumer demand in the region, but the chocolate industry in most Eastern European countries is dominated by multinational chocolate manufacturers. These manufacturers implement their own sustainability policies, which often include certification. For cocoa exporters, this means that it is still likely that you are required to comply with certification requirements. Nestlé, for example, aims to source all of its cocoa through its own [Nestlé Cocoa Plan](#) by 2025, partnering with certification standard Rainforest Alliance.

The largest supermarkets in the region are also owned by European multinationals, such as the German

[Schwarz Gruppe](#), which owns the Kaufland and Lidl supermarkets. Other large retailer groups active in the Eastern European market are [REWE Group](#) (Germany), [Jerónimo Martins](#) (Portugal), [Ahold Delhaize](#) (Netherlands and Belgium), [Tesco](#) (United Kingdom) and [Spar](#) (Netherlands). These retail groups also have their own sustainability policies and requirements when it comes to sourcing products.

The private label products of these retailers have the same certification standards as in other markets, where sustainability is in part strongly driven by consumer demand. As such, in many of these supermarkets you will find an assortment of Rainforest Alliance and UTZ certified products, as well as Fairtrade-certified and certified organic chocolate products as part of their private label chocolate lines. Examples include Kaufland's private label chocolate products [K-Favourites, which are certified by Rainforest Alliance/UTZ](#) and its [K-Classic and K-Bio brands, certified by Fairtrade](#).

Growing interest in healthy products in Eastern Europe

European consumers' growing health awareness has led to increasing demand for healthy products. This trend is not as widespread in Eastern Europe as in north and western European markets. Nevertheless, the [market for healthy snacks is growing steadily in Eastern Europe](#).

This growing health awareness drives up demand for less processed and more natural alternatives to products. In the case of chocolate, this slowly drives up demand for chocolates that contain less sugar, which explains the growing demand for darker chocolates. Poliand's Wawel, for example, has a whole [premium line of dark chocolates](#), including a 100% dark cocoa product [launched in 2021](#).

Despite being a niche market, several brands cater to consumers looking for healthier chocolate alternatives, such as [OCTOchocolate's](#) raw chocolate products [Bartfan's](#) sugar-free chocolate brand, both from Poland. Other examples include [Casa Kakau](#), founded in 2016 in Bulgaria, which offers vegan bean-to-bar products, and the sugar-free chocolate products from [Kandit](#) (Croatia).

Organic chocolate market yet to take off

Eastern European countries have relatively small markets for organic products. The share of organic retail sales varies between [0.1% and 2.0%](#), showing the small size of the organic market. The largest organic markets in the region are Poland, Czech Republic and Croatia, with organic retail sales reaching €314 million, €164 million and €99 million respectively.

The launch of the [second Carrefour Bio shop in Poland in 2020](#) reinforce the potential of organic products in markets like Poland. However, the organics market in Eastern Europe remains small, despite recent growth and the potential shown from growing consumer awareness and availability of organic products in countries like [Bulgaria](#) and [Poland](#).

The fact that more international organic chocolate brands have penetrated the Eastern European market also shows that there is room for growth in the organic market. International brands available in Eastern Europe include [RAWR](#) (UK), available in several Eastern European markets, and [Chocolates Solé](#) (Spanish) in Czech Republic, as well as [Vivani](#) (Germany), which is available, in the [Czech](#) and [Polish](#) markets among others. Large European retailers have also been taking their organic private label brands to the Eastern European market, such as the organic [Moser Roth chocolate brand of Aldi](#), which is for sale in Aldi's shops in Hungary.

In Poland, only an estimated [16%](#) of all chocolate products available in supermarkets is organic. In comparison, this percentage in Belgium goes beyond 50%. An example of organic chocolate producer from Poland is [OCTOchocolate](#), while [Bio Benjamin](#) is an organic chocolate maker from Bulgaria. [Smart Organic](#) offers a range of organic chocolate products in Bulgaria and Romania.

Examples of certified organic cocoa exporters that have entered the European market successfully include [El Ceibo](#) (Bolivia), [Grupo Conacado](#) (Dominican Republic), [Cooperativa Norandino](#) (Peru), [Fedecovera](#) (Guatemala) and [Ingemann](#) (Nicaragua).

Tips:

- See [our study on trends for cocoa](#) to learn more about current trends and developments in the European market for cocoa and cocoa products.
- See [our study on doing business with European buyers of cocoa](#) for more tips on marketing and promotional aspects of your cocoa.
- Before engaging in a certification programme, make sure to check that this particular label has sufficient demand in your target market in consultation with your potential buyer, and whether it will be cost beneficial for your product.
- Want to put premium cocoa on the Eastern European market? Try to establish direct trade relationships with smaller traders and chocolate makers. See the section on market segments and trade channels in the [Entering the Eastern European Cocoa Market](#) study for more information.

This study was carried out on behalf of CBI by [ProFound – Advisers In Development](#).

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