European market potential for organic coffee

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Although the European market for organic coffee is still considered a niche market, demand is expected to grow strongly in the near future. This growing demand is particularly driven by sustainability concerns of consumers and European industry players, as well as a growing interest in healthy living by consumers. These two trends will benefit the market for products with organic certification. Retailers play a crucial role in the expansion of organic product availability, which drives up the sales of and interest in organic coffees.

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1. Product description

The focus of this document is on green coffee beans, which corresponds with HS codes 090111 (coffee, not roasted, not decaffeinated) and 090112 (coffee, not roasted, decaffeinated).

Organic coffee

Certified organic coffee refers to coffee that has met the standards of an organic certification scheme. Organic standards vary worldwide, but generally aim at sustaining the health of people, soils and ecosystems. Organic farming standards restrict the use of synthetic fertilisers and pesticides, in addition to requiring specific methods and practices for plant protection and soil conservation as well as traceability.

Companies have a variety of reasons for deciding to obtain organic certification. These reasons might include environmental concerns, end-consumer demand, improving brand reputation and adding credibility to sustainability claims. For a final product to be certified as organic, each actor in the supply chain must be organic certified.

Organic certification standards

In order to market coffee as organic in Europe, the product must comply with the regulations of the European Union (EU) for organic production and labelling. Obtaining the EU organic label is the minimum legislative requirement. In addition to the EU label, coffee can also be labelled with official national organic labels or private label standards. Examples of national organic labels include the German Bio-Siegel and the French AB mark. Examples of private sector labels are Soil Association (United Kingdom), Bio Suisse (Switzerland) and Naturland (Germany).

Besides these national and regional labels, there are also more specific standards for smaller niche markets that go beyond organic certification:

- Demeter: Demeter is a private organic certification organisation, focused on biodynamic agriculture.

- Bird Friendly: Bird Friendly coffees are organic and shade grown, and provide a welcome habitat for birds. This standard was created by the Smithsonian Migratory Bird Center.

A minimum requirement for both standards is to be fully organic. Note that these labels are not country specific.

2. What makes Europe an interesting market for organic coffee?

Europe is the world's largest coffee market, and is among the leading markets for organic products. This combination makes Europe an increasingly interesting destination for organic coffee. The growing interest in organic products by European consumers is mainly driven by a growing interest in healthy living and increasing sustainability concerns.

European market for organic foods is growing

The organic market in Europe is the second-largest single organic market, only after the United States of America. European organic retail sales nearly reached €41 billion in 2018, which is about 42% of global organic sales. Between 2014 and 2018, European organic retail sales registered an average annual increase of 12%. The COVID-19 crisis has led to an increasing demand for organic foods, as organic foods are considered healthier and safer than conventional food products. This demand is expected to continue growing after the crisis is over.

The growing interest in healthy living in Europe is one of the drivers of the increasing demand for organic products. The common perception is that organically produced food products reduce consumers' exposure to synthetic chemicals and pesticides. More socially empathetic consumers (also) buy organic products to reduce farmers' exposure to toxins.

Within Europe, the largest national market for organic products is Germany. In 2018, German organic retail sales reached almost €11 billion, accounting for almost 27% of the entire European market. The second-largest European organic market is France, with organic retail sales amounting to €9.1 billion in 2018, followed by Italy with €3.5 billion. With a growth rate of more than 15%, France is one of the fastest-growing organic markets in Europe.

Denmark is the country with the highest organic market share in the world. A little under 12% of all food products sold in Denmark were certified as organic in 2018, compared with 7.6% in 2014. In 2018, Switzerland and Sweden followed Denmark, with organic retail sales shares of 9.9% and 9.6% respectively. The share of organic retail sales in Germany accounted for 5.3% of the entire German retail market.

European consumers are willing to spend more money on organic foods

Over the years, the average European per capita consumption on organic food has increased from a little under €36 per person in 2014 to nearly €51 in 2018. To compare: the world average per capita consumption in 2018 was a little under €13 per person.

Both Denmark and Switzerland registered the world's highest per capita spending on organic food in 2018, with €312 per inhabitant. Swiss per capita spending on organic food increased by 41% since 2014, while Denmark registered a growth rate of 93% in per capita spending between 2014 and 2018.

Mainly consumers in the age category 16-34 are willing to spend more money on organic products. The younger generations in France, Germany, Italy, Spain and Poland are most likely to buy organic food and pay more for it. Reasons to be willing to pay more for organic products include a growing concern for food safety, human health, and the environment.

The COVID-19 crisis will likely cause a global economic recession in 2020. As this economic downturn unfolds, it is likely that consumers will become more price sensitive. Nevertheless, it is not expected that consumers will change their spending patterns on food significantly. Especially so because it is expected that the COVID-19 crisis will probably make consumers even more quality and health conscious, driving up the demand for organic foods.

Organic imports by the EU are increasing

As the EU has only started to publish data on organic imports recently, it is not possible to give specific import volumes for organic coffees. However, there are data available for organic imports of unroasted coffee, tea in bulk and mate, which reached 128 thousand tonnes in 2018. These products together accounted for 3.9% of total organic imports that year.

Regarding total coffee imports, the EU is the world's largest green coffee importer with imports reaching 3.7 million tonnes in 2019. Between 2015 and 2019, coffee imports increased by an average annual rate of 2.3%. With a market share of 30%, Germany is the largest European importer, followed by Italy and Belgium with 16% and 8.2% respectively.

These import volumes show that the organic segment within the European coffee market is still a niche market. Nevertheless, the expected year-to-year growth of the global organic coffee market by 13% until 2024, the enormous size of the European coffee market and the growing markets for organic produce, indicate that Europe will consolidate its position as a prominent market for organic coffee.

Tips:

- Activate the "Translation" function of your browser to make the studies available in your native language.
- Refer to the website of the Research Institute of Organic Agriculture (FiBL) to learn more about the organic markets in Europe.
- Learn more about global organic developments in the report The World of Organic Agriculture: Statistics & Emerging Trends 2020.
- See the website of the European Coffee Federation for more information about the coffee industry in Europe.
- See our study of trade statistics for coffee for more detailed information about the European trade in green coffee beans.

3. Which European countries offer most opportunities for organic coffee?

The popularity of organic certification for coffee follows the general market for organic products in Europe. As such, Germany, France, the United Kingdom, Italy, Switzerland, Denmark and Sweden provide interesting market opportunities. These markets show interesting prospects for organic coffee, either because of the size of the market or because of a particularly high consumer demand for organic products.

Table 1. Comparison of the organic markets of several European countries in 2018

Country	Organic retail sales	Share of organic in total RETAIL market	Growth of organic market 2017-2018	Organic per capita consumption	organic market share in total coffee sales/imports
Denmark	€1.8 billion	12%	13%	€ 312	N/A
France	€9.1 billion	4.8%	15%	€ 136	3% (of sales)
Germany	€11 billion	5.3%	5.5%	€ 132	4.3% (of sales)
Italy	€3.5 billion	3.2%	5.3%	€ 58	0.8% (of imports)
Sweden	€2.3 billion	9.6%	4.0%	€ 231	N/A
Switzerland	€2.7 billion	9.9%	13%	€ 312	N/A
UK	€2.5 billion	N/A	5.3%	€ 38	N/A

Source first four columns: FiBL

In general, all organic markets described below are expected to continue growing. As mentioned before, during the COVID-19 crisis, Europe has shown an increasing demand for organic foods. For instance, some organic retailers in France reported sales growth of over 40% since the crisis started, as a result of consumers' perception that organic is healthier and safer than conventional products.

It is not expected that consumers will drastically change these spending patterns when the COVID-19 crisis is over. In general, consumers have shown that they tend to seek healthier and higher-quality products during and after a health crisis. In addition, although the COVID-19 crisis has impacted the disposable incomes of many, spending on food continues to show positive momentum.

Germany is Europe's largest organic market

Germany is the market leader of organic food sales and consumption in Europe with almost €11 billion in organic food sales, representing about 5.3% of total food sales in the country. The organic market in Germany grew approximately by 5.5% from 2017 to 2018. The popularity of organic foods in Germany is driven by consumer interest in health and environmental impact. In addition, German consumers have relatively high disposable income compared to those in other countries in Europe, which allows them to spend more on everyday products, such as coffee.

Within the organic food market, the demand for organic coffee in Germany continues to grow. Total roasted coffee sales in Germany reached 361 thousand tonnes in 2018, 23% of the total EU market. In 2019, sales of organic coffee increased by 14% in volume, at a significantly higher rate than mainstream coffee. The organic market share in coffee sales reached about 4.3% in 2019. About 26% of German consumers prefer organic instead of conventional coffee, and 78% is willing to spend more for organic coffee than conventional coffee.

Most large-scale importers and roasters based in Germany handle organic coffees. Examples of traders include Bernhard Rothfos, InterAmerican Coffees, List + Beisler and Rehm & Co. Note that the latter three only handle specialty coffees. Examples of smaller German coffee roasters handling organic coffees are Elbgold Rösterei, Murnauer and Speicherstadt Coffee Roaster, which is also Demeter-certified.

Given that Germany is Europe's largest organic market and largest coffee importer, coffee exporters will find some of the best opportunities for organic coffee in Germany. However, exporters will also encounter a competitive market, as Germany is known as the prime destination for producers of organic-certified coffee.

Organic Denmark and Sweden are home to well-developed organic markets

Sweden and Denmark registered some of the highest organic market shares and per capita consumption in the world. In both countries, organic products are no longer niche, but have become mainstream. In 2018, Sweden registered organic retail sales of €2.3 billion, marking an increase of 4.0% since 2017. Denmark reached organic retail sales of €1.8 billion in 2018, registering growth of almost 13% compared with the year before.

In 2017, coffee was the fastest growing category in organic beverages in Denmark. Swedish consumers are also increasingly favouring organic coffee. In both countries, coffee ranks among the top organic products in retail.

Traders, roasters and coffee brands in both countries consistently include organic products in their assortment. The large Swedish roaster Löfbergs is one of the world's largest importers of organic and Fairtrade-certified coffee. Another brand with a strong focus on organic coffees in both countries is Arvid Nordquist. The Danish roaster ZoZozial is an example of a smaller company focused on organic high-quality coffees. Q-Organic is a Danish company specialised in sourcing organic coffees from Peru.

Although both countries offer interesting opportunities for organic coffee, it is important to note that the general coffee markets in both countries are smaller than in other EU markets. Total roasted coffee sales in Denmark reached 26 thousand tonnes (1.6% of EU market) and Sweden registered sales of 83 thousand tonnes (5.3% of total market).

The United Kingdom offers a diverse organic coffee market

The United Kingdom offers a large market for organic coffees. Total roasted coffee sales reached over 71 thousand tonnes in 2018, good for 4.5% of the entire European market. Sales increased by 10% between 2017 and 2018. The United Kingdom ranked as the eight-largest market for roasted coffee sales in the EU in 2018.

Regarding organic produce, the United Kingdom is the fifth-largest European market. The organic market was valued at €2.8 billion in 2019, marking a growth rate of 4.5% compared to the previous year. Supermarkets accounted for about 65% of all organic sales in 2019. All leading British supermarkets have their own organic private label ranges: Tesco Organic, Sainsbury's So Organic and Waitrose Duchy Organic. The largest organic food retailers in the United Kingdom are Planet Organic, As Nature Intended and Whole Food Markets.

Given the scale of the organic market, many British coffee supply chain actors deal in organic coffees. An estimated 33% of coffee products on offer in the United Kingdom displays an organic label. Examples of coffee companies exclusively dealing in organic coffee include Cafédirect, Beanberry Coffee Company and Green Bridge Organics. The British market is also open to the lesser-known certification schemes, such as Bird Friendly-certified coffee. British Bird-Friendly certified coffee roasters include Bird & Wild, Cafeology and Masteroast. Note that Bird Friendly-certified coffee is a very small, niche market.

Growing interest in healthy food drives up organic sales in France

Growing health consciousness in France has resulted in a continuously growing market for organic coffees. France is the second-largest market for organic foods in Europe. In 2018, the share of organic food in the total French food market was 4.8%, amounting to retail sales of €9.1 billion. Globally, France registered the largest organic market growth with over 15% between 2017 and 2018. The popularisation of organic products such as coffee has been linked to price accessibility.

France is the third-largest market in the EU when it comes to roasted coffee sales. In 2018, sales reached 185 thousand tonnes, of which about 3% was organic. There is significant growth potential in organic coffee, as tea and infusions hold much larger organic shares, with 12% and 33% respectively. As such, the organic coffee market is expected to grow in the next coming years. About 16% of French households bought organic coffee in 2018. Popular French brands offering organic coffee lines include Alter Eco, Ethiquable and MEO. Note that all these brands offer coffee types that are both organic and fair trade certified.

Organic and fair trade certified products widely consumed in Switzerland

Switzerland is an interesting market for organic products, including coffee. There is a strong ethical push from Swiss consumers to buy these products. Swiss per capita consumption of organic products is the world's highest, at an estimated €312 in 2018. Between 2017 and 2018, Swiss organic retail sales increased by an average of 13%, reaching €2.7 billion in 2018.

The combination of both organic and Fairtrade certification is relatively popular in Switzerland. In 2018, about 4,900 tonnes of Fairtrade-certified roasted coffee was sold in Switzerland, of which 39% was also certified as organic.

Swiss retailers are also increasingly offering products that are both organic and Fairtrade-certified, often through own private label brands. Switzerland is with a share of 49% one of the largest private label markets in Europe. Leading retailer Coop has about 25 private label brands, of which Naturaplan is the most relevant for organic coffees. Coop's Naturaplan coffee capsules are an example of a Swiss private label product holding both organic and Fairtrade certification.

The Italian organic coffee market is growing

Italy is Europe's second-largest green coffee importer, only after Germany. In 2018, Italian imports amounted to about 606 thousand tonnes of green coffee, of which an estimated 5 thousand tonnes were registered as organic. Although organic coffee only takes a market share of 0.8% of total Italian imports, organic imports registered impressive growth rates with an increase of 130% in volume between 2017 and 2018. Honduras supplied about 41% of the total organic coffee imports by Italy, followed by Peru, which supplied 28% of Italian organic coffee imports.

The sales of organic coffee reached a turnover of €6 million in 2018, registering a steep increase of 18% in value and 15% in volume between 2017 and 2018. Examples of larger Italian coffee supply chain actors dealing with organic coffees include roaster Lavazza and Caffe Corsini, and trader Sandalj. Morettino and Giovannacci Caffe are examples of smaller Italian roasters dealing in organic coffees. Note that, despite the growth, the market for organic coffee is still a small niche, as total Italian coffee retail sales reached a value of €2.1 billion in 2018.

Regarding the organic food market, Italy is Europe's third largest by retail sales value. In 2018, retail sales amounted to €3.5 billion. Organic retail sales registered a growth rate of 5.3% between 2017 and 2018. Italians spent approximately €58 per capita on organic products in 2018.

Tips:

- See our country studies to read more about the specialty markets and coffee opportunities

France, Germany, Italy, Scandinavia and the United Kingdom.

Before engaging in an organic certification scheme, verify with your potential buyers whether certification is required and whether it will offer you a competitive advantage over other suppliers to the European market. This is important, as a relatively large share of certified coffee worldwide is not sold as such. In 2017, only 43% of organic-certified produced coffee was exported as such.

Inform yourself about the costs involved to certify your company as organic. Direct costs include those necessary to comply with the organic standard, as well as the fee paid to a certifying body to obtain the certificate for your farm or company. If you are new in the organic market, get price quotations from different control bodies in your region and negotiate with these (private) companies to get the best deal.

Familiarise yourself with the range of organisations and initiatives that offer technical support to help you convert to organic farming. Start your search at the organic movement in your own country and ask if they have own support programs or know about existing initiatives. Refer to the database of affiliates of IFOAM Organics to search for organic organisations in your country.

Read this article about the pros and cons of growing organic coffee, written by Perfect Daily Grind, to see whether organic farming is something for you.

4. Which trends offer opportunities on the European organic coffee market?

European retailers and governments play an important role in promoting consumption of organic products. Supermarkets offer a growing assortment of organic products, including coffee, in part through their own private label brands. Governments promote consumption of organic food through their public procurement policies. Both are expected to have a positive impact on the import volumes of organic coffee in Europe. In addition, organic certification is increasingly gaining popularity within the specialty coffee market in Europe, often in combination with Fairtrade certification.

European retailers increasingly develop organic private label coffees

Sustainability is becoming increasingly important in the European market, both for consumers and industry players. Concerns about the impact of agricultural activities on the environment, have benefited the market for organic products. For instance, several European retailers have covered their sustainability concerns within their codes of conduct and started to actively promote a larger organic offer in their shops. Examples include REWE (Germany) and Carrefour (France).

Also, certification is often part of retailers’ wider sustainability programmes, such as Coop (Switzerland) – Actions, not words, Ahold Delhaize (Netherlands) – Sustainable Retailing / Ahold Coffee Company – Sustainability, Marks and Spencer (United Kingdom) – Plan A and Rewe (Germany) – Sustainability.

In addition, the retail sales of organic private label brands are increasing. Coffee is one of the most popular private-label items at supermarkets, and most large retailers offer premium quality and certified ranges. Private label products are becoming increasingly popular among consumers, as they tend to offer the same quality and characteristics as branded products but are usually offered at more competitive prices. In general, organic private labels follow the general organic food sales trend, indicating that continuous growth of retail sales of organic private label brands is expected for the years to come.

The total organic private label sales from European retailers amounted to an estimated €10 billion in 2018, marking an average annual increase of 9.7% since 2014. Examples of organic private label brands on the

European retailer market include Änglamark of Coop (Sweden), REWE Bio (Germany), Carrefour Bio (France) and Waitrose Duchy Organic (United Kingdom). These private label ranges also include organic coffees.

Promotion of organics in Europe drives up availability of organic coffee

Research has shown that there is a connection between the promotion of national organic production in Europe and the availability of organic coffee products in retailers across Europe. Organic farming is increasing across Europe. For instance, organic farmland in the EU increased by 7.6% between 2017 and 2018, and over 70% over the last ten years. The promotion of organic farming and procurement has become one of the key focus areas of the EU. This is expected to continue this way. In fact, in May 2020, the European Commission published a strategy in which it aims for organic food and farming in Europe to reach 25% in 2030.

Besides the promotion of organic farming, governments are also increasingly promoting the public procurement of organic products. For instance, the French government introduced a bill in 2018, which states that at least 50% of food bought by the public sector in France must be organic or sustainable by 2022. Sweden and Denmark, among others, also have strong organic public procurement policies. Again, although these policies may be directed towards local production, these policies will also have a significant spill over effect on the imports of organic products such as coffee.

Organic certification is a growing niche within the specialty coffee segment

Specialty coffees represent a growing segment on the European coffee market, which is reflected in the growing number of coffee bars, artisanal roasters and baristas. In our study on statistics and outlooks in the European coffee market you can read more about which European countries take the lead in this market.

Direct trade, close contact between farmers and buyers, traceability systems and price premiums based on coffee bean quality are all elements directly connected to specialty coffee. As such, certification is not a must in this segment. Organic certification is an exception, and is increasingly being demanded by buyers in the specialty segment, for both Arabica and Robusta beans.

Within this trend, there is also a growing range of single-origin coffees combined with organic certification. Larger players in the coffee industry have also tapped into this trend to premiumise their product offer. For instance, in 2020, Nespresso launched Peru Organic coffee to its product offer – Nespresso's first certified organic coffee.

The growth of organic certification within specialty coffees is expected to continue, as the concepts of quality, health and safety, and ecological awareness converge. European consumers are increasingly searching for products that tick all these boxes.

Examples of artisanal roasters with high-quality organic coffees in their product assortment include Murnauer (Germany), Kaffeetschi (Austria) and Beanberry Coffee Company (United Kingdom).

An example of a coffee producer focusing on organic, Fairtrade, and high-quality coffees is the Ugandan cooperative ACPCU. The combination of Fairtrade, organic and high-quality coffee sets this cooperative apart from their competitors. In addition, the cooperative owns its own sorting unit, cupping lab and warehouse, which allows them to have control over their coffees and to be a reliable exporting partner to their clients. ACPCU is, among others, one of the organic suppliers of the roaster Café Direct (United Kingdom).

The market for both Fairtrade and organic-certified products is growing

Over the past years, there has been a steep increase of coffee sales by producers that were both Fairtrade and organic certified. Between 2014 and 2018, the volume of green coffee that was certified by both standards marked a year-to-year growth of 30%, amounting to 114 thousand tonnes in 2018.

Also, the combination of Fairtrade and organic is gaining ground in consumer markets, and is expected to grow further. Particularly in coffee, European consumers are looking for products that are ethically sourced, both from a social and ecological point of view.

For instance, in Germany an estimated 23 thousand tonnes of Fairtrade coffee were sold in 2018, of which approximately 75% was certified as organic. To compare, in 2014, sales of Fairtrade-certified coffee reached almost 17 thousand tonnes, of which about 66% was also organic-certified. Popular German brands with a line of Fairtrade and organic coffees include GEPA, Kaffa from Original Food and Rapunzel.

We also see growth in organic- and Fairtrade-certified coffees in the private label category of European supermarkets such as ALDI's Barissimo line and Waitrose's No.1 line coffees; examples: Colombian Reserve, Sumatra Mandheling and Peru Decaffeinated Coffee.

Tips:

- Refer to our study on trends in the European coffee market for more information.
- Find importers from specific European markets that specialise in organic products on the website of Organic-bio.
- If you produce coffee according to a Fairtrade scheme, find specialised European buyers who are familiar with sustainable and/or fair-trade products, for instance by using the FLOCERT customer database.
- Are you interested in exporting high-quality coffee? Learn more about cupping scores on the website of the Specialty Coffee Association (SCA). You can also consider getting a Q-grader or R-grader certificate to be able to cup and score your Arabica and/or Robusta coffee according to international standards.
- Promote the sustainable and ethical aspects of your production process, and support these claims with certification. See our study on doing business with European coffee buyers for more tips on marketing and promoting your coffee.
- Look up the websites World Coffee Research, Global Coffee Platform and Sustainable Coffee Challenge to learn more about sustainability initiatives and research in the coffee sector.
- Read this guide about how to improve yields of organic coffee.

ProFound – Advisers In Development carried out this study on behalf of CBI.