

The Eastern European market potential for coffee

Direct coffee imports from Eastern European countries remain relatively low, but the region's overall coffee import volumes are on the rise. Rising incomes and growing interest in high-quality coffees also bring interesting opportunities to the Eastern European coffee market. Specialised small coffee roasters are rapidly rising, especially in Poland, Czech Republic, Hungary and Romania, in a market that is still dominated by multinationals and mainstream brands.

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1. Product description

Approximately 124 coffee species exist in the wild, of which only a few are commercially relevant. The two most important species on the market are:

- *Coffea Arabica* (Arabica): Referred to as a highland coffee, because it grows best at altitudes between 600 and 2,000 metres, Arabica is the most dominant species in the coffee market, representing about 75% of global coffee production. Each coffee tree yields an average of two to four kilos of cherries. Arabica beans are fairly flat and elongated. Arabica coffee beans have a smoother, more aromatic and more flavourful taste compared to Robusta. Arabica beans have a caffeine content of approximately 1.5%.
The main sub-varieties of Arabica are the Yemeni coffees ([Typica](#) and [Bourbon](#)), the Ethiopian and the Sudanese coffees. Examples of Typica cultivars are [Java](#) and [Maragogipe](#) (known for its large bean size). Coffees related to Typica are the Hawaiian Kona and the Jamaican Blue Mountain. Examples of Bourbon cultivars are [Caturra](#), [Villa Sarchi](#), [Pacas](#) and [Pacamara](#) in Latin America, and [Batian](#), [SL28](#) and [SL34](#) in East Africa. [Jackson](#) is a coffee related to Bourbon which grows mostly in Burundi and Rwanda.
Examples of the Ethiopian and Sudanese coffee line are [Geisha](#), Sudan Rume and Tafari-kela.
- *Coffea Canephora* (Robusta): Robusta coffee can be considered a lowland coffee, as it grows best at altitudes below 600 metres. Robusta accounts for around 20% of global coffee production. Its beans have a caffeine content of approximately 2.7%. Robusta is less susceptible to pests and diseases than Arabica. Its beans are smaller and rounder than Arabica beans. When roasted, Robusta beans generally have a stronger and harsher taste than Arabica, which is often described as bitter. Robusta beans are often used in coffee blends. Examples of crossbreeds of the Arabica and Robusta species are [Catimor](#), [Castillo](#) (the most commonly coffee plant grown in Colombia), Colombia, Rairu 11 and Sarchimor.

Harmonised System (HS) codes are used to classify products and to calculate international trade statistics, such as imports and exports. The focus in this study is on green coffee beans, which are classified in HS codes 090111 (coffee, not roasted, not decaffeinated) and 090112 (coffee, not roasted, decaffeinated). The available data do not distinguish between conventional and specialty coffees.

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

East European coffee imports are on the rise

Eastern European countries that are part of the European Union sourced 6.6% of all European green coffee imports in 2018. European and Europe are referred to here as the European Union and the European Free Trade Association (EFTA) combined and their Member Countries. Poland is the largest importer of green coffee in Eastern Europe, and Europe's ninth largest. In 2018, Poland imported 3.3% of all European imports, or 123 thousand tonnes of green coffee.

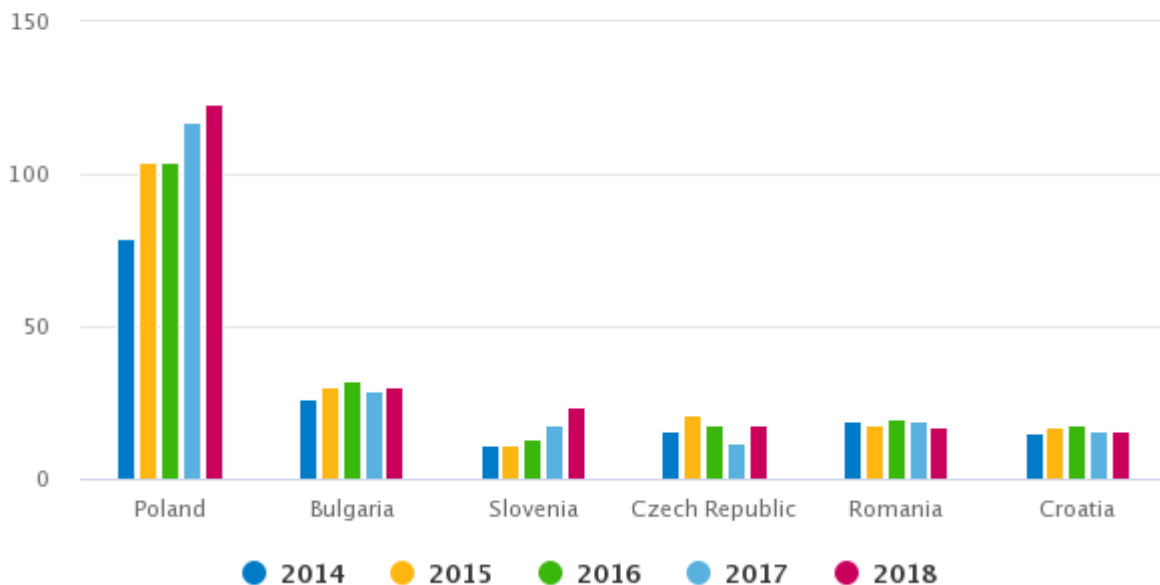
The region's second-largest coffee importer is Bulgaria, importing an estimated 30 thousand tonnes of green coffee in 2018. Slovenia imported approximately 24 thousand tonnes of green coffee in 2018, followed by Czech

Republic with 18 thousand tonnes.

Coffee imports between 2014 and 2018 increased in all these countries. Poland's imports grew at an average annual increase of 12%, while Slovenian imports increased by 22%. Bulgaria and Czech Republic increased their imports by 3.7% and 3.4% respectively.

Figure 1: Total Eastern European green coffee imports

in 1,000 tonnes



Source: Eurostat, 2019

Direct imports from Eastern European countries remain low

Compared to Western Europe, countries in Eastern Europe import proportionally less green coffee directly from producing countries. This is mainly so because of the strong infrastructure and importing facility in neighbouring ports, such as the German Port of Hamburg. For small and medium-sized roasters in Eastern Europe, it is often less risky and more cost-effective to source from these specialised importers. In addition, the main players in the Eastern European market are large multinationals that usually import through one point, roast in large-scale facilities and distribute coffee throughout Europe. However, as roasters in Eastern Europe gain scale, it is expected that they may also gain autonomy in terms of sourcing directly from producing countries. In the long term, these countries may also develop further and upscale their infrastructure to be able to import directly.

In 2018, Poland imported 78% of its green coffee from other European countries, mostly Germany, where 73% of those imports came from. The remaining 22% of Polish imports were sourced directly from producing countries, mainly Vietnam (10%), Brazil (4.4%) and Uganda (2.6%). Czech Republic (76%) and Croatia (56%) also imported most of their green coffee from Germany.

Slovenia is an exception, having imported 91% of its green coffee directly from producing countries in 2018. Approximately 40% or 9.9 thousand tonnes of Slovenian coffee imports came from Brazil, another 26% from India and 9.1% from Vietnam. Croatian multinational [Atlantic Grupa](#) is Slovenia's main coffee importer; it uses the [Port of Koper](#) as its entry point, from where it serves the regional market with its coffee brands [Barcaffé](#) and [Grand Kafa](#).

Bulgaria and Romania also imported most of their coffee directly from producing countries: an estimated 79%. Vietnam is the main supplier to both countries, illustrating these markets' focus on low-quality Robusta.

Low per capita coffee consumption gives room for growth

Eastern European countries registered [accounted for 18% of all coffee sales volume in EU markets](#), the equivalent to 252 thousand tonnes of green coffee and instant coffee. Poland is the largest coffee consuming market in Eastern Europe, with 6.6% of total EU coffee volume sales, followed by Romania (2.5%) and Hungary (1.8%). In comparison, Germany is the largest market in all of Europe with 26% market share.

The European coffee market is rather stable, but several Eastern European countries have shown interesting growth rates recently. Between 2016 and 2018, the retail value of the total amount of coffee sold in several Eastern European countries increased strongly, notably Slovenia (+18%), Czech Republic (+15%) and Romania (+15%). However, compared to other markets, total volumes remain relatively small in these markets. The Eastern European market remains a large destination for Robustas, given the region's preference for instant coffees.

Per capita consumption in Eastern Europe is also relatively low. The average annual [coffee consumption per capita in Poland, for example, is approximately 2.8 kg](#) and in the [Czech Republic, it is 2 kg](#). These low figures suggest there is room for growth, especially combined with the continuously [rising consumer incomes in Eastern Europe](#). Slovenia and Croatia are exceptions to the low annual per capita consumption in Eastern Europe's, respectively at 5.8 kg and 5.1 kg, just around the overall [average per capita coffee consumption in the European Union, which is 5.2 kg](#).

Tips:

If you use Chrome as a web browser, read [here](#) how to translate this study into another language.

Access the [EU Trade Helpdesk](#) to analyse European and Eastern European trade dynamics and to build your export strategy. By selecting a reporting country, you will be able to follow developments such as the emergence of new suppliers and the decline of established ones.

Check out [the European Coffee Report](#) by the European Coffee Federation, which includes information on trade and consumption statistics.

See our study of [trade statistics for coffee](#) for more detailed information about the European trade in green coffee beans.

3. Which trends offer opportunities in the East European market?

Eastern Europe is a latent market for certified coffees

Eastern Europe is a small market for certified coffees, but it shows positive growth prospects. Eastern European countries have no national Fairtrade organisations, although Poland, Czech Republic and Slovakia have Fairtrade marketing branches.

[Polish retail sales of Fairtrade products overall exceeded €21 million](#), expanding 50% between 2017 and 2018. Coffee products made up 54% of those sales in 2018. The leading retail channel for Fairtrade coffee in Poland is through [ORLEN](#), the country's largest petrol station chain, which has been selling Fairtrade certified coffees since 2008. Recognition of the Fairtrade label among consumers has been growing in Poland, [growing from 28% in 2015 to 34% in 2018](#).

[Czech Republic and Slovakia together neared Fairtrade retail sales of €26 million in 2017](#). These two countries combined bought [931 tonnes of Fairtrade certified green coffee](#), a 43% increase in comparison with 2017. Among the largest Fairtrade coffee retailers in Czech Republic are [Tchibo Praha](#), [Stop Café](#) and [Viva Café](#), the latter two located in petrol stations, and the supermarkets [Lidl](#) and [Globus](#).

Rainforest Alliance-UTZ products are also on the East European market, mainly through multinational retailers and traders. For instance, retailer [Kaufland](#) sells UTZ-certified coffee in all its stores across Eastern Europe, and German roaster [Tchibo](#) sells UTZ-certified coffees in Poland, Czech Republic, Slovakia and Hungary. [Bero Polska](#) is an example of a Polish trader buying UTZ-certified coffee.

Organic market in Eastern Europe remains small but shows potential

Eastern European countries have relatively small markets for organics: they make up less than 2% of all food sales in those markets. Nevertheless, in the largest organic market in Eastern Europe, Poland, organic product sales [are growing significantly: an estimated 20% between 2016 and 2017](#), reaching €235 million. In the [Czech Republic](#), organic food sales grew by 14% between 2015 and 2016, reaching €94 million organic. The [Bulgarian organic consumer market grew an estimated 6.2% between 2016 and 2017](#). Bulgarian organic food sales are expected to grow by an estimated 13% between 2018 and 2022.

Organic sales growth is linked to a growing consumer awareness of organic products, mainly because they are perceived as healthier options. The growing interest in organic, in combination with [continuing income gains in the region](#), for instance [in Bulgaria](#), may open interesting future opportunities for organic coffee in Eastern Europe.

Although the organic market is growing, consumer spending on organic products in Eastern Europe remains low, [often below 1% of the total food expenditure](#). The [purchasing power of Eastern Europeans remains relatively low compared to that of Western European consumers](#), due to comparatively lower wages on average in Eastern European countries, which leads consumers to focus more on food prices.

Large instant coffee market, but fresh coffee taking over

Eastern European countries, much like Ireland and the United Kingdom, have high shares of instant coffee consumption. On average, about 24% of the coffee consumed in Eastern Europe is instant coffee, compared to 11% on average in other parts of Europe. Estonia is an exception in this region, with an instant coffee market share of only 3%. Most instant coffee brands use low-quality Robusta coffee beans.

A shift towards fresh coffee, away from instant coffee, has been noticed in countries like Poland, where [consumers increasingly opt for brewed coffee](#). The increase in sales of coffee beans increased by 22% in 2018 alone, while the Polish instant coffee market decreased by 5.3% in the same period.

Coffee pods and capsules also use fresh ground coffee, a growing market in Western Europe. However, the use of fresh ground coffee in pods in Eastern Europe, compared to the total volume of coffee, reached the lowest shares in all of Europe. In Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovenia these shares ranged between 0% and 2%. In the Czech Republic, on the other hand, consumption of coffee pods is slowly taking off. [Starbucks, for example, introduced a line of coffee pods and capsules in Czech supermarkets in 2019](#).

Increasing interest in specialty coffee in Eastern Europe

Despite the large market for instant coffee, the market for specialty coffee is growing in Eastern Europe. The growing number of specialty coffee shops and micro roasters in Eastern Europe illustrates the consumer interest in adding quality and variety to their coffee.

The largest and fastest growing Eastern European markets for specialty coffee are Czech Republic, Hungary, Poland and Romania. Between 2013 and 2019, [the number of specialty coffee shops in Romania went up](#) from only three to [more than 90 coffee shops](#). Examples of specialty roasters and shops in Romania include: [Two Minutes](#) and [Madison Coffee](#). The number of coffee shops in Hungary [has also grown exponentially in the last few years](#), reaching approximately [150 specialty coffee shops](#).

Café chains are also growing fast in Eastern Europe, [where Romania had the fastest outlet growth in all of Europe](#) (+25% in 2018 alone). [McCafé](#), [Starbucks](#), [Caffè Nero](#) and [Costa Coffee](#) are examples of large chains in

Eastern Europe.

Examples of specialised independent coffee shops in Eastern Europe include: [Plato Café](#) and [Misto Café](#) (Czech Republic), [Orygyns Specialty Coffee](#) and [The Urbanist](#) (Romania), and [Hayb Coffee](#) and [Wesoła Cafe](#) (Poland).

As the specialty niche market begins to flourish in the region, different actors in Eastern European countries have been joining the Specialty Coffee Association (SCA). Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Slovakia and Romania have their own national SCA chapters. Czech Republic is also home to the [Coffee Embassy](#), in Prague, whose mission it is to educate and promote coffee culture in the country.

The large number of coffee festivals organised in Eastern Europe also help to illustrate the growing interest in specialty coffee in this region. Examples of events in Eastern Europe include the [Prague Coffee Festival \(Czech Republic\)](#), [Warsaw Coffee Festival](#) (Poland), [Bucharest Coffee Festival](#) (Romania), [Sofia Coffee Festival](#) (Bulgaria) and [Vilnius Coffee Festival](#) (Lithuania).

The growing number of specialty roasters and shops, and the growing interest in high-quality coffees bring new opportunities for exporters of specialty coffees, for example, in new direct trade relations. However, specialty coffee is still a niche market in Eastern Europe. For instance, [specialty accounted for less than 1% of Poland's coffee market in 2016](#).

Tips:

See [our study on trends in coffee](#) to learn more about current trends in the European market.

See the Specialty Coffee Association's national chapters in [Bulgaria](#), [Czech Republic](#), [Hungary](#), [Lithuania](#), [Poland](#), [Slovakia](#) and [Romania](#) for more information about the Eastern European specialty coffee market.

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.

Check the websites of [Fairtrade Poland](#) and [Fairtrade Czech Republic and Slovakia](#) for a list of companies manufacturing and distributing Fairtrade certified products.


Before engaging in a certification programme, make sure to check that the label has sufficient demand in your target market and whether it will be costbeneficial for your product, always in consultation with your potential buyer.

Find potential business partners in Eastern Europe by checking the lists of [Fairtrade certified operators](#), [Eastern European Rainforest Alliance-certified coffee brands](#), [UTZ-certified coffee supply chain actors](#) and [Eastern European organic coffee importers](#).


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

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