The German market potential for coffee

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Germany is Europe's largest importer of green coffee beans. Its coffee roasting industry is enormous, serving both its domestic market — the largest in Europe — and exports markets. Sustainability commitments for coffee are increasingly important in the German coffee market, where specialty coffee is growing and taking on larger market shares.

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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 Yemen accession, which branches out into Typica and Bourbon coffee lineages, and the Ethiopia/Sudan accession. Examples of the Ethiopian and Sudanese cultivars are Geisha, Java, Sudan Rume and Tafari Kela.

  Examples of Typica cultivars are the Hawaiian Kona, Jamaican Blue Mountain, SL14 and Maragogipe. Examples of the Bourbon cultivars that are found mostly in Latin America are Caturra, Villa Sarchi and Pacas. Examples of Bourbon cultivars found in East Africa are Jackson, K7, SL28 and SL34.

- *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 or for instant coffee.

  Examples of crossbreeds of the Arabica and Robusta species are Catimor, Castillo (the most commonly coffee plant grown in Colombia), IHCAFE90, Ruiru 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 Germany an interesting market for coffee?

Germany is the largest importer of green coffee beans in Europe

Germany is Europe's largest importer of green coffee beans. In 2019, Germany accounted for 30% of total European imports sourced directly from producing countries, an approximate 1.1 million tonnes valued at €2.3 billion. Import volumes increased slightly between 2015 and 2019, with a year-to-year growth of 1.3%.

Most green coffee beans enter Germany via the Port of Hamburg. The ports of Bremen and Bremerhaven are also important entry points for coffee into Germany. Most German green coffee traders are located near these ports. Examples of large coffee trading companies in Germany include ECOM, Kaffee Import Compagnie, Neumann Kaffee Gruppe and Rehm & Co. An example of a small importing company focusing on specialty coffee is Touton Specialties.

Germany is an important coffee trade hub in Europe

Germany is a consolidated hub for coffee re-exports in Europe. Germany was the largest re-exporter of green coffee beans in Europe in 2019, with a share of 50%. Total German re-exports of green coffee beans in 2019 reached 356 thousand tonnes, increasing on average by 3.3% between 2015 and 2019. The main destinations for Germany's green coffee re-exports were Poland (26%), the United States (23%) and Spain (10%). Other export destinations include the Netherlands (8.4%), France (7.3%) and the Czech Republic (4.5%).

Besides the trade in green coffee beans, Germany also holds a key position in the trade of roasted coffee beans. Germany is Europe's second-largest roasted coffee exporter, with a market share of 23% in 2019. Exports of roasted coffee beans from Germany amounted to 236 thousand tonnes in 2019, at a value of € 1.3 billion. Between 2015 and 2019, Germany's exports of roasted coffee beans registered an annual average growth rate of 3.7% in volume and value. The main destinations for German roasted coffee in 2019 were Poland (16%), the Netherlands (11%) and France (8.9%).

Germany has a large coffee roasting industry

According to PRODCOM figures, Germany has the largest coffee roasting industry in Europe, with a sold production volume of 551 thousand tonnes in 2018, at a value of €1.6 billion. Sold production volumes of roasted coffee increased slightly between 2014 and 2018, growing 0.9% on average annually.

Large coffee roasters in Germany include Tchibo, Jacobs, Dallmayr, J.J. Darboven and Melitta. Nestlé also has large roasting facilities in Germany. In 2014, Nestlé opened Europe's largest Dolce Gusto coffee capsule plant in Germany. Examples of small-scale roasters are Backyard Coffee and Bergbrand, which cater to niche markets. To find more roasters in Germany, have a look at the database of the German Coffee Association.

Germany is the largest coffee consumer market in Europe

Germany has the highest volumes of coffee sales in Europe. In 2018, the country accounted for 26% of the total European coffee consumption, with 367 thousand tonnes of green coffee and instant coffee. Consumers in Germany prefer Arabica and lightly roasted coffees. In line with this preference, there has been a shift towards Brazilian naturals and other mild flavours within the Arabica group.

Germany's per capita coffee consumption is not among Europe's highest, but at approximately 6.5 kg per year, it still well above the European Union average of approximately 5.2 kg. Between 2018 and 2019, annual per capita consumption grew by 1.2%.

Due to the COVID-19 crisis, it is difficult to give predictions about the future growth of the coffee market in Germany. Nevertheless, backed by growth in German coffee consumption of 3% during the first months of the COVID-19 crisis, growth is expected to continue.

Tips:

Activate the "Translation" function of your browser to make the studies available in your native language.

Look up the websites of the Port of Hamburg and the ports of Bremen and Bremerhaven to learn more about the ports themselves and potential trade partners based there.

See the website of the German Coffee Association for more information about the coffee industry in Germany. This association supports the coffee interests of its members, including coffee traders, brokers, roasters, producers of instant coffee and coffee equipment manufacturers.

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

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 German market?

Sustainability commitments in coffee are increasingly important in the German market, and sales of sustainably certified coffee are increasing. Germany is Europe’s largest organics market, which makes organic certification an interesting proposition for coffee exporters. Specialty coffee is also growing and taking on larger market shares in the German market.

The German organic market is shifting from niche to mainstream

Within the organic food market, the demand for organic coffee in Germany continues to grow. The sales volume of organic coffee increased by 14% between 2018 and 2019. The organic share in the total German coffee market reached around 4.3% in 2019.

Germany is the market leader of organic food sales and consumption in Europe. In 2018, organic food sales in Germany reached almost €11 billion, representing about 5.3% of total food sales in Germany. The organic market in Germany grew by approximately 5.5% from 2017 to 2018. In 2017, organic private label sales accounted for an estimated 29% of total organic sales in Germany.

In general, coffee is one of the most popular private label items at supermarkets. In 2017, about 15% of total coffee retail sales in Germany were generated by private label coffee brands. German retailers offer a wide assortment of private label coffees, including premium quality and organic ranges. Germany’s private label market share in 2019 reached 43% of the entire retail market. Across Europe, private label products are increasingly popular, as they tend to offer the same quality and characteristics as branded products but are usually offered at more competitive prices. Examples of organic private label brands on the German retailer market that sell organic coffees are REWE Bio, Aldi Bio and Edeka Bio.

The popularity of organic foods in Germany is driven largely 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 spending more on everyday products, such as coffee.

Coffee exporters will find some of the best opportunities for organic coffee in Germany, but they will also encounter a competitive market that is the prime destination for producers of certified organic coffee.

Sales of sustainably certified coffee on the rise in Germany

Sales of coffee with sustainability certifications show continuous growth in Germany. The main reason behind this growth is that German consumers increasingly demand coffees with positive social and environmental impact. When it comes to social impact, German consumers are most concerned about child labour, fair wages and good working conditions. In 2019, more than 50% of German coffee consumers indicated that they are willing to pay more for sustainably sourced coffees.

Germany is one of the largest markets for Fairtrade-certified coffee worldwide. In 2019, almost 23 thousand tonnes of Fairtrade coffee were sold in Germany, making up about 5% of the entire German coffee market. Fairtrade coffee sales increased at an average annual rate of 14% between 2015 and 2019. Approximately 75% of Fairtrade-certified coffee sold in Germany was also certified organic. Important suppliers of Fairtrade-certified coffees to Germany are Brazil, Colombia, Honduras and Peru.

Aldi, Lidl and REWE were among the German retailers with the highest Fairtrade coffee sales in 2018. Tchibo and J.J. Darboven are the leading German roasting companies for Fairtrade coffee. The share of Fairtrade-certified coffees also grew in out-of-home consumption, mostly reflected in the sales numbers of German bakeries Dallmeyers and Nobis as well as the Studieredenwerk, a service provider for German universities.

Rainforest Alliance/UTZ is also widely present in the German coffee market. Approximately 100 Germany-based coffee supply chain actors were certified by Rainforest Alliance/UTZ in 2019. Among them are importers (EFICO and List + Beisler), roasters (Tchibo and Melitta), retailers (Lidl and Kaufland) and coffee shops (McCafé and Caffe Bistrot). The number of new supply chain actors joining Rainforest Alliance in 2018 was relatively high in Germany, compared to the global average.

Germany’s specialty coffee market is growing

The market for specialty coffee is growing in Germany. This is partly reflected in the increase of out-of-home consumption in the country, which registered a 5% growth rate over 2018. In 2018, about 12% of Germany’s total annual coffee consumption was consumed out-of-home. In 2019, Germany was the second-largest coffee shop market in Europe, after the United Kingdom. Between 2018 and 2019, the branded coffee shop market grew by 2.5%. Out-of-home consumption brings opportunities for exporters of high-quality coffees, with coffee shops leading the way in introducing high-quality coffees to consumers.

Before the COVID-19 pandemic, the specialty market in Germany was expected to grow, with approximately 50% of German coffee drinkers indicating to be willing to spend more money for better quality coffee. However, the specialty market is largely driven by out-of-home consumption - the segment that was hit hardest by the outbreak of COVID-19. Nevertheless, German consumer interest for high-quality and sustainable coffees are expected to be long term, hence a rebound of this segment is expected after the relative normalisation of the out-of-home market in Germany.

The specialty coffee market in Germany has been marked by the expansion in small-scale roasters. In 2019, there were over 1,600 roasteries in Germany, of which examples are The Barn, Five Elephant and Flying Roasters, which are all in Berlin. These roasters cater to niche markets and follow the principles of direct trade, transparency and high-quality products. Most of these small-scale roasters will continue to buy from dedicated importers, but some are becoming large enough to import directly themselves, such as Elbgold Rösterei in Hamburg.

Single-serve coffee machines become more popular in Germany

In 2018, the German roasted coffee market was dominated by the sales of ground coffee (57%), followed by whole beans (29%) and single-serve methods, such as coffee capsules and pods (14%). The whole bean segment showed the highest growth numbers, with a sales volume growth of 15% from 2018 to 2019. The sales of coffee capsules increased slightly by 1.2% in the same period.

Demand for whole beans and coffee capsules in particular is increasing at the expense of ground coffee. Sales of single-serve machines, such as coffee capsule machines (+9.6%) and espresso machines (+6.8%), grew steadily between 2011 and 2018. In 2018, approximately 20% of German coffee drinkers owned an espresso machine. From 2018 to 2019, the use of fully automatic coffee machines rose by 10%.

Retailers sell all kinds of coffee capsules to cater to consumer preferences. For instance, REWE added organic coffee capsules to its assortment. High-quality coffee cups and single-origin varieties are also widely available.

Tips:

See our study on trends for coffee to learn more about current trends in the European market.

See Germany's national chapter of the Specialty Coffee Association (SCA) for more information about the German 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.

Thinking about certifying your coffee? 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 Germany by checking the lists of Fairtrade-certified operators, German Rainforest Alliance-certified coffee brands, UTZ-certified coffee supply chain actors and German organic coffee importers.

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