

Russian market potential for coffee

Russia is among the largest coffee importing countries in Europe. Thanks to the development of the Russian coffee industry, there is a continuously growing demand for green coffee. In addition, the coffee shop market in Russia is among the fastest growing markets in Europe. Out-of-home consumption introduces higher-quality coffees to Russian coffee consumption. As such, it drives up demand for these coffees in the country. The specialty coffee market in Russia is steadily gaining ground.

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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 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](#).

Examples of the Ethiopian and Sudanese cultivars are [Geisha](#), [Java](#), 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, and it 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), [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 (not roasted, not decaffeinated), which is classified in HS code 090111. The available data do not distinguish between conventional and specialty coffees.

2. What makes Russia an interesting market for coffee?

Russia is among the largest coffee importing countries in Europe. Over the last years, the Russian demand for green coffee has shown consistent growth. The development of the Russian coffee industry is a key driving force of this trend. In addition, Russia has one of the fastest-growing coffee shop markets in Europe. These coffee

shops tend to serve higher-quality coffees, which is one of the factors that drives up the growing demand for Arabica beans.

Russia is among the largest coffee importing countries in Europe

Within Europe, Russia was the seventh-largest importer of green coffee in 2019, after Germany, Italy, Belgium, Spain, France and the Netherlands. Russian import volumes amounted to about 186 thousand tonnes that year. Over the years, green coffee imports by Russia registered a continuous growth rate. Between 2015 and 2019, imports grew by an average annual rate of 8.1%. This growth was stimulated by the [gradual reduction of import duties on green coffee imports](#) after [Russia joined the World Trade Organisation \(WTO\)](#) in late 2012.

About 57% of Russian coffee imports in 2019 were of the Robusta variety, and 43% Arabica. Between 2015 and 2019, Arabica imports grew at a high rate of 12% from year-to-year. Robusta imports registered an average annual increase of 5.1% in the same period.

Examples of large coffee trading companies in Russia include the Russian branch of Olam International [Outspan International](#), [GreenCof](#) (part of the [Sucafina](#) network), [KLD Coffee Importers](#) (which is part of the [Neumann Kaffee Gruppe](#)) and [Green Coffee](#). An example of a smaller Russian importing company focused on specialty coffee is [Hummingbird Coffee](#).

Russian coffee demand is continuously growing

Russian coffee consumption reached [297 thousand tonnes](#) of green coffee between October 2018 and September 2019, and has registered average annual growth of 4.0% since 2015. Russian consumption accounted for 3.0% of global coffee consumption. Before the global COVID-19 pandemic, Russian coffee consumption was expected to grow by [2% to 4%](#) from 2020 to 2021. The growing popularity of coffee in the country pointed towards [long-term growth predictions](#).

However, due to the COVID-19 pandemic, the [demand for coffee by roasters in Russia decreased in the first months of 2020](#). Lockdowns and social distancing measurements forced out-of-home coffee establishments to close their doors. Unlike in many other European countries, the drop in [out-of-home consumption in Russia has not been compensated by increased retail sales of coffees](#).

It is impossible to make accurate predictions regarding the development of the situation in Russia, so we highly recommend that you stay up to date with how the global pandemic and its impact is evolving. Refer to [our article on COVID-19 in the coffee sector](#) for a list of relevant and informative sources, which will help you keep track of the situation. Also visit the websites of [Coffee Tea in Russia](#), the [Russian Specialty Coffee Association](#) and the [national Russian Coffee and Tea Association](#).

Per capita coffee consumption in Russia amounted to [1.8 kilograms](#) in 2018, which is relatively low compared to the European average of around 5.1 kilograms per year. However, Russia registered a high growth rate, as per capita consumption [has doubled](#) since 2009. In 2018, an estimated [73%](#) of Russians were coffee consumers.

Development of the Russian coffee industry drives growing demand

Since the early 2000s, Russia has [developed a relatively advanced domestic coffee-processing industry](#). Today, the country is the seventh-largest exporter of instant coffee worldwide, and Europe's fourth-largest after Germany, Spain and the United Kingdom. Russian export volumes reached over 21 thousand tonnes in 2019, marking an average annual increase of 5.2% since 2015. Most soluble coffee is exported to neighbouring countries Belarus and Kazakhstan, with 23% and 21% respectively.

A large share of instant coffee is produced by international manufacturers with processing facilities in Russia, such as [Nestlé](#), [Straus Coffee](#) and [Jacobs Douwe Egberts](#). However, the Russian coffee landscape has become more diverse and competitive [with the appearance of several large Russian companies](#), such as the [Moscow](#)

[Coffee House](#), [Russky Product](#) and [Orimi Trade](#). Orimi Trade invested around US\$100 million in 2016 to build an instant coffee factory.

Regarding roasted coffee, a large share of production is destined for domestic consumption. Over [80%](#) of roasted coffee that is sold through retail channels in Russia is locally roasted. However, the volume of roasted coffee exports also increased significantly. Between 2015 and 2019, Russia registered an average annual growth rate of 11% between, amounting to 7.5 thousand tonnes in 2019, of which 56% was exported to Belarus. Examples of Russian roasters include the above-mentioned Orimi Trade and Moscow Coffee House, as well as the smaller-sized [Montana Coffee](#) and [North-West Coffee Company](#).

The development of the Russian coffee manufacturing industry drives up the demand for coffee beans and expands opportunities to suppliers. In general, prospects for the coffee industry in Russia are positive, as domestic consumption is expected to grow further. In addition, the Russian government plans to continue its [support of the national coffee industry through the provision of taxes, customs and other benefits](#).

Coffee shops gain ground on the Russian market

In 2018, the [Russian coffee shop market was one of the fastest growing markets in Europe](#). That year, the total number of cafés and coffee shops in Russia reached [6,048](#) outlets. Industry analysts widely agree that the market is still far from saturated, indicating that [continuous growth is expected](#).

The coffee shop market in Russia is largest in Moscow and St. Petersburg ([70% of the total market](#)), and where [coffee chains dominate the market](#). The oldest and largest coffee chain in Russia is [Shokoladnitsa](#), which acquired its competitor [Coffee House](#) in 2014. Together they operate an estimated [612 shops](#). Other large chains in Russia include [Bodryi Den](#), [Traveller's Coffee](#), [Coffee Bean](#) and [Coffeemia](#). From 2007 onwards, large international coffee chains also started settling in Russia; [Starbucks](#) and [Costa Coffee](#) are the largest.

There is also a growing number of smaller independent coffee shops, serving specialty coffees. Read more about the growth of the Russian specialty coffee market in the trends section below.

Note that Russia is still [predominantly a tea-drinking nation](#), and its coffee culture is mainly concentrated around larger urban areas. In addition, the bulk of coffee consumption nation-wide still consists of instant coffee.

Tips:

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

See the website of the [Russian Association of Tea and Coffee Producers](#) for more information about the coffee industry in Russia.

Access the [Trade Map of the International Trade Centre](#) to analyse European and Russian trade dynamics and to build your export strategy. By selecting Russia 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.

Keep up-to-date about Russian trade policies and treaties. Check the website of the [World Trade Organisation](#) to find the latest information.

3. Which trends offer opportunities in the Russian market?

Two cities dominate the trends in the Russian coffee market: Moscow and St. Petersburg. The number of coffee shops in these cities is continuously growing, and are the driving force behind the growing out-of-home market in Russia. Coffee shops lead the way to the introduction of higher-quality coffees in Russia, where the specialty coffee scene is steadily gaining ground. Instant coffee is still the preferred drink in Russia, especially in at-home consumption – a category that is also seeing an increasing demand for roasted coffee.

Instant coffee is still preferred in Russia, but roasted coffee is fastest growing

With an average consumption of [four cups of tea](#) every day, Russia is a traditional tea drinking nation. Nevertheless, coffee consumption in Russia has grown significantly over the years and [continues to expand](#). According to some industry analysts, [coffee has already outgrown tea consumption in Russia](#). Future growth estimates vary widely, but what seems to be sure is that [the Russian coffee market will continue to grow for many years to come](#). Growth is expected thanks to a growing popularity of coffee in the country, in part driven by the [growing demand for coffees by millennials](#) (age range ~26-40 in 2020).

Instant coffee is by far the most consumed type of coffee in Russia, accounting for [66%](#) of coffee sales volume in 2018. Despite this high share, most Russian coffee consumers consider [roast and ground coffee to be superior in flavour to instant coffee](#). As a consequence, in 2018, in-home consumption of roast and ground coffee grew at a faster pace than instant coffee, with [12%](#) for roasted coffee and [6%](#) for instant coffee. As of 2014, [instant coffee consumption has been stagnating](#) in Russia.

The coffee pod and capsule market is also registering high growth rates in Russia, with [18%](#) in 2018. However, the coffee capsule market is still a niche market in Russia, holding a small market share of 1% of the entire Russian coffee sales market. Russian companies active in the (specialty) coffee capsule segment include [Single Cup](#) and [Tasty Coffee](#).

Out-of-home coffee market continues to grow in Russia

With an estimated market share of [80%](#), most coffee in Russia is still sold through retail channels. However, out-of-home consumption is growing steadily in Russia. Industry estimates predict an average annual growth of [5%](#) for out-of-home consumption for the next few years.

Despite the continuous growth of coffee shops, sales at traditional coffee shops decreased by [11%](#) in 2019. In contrast, coffee-to-go is rapidly gaining market share in the out-of-home segment in Russia, where sales volumes increased by [23%](#) in 2019. This shift is directly linked to the more affordable prices for coffee-to-go, as compared to the coffee sold in traditional coffee shops. [Coffee Like](#) is the largest chain in the coffee-to-go segment in Russia, with an estimated 400 outlets. Coffee shops that sell coffee to go are (very) small shops without a seating area.

In line with this trend, fast food establishments have become [serious competition for coffee shops and restaurants](#) in Russia. In fact, from April 2018 to March 2019, more than [half of all out-of-home coffee consumption](#) (offices not included) was consumed in fast food outlets, with [McDonald's](#) taking the lead. Finnish premium coffee roaster [Paulig](#) is the [main supplier of coffee to the Russian McDonald's](#).

Both fast food outlets and gas stations in Russia are serious competition for coffee shops because of several reasons. First, in recent years they have largely [invested in better coffee equipment and a selection of higher-quality coffees](#). Second, [these establishments outnumber coffee shops](#), as there are simply more fast food shops and gas stations than coffee shops in Russia. In addition, gas stations are increasingly experimenting with the creation of their own coffee brands. Russian gas station [Gazprom](#), for instance, created its own coffee blend in 2016, [sold under its own brand Gazprom Neft](#). Over 2018, Gazprom reported an increase of [9%](#) in coffee sales.

Specialty coffee conquers Russian consumers

The size and growth of the overall out-of-home and coffee shop market in Russia drives the [growth of the specialty coffee market](#). Popular Russian specialty coffee chains include [Traveller's Coffee](#), [Pravda Coffee](#), [Coffee Bean](#) and [Double B](#). Examples of smaller independent specialty shops in Russia are [Point Coffee](#) and [Les Coffee](#).

Besides specialty shops, the number of specialty coffee roasters in the country is also growing. In 2020, an estimated [150](#) roasters and many more artisanal micro-roasters are active on the Russian market. Examples include [Sweet Beans](#), [Coffee Owl Roasters](#) and [Camera Obscura](#).

The growth and importance of the specialty coffee scene in Russia is also reflected by the (successful) participation of Russians in (worldwide) coffee championships. The yearly [World Coffee Roasting Championship](#) was won by Russians in both [2018](#) and [2019](#). In addition, several specialised coffee events are organised regularly in Russia that contribute to the promotion of specialty coffees, including the [Russian Barista Days](#) and the [Moscow Coffee Festival](#).

Together, these developments opened the market and introduced higher-quality coffees to a wider base of Russian consumers. Today, [more and more Russians appreciate good coffee and are willing to pay more for it](#). This brings interesting opportunities for exporters of high-quality coffee of unique origins. In this niche market, it is important to highlight the uniqueness of your coffee. Examples of exporters that do this well include [Unitrade Coffee](#) (Guatemala) and [Bourbon Specialty Coffees](#) (Brazil). However, note that the specialty market in Russia is relatively small and young, especially when compared to other European countries.

Tips:


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


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.


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

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