



Which trends offer opportunities or pose threats on the European spices and herbs market?



The increasing interest in international ethnic cuisines combined with the healthy living trend offers opportunities for exporters from developing countries. European importers are also looking for high-quality and sustainably sourced spices and herbs, which can provide opportunities for suppliers interested in following production and sustainability standards.

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1 . Popularity of ethnic cuisines drives demand for new spices and spices blends

There continues to be a growing demand for ethnic spice blends. This is due to the increasing popularity of ethnic cuisine and healthy foods and the increasing consumption of convenience,

processed and ready-to-eat dishes. Street food markets around the world, in particular, are inspiring the flavours and recipes of new spice blends, sauces and condiments. Many new product launches are labelled as “street food” in order to attract consumers.

Globalisation is inspiring European consumers to search for new flavour experiences. As a result, brands are bringing more spices and herbs varieties to the market. Consumers have become more interested in other cultures, resulting in more and more product launches that advertise and connect flavour, name of the country, brand and product (for example, “Za'atar Authentic Lebanese Herb Blend”). Also, brands are using labels such as “discover”, “explore”, “uncover”, “unveil” and “unravel” to stimulate demand of curious consumers.

It is not easy to point to one region of the world as the inspiration for new spice blends. In reality, spice blends, although connected with one main origin, can be produced by mixing spices from different origins.

The most promoted spice blends in Europe during 2018/2019 include the following:

- Middle East, Eastern Mediterranean and North Africa - these spice blends are introduced by several famous European spice brands. These blends include Baharat, Za'atar (with sumac as the main ingredient), Berbere, Zhug, Chermoula and Ras el Hanout;
- Japanese spices or flavours, such as Umami, Katsu curry or furikake;
- South-East Asian spices - the forecast is that Indonesian types of hot sauces, such as sambal (already very popular in the Netherlands), will spread across Europe more intensively.

The increasing interest in international ethnic cuisines offers opportunities for exporters from developing countries. In most cases, the introduction of the new spices and spice blends to the European markets will start in Western European countries (such as the United Kingdom, Scandinavian countries or the Netherlands) and after that spread to Southern, Central and Eastern Europe.

- The majority of spice blends are blended in Europe, but direct import of blends is also increasing. However, it is not possible to specify the exact quantities imported for specific blends, because of statistical limitations. Harmonised System codes used for blends can be "091091 - Mixtures of different types of spices", but also "09109999 - undefined spices". None of these codes clearly describe which specific spices or blends are measured (the only exception is curry).

Tips:

- Cooperate with European companies when offering new spice blends. Sometimes, original blends need to be adjusted to the local taste to appeal to consumers in the target market. Some of the leading brands may even be ready to support you in developing start-up products.
- Invest in social networks marketing. Demand for specific spices is also created by bloggers and celebrity chefs ([Jamie Oliver](#), for example). The most commonly used online channels to advertise your spices in Europe are Facebook, LinkedIn, YouTube and Instagram. Focus your efforts on some of the social platforms mentioned to promote your products.

2 . Spices are increasingly promoted as a superfood with health benefits

The health and medicinal benefits of spices are promoted extensively. The [European Spices Association](#) has already released several publications regarding the health benefits of spices. Those

benefits are also related to some traditional or alternative medicines, such as Ayurveda. Among the health benefits of spices, their probiotic effect on intestinal micro-organisms is increasingly important. Consumers are increasingly trying to steer their health through their diet: “you are what you eat”.

As such, spices are finding more and more applications in food supplements (for example, black cumin seeds, turmeric (curcuma), ginger, cinnamon, garlic or cloves). Some are traditionally popular in Europe (such as garlic), some are already well established (ginger) and some are intensively being promoted for the health benefits (such as turmeric).

Moreover, it seems that scientific research regarding health benefits in spices is only just beginning. The effects of ginger and garlic are undergoing the most research, while some newly introduced spices such as turmeric need better established medical research cases.

Many spices and herbs are also promoted as [salt replacers](#), including by the British Heart Foundation. Examples include mint, rosemary, nutmeg, basil, cardamom, chilli, cinnamon, chives, coriander, dill, cumin, ginger, oregano, paprika, parsley, sage, thyme and turmeric. Several large food processors such as Unilever have already amended their recipes to reduce salt intake by using herbs instead. Many herbs also fit into contemporary eating trends, such as [Paleo](#) and [Sirtfood](#) diets.

Tips:

- Explore opportunities for cooperation with the pharmaceutical and food supplements sector. In order to satisfy the needs of those demanding importers, it is important to have regular laboratory tests. Read more about European Buyers in the health segment in our study on [finding buyers in the health products sector](#).
- Extracts offer the possibility to generate added value in the country of origin, but need to be developed in close coordination with the market in order to meet clients' specifications. Read more about [specific buyer requirements for the health products](#) sector.

3 . Sustainable sourcing of spices is becoming one of the leading trends

Sustainability has been an important topic over the past several years. Important sustainability issues in spices relate to pesticide residues and inadequate drying methods, leading to, among other things, aflatoxin problems. Also, depending on the spice and country, the production of spices itself faces labour issues (women's, migrant and/or child labour).

Recently, the [sustainability trend](#) moved from niche markets into the mainstream market. Now, the mainstream market leaders are investing in sustainability not only because of the better social image, but also because they recognise financial benefits such as costs reduction, shorter supply chains and easier compliance with European regulations.

In order to improve sustainable production and sourcing of spices, a group of mainly European companies and organisations formed the [Sustainable Spice Initiative](#) in 2012. The main objective of this initiative is to strive for fully sustainable spice production and trade in the sector.

Sustainable sourcing is not only a private initiative. Sustainability has been placed on the global agenda through the [Sustainable Development Goals](#) and covers not only environmental, but also social and ethical issues. The majority of spices are produced by small-scale farmers, who typically rotate the growing of spices alongside other crops, depending on the geographical area. These farmers often face poverty and food insecurity. In this situation, two major sustainability challenges

are:

- Social and Ethical issues (such as underpaid workers and women's, migrant or child labour);
- Environmental issues (such as overuse of fertilisers and pesticides).

Although European import of spices is increasing, there is a global scarcity of high-quality and sustainably produced spices. This means that high-quality and sustainably produced spices and herbs can provide opportunities for suppliers in developing countries.

Tips:

- Read more about [sustainable agricultural practices](#) in the handbook of Sustainable Spices Initiative India.
- Invest in some of the widely recognised certification schemes, such as [Fair Trade](#), [Organic certification](#) or [Rainforest Alliance](#). Before making a final decision, find out if investing in certification schemes is profitable for your company.
- Follow the principles of the [Sustainable Agricultural Network](#) (SAN) on matters such as environmental integrity, social well-being and economic resilience.
- Read more about the SAN-Nestlé Spices Responsible Sourcing Partnership programme for [chilli, coriander, cumin and turmeric](#).

4 . Spices are used to create meat substitutes

Spices and herbs are used to imitate the taste of meat. European consumers increasingly use protein products (based on soy, wheat and pea protein) as an alternative to meat. Salt, peppers (white, black and red), garlic, onion, celery powder and other savoury spices will contribute their familiar taste to plant-based meat products.

In December 2018, veganism was announced as the "[fastest growing culinary trend](#) of 2018" by the largest British retail chain, Tesco. The trend for plant-based proteins is expected to expand even more in 2019 across Europe. More companies are expanding their vegetarian and vegan options to attract flexitarian (occasional vegan diet) and other dieting consumers. Plant-based proteins are mixed with spices to make them look and taste like actual meat.

Tip:

- To tap into the meat substitutes trend, connect with the leading food ingredient companies in Europe to explore possibilities for direct supply of spices instead of through intermediaries.

5 . Turmeric (curcuma) is advancing on the European market

Turmeric is widely promoted in Europe and beyond as a superfood with plenty of health benefits. Although some of those claims are not based on sound scientific research, it seems that consumers have enough trust in turmeric. Curcuma is already sold in many European supermarkets not only in dried form as a spice, but in recent years also as a fresh root vegetable.

The British online health food store [Healthy Supplies](#) announced that their sales of turmeric have

dramatically increased by 765% over the past two years. European import of curcuma in volume increased from 11 thousand tonnes in 2014 to over 19 thousand tonnes in 2018.

Suppliers in developing countries can explore opportunities for cooperating with food supplement producers. One good practical example is a recent agreement between the Thai Government Pharmaceutical Organisation (GPO) and Bionorica SE to produce a turmeric extract-based medicine called Antiox. This is claimed to be the first medicine of its kind, in a bid to enter the European Union market.

Another example is from the Indian company [Arjuna Natural](#). Arjuna promotes a patented, bioavailable turmeric extract, BCM-95, under the name Curcugreen in the US and Europe.

Due to the popularity of turmeric extract (curcumin), the Indian National Commodity and Derivatives Exchange has opened two laboratories to test the curcumin content in turmeric. Curcuma is also finding its applications in soft drinks, following successful practices with ginger, which was introduced into the soft drink industry years ago.

Tips:

- Be careful when promoting the [health benefits of curcuma](#). Some studies did not find enough proof of curing specific illnesses, such as arthritis. European [food labelling legislation](#) strictly forbids misleading the consumer. Claims that a portion of food prevents, treats or cures a human disease cannot be made.
- Read more about the curcuma market in Europe in our new study on the [European curcuma market](#).

6 . Chilli spices combinations are in demand

According to Innova Market Insights, [new types of chilli flavours](#) are becoming very popular in Europe and internationally. Consumers are seeking new experiences with chilli flavour combinations. For example, the average annual global growth of food and beverage launches with selected chilli flavours (between 2013 and 2017) was +59% for Sriracha chilli, +19% for Habanero chilli and +15% for Chipotle chilli.

Import of ground dried chillies to Europe has increased by 7% annually over the last five years. Import of chillies from developing countries increased from 33 thousand tonnes in 2014 to 44 thousand tonnes in 2019.

Although chilli spices are in demand, it seems that the level of heat is decreasing. According to market research company Kalsec, the frequency of consumption of hot and spicy foods is increasing, but [heat levels are moderating](#). While consumers are still incorporating heat into their consumption patterns, heat is taking on more complexity, such as sweet heat combinations or ethnic cuisines that combine a variety of herbs and spices with some type of chilli pepper.

Tip:

- Consider the development of new chilli spices of moderate heat level. More complex flavours can be achieved by searing, roasting, toasting or smoking a pepper rather than using the chilli without further processing.

7 . Increasing food safety and anti-adulteration requirements

Among other things, food safety in spices relates to mycotoxins (such as aflatoxins) and microbiological (e.g. *Salmonella*) contamination, unauthorised food additives and adulteration, and maximum levels of polycyclic aromatic hydrocarbons being exceeded.

Especially important issues are food fraud and adulteration. Adulteration is the deliberate and intentional inclusion in herbs and spices of substances whose presence is not legally declared, is not permitted or is present in a form that might mislead or confuse the customer, leading to an imitated food and/or a product of reduced value.

Examples of adulteration are spices with undeclared additives or colourings, misleading consumers, different parts of the same botanical plant or incorrectly presented shares of different spices in spice mixtures.

In order to protect traders and consumers from adulterated products, European laboratories are working to create more tests to reveal potential food frauds. For example, [Eurofins](#) is using molecular biological methods and isotopic methods to test the botanical or geographical origin of spices and herbs.

- Use the European Spice Association [Authenticity Sample Submission Form](#) (open in Excel) for laboratory sampling of spices or herbs before exporting.
- Read more about specific requirements in our [study on Buyer requirements for Spices and Herbs](#)

8 . New origins are appearing on the supply side of the market

The majority of spices imported into Europe are produced in tropical climate zones. The tropical climate allows migration of the spices and herbs production across the globe. Ginger, for example, was originally produced only in Asia and is now widespread in African countries. China and India, which were traditionally European suppliers, are becoming the main spice importers, because their domestic crop cannot meet domestic demand. This leads to the development of new production and sourcing destinations.

Cambodia pepper production illustrates the production switch, where Cambodian production increased to match the needs of neighbouring countries. Cambodia underwent major changes in its position in the world market; its crop reached 20,000 tonnes in 2017, up from 1,450 tonnes in 2011. Most Cambodian pepper is produced without chemical inputs, and is bought by Vietnamese importers to mix it with Vietnamese pepper and reduce pesticide levels in order to meet European requirements.

Another example can be found in the vanilla industry. For decades, Madagascar dominated the vanilla supply. However, new countries are appearing on the supply side, such as Jordan, Thailand, Indonesia and Uganda. Also, Israel has announced that it will start more intensive production of vanilla.

Tip:

- Use the opportunity to offer products of a new origin. Many European importers will be interested in exploring new sourcing options in order to reduce supply risks due to having only one supply country.

9 . Packaging innovations appearing on the market

One of the main changes regarding packaging will be the switch to sustainable materials. In

November 2018, more than 250 organisations signed the [new commitment](#) to eliminate plastic when it is problematic or unnecessary and to shift to reusable packaging. By 2025, they plan to make all plastic packaging either reusable, recyclable or compostable. Every year, they will share public reports on their progress.

Another trend related to spices is smaller portions in consumer packaging. People often only need small portions, because they want to try out a recipe, for example. Very small packaging options for spices and herbs have therefore increasingly appeared in retail chains across Europe.

The small bags included in meal kits are a very specific example of small spices or herbs portions. [A meal kit](#) is a package of ingredients to cook a meal, primarily with meat, fish, poultry, vegetables, sauce and spices. Consumers mix the ingredients and cook the meal according to the instructions provided. Sales of meal kits in grocery stores have increased, as they are easier for consumers and prices are acceptable.

Tips:

- Consider replacing plastic bags with paper bags or carton boxes when packaging spices and herbs, in order to meet the sustainability requirements of European importers.
- Find out which companies supply spices and herbs to meal kit producers in order to research possibilities for direct export.

10 . Demand for organic spices is increasing

Industry estimates mention that the size of the global organic spices market is currently valued between 750 million and 1 billion US\$ (around 5-7% of the total market). The demand for organic spices is expected to grow by 5-7% annually. Currently, India, China and Vietnam are the key exporters of organic spices. The organic spices segment is dominated by commodities like chilli, ginger and garlic.

The use of organic spices and seasonings by European consumers is increasing, because these products are appreciated for their completely natural ingredients, free from pesticides. European food processors use organic spices as ingredients for the purpose of product differentiation. Moreover, the recognition of the medicinal properties of spices also influences the demand for organic spices and herbs.

Tips:

- Make a business plan before producing organic spices. Industry estimates that productivity during the conversion phase to organic farming will decline (usually by up to 30%). The conversion phase usually takes two years, so take this into account when investing in organic production, as a higher price will be generated only after this period.
- Improve your good agricultural practices and consider the production of spices and herbs without using pesticides. Some countries have already gained a good image as sourcing origins that grow spices without the use of pesticides (such as Peru for the production of ginger, Thailand for the production of turmeric and Cambodia for the production of pepper)

11 . Fair Trading Practices are becoming an official European request

The European Union is officially progressing toward fairer sourcing of food products. On 12 April 2019, the European Parliament formally adopted the [Unfair Trading Practices Directive](#). Farmers in developing countries are especially vulnerable to unfair trading practices, since they are less likely to have links with alternative markets and may have less access to legal support or the information needed to challenge the unfair practices of large European buyers.

Crucially for suppliers from developing countries, the new Directive protects those who are based outside the EU, but sell to an EU-based buyer. The new Directive now needs to be transposed into the law of each EU Member State within the next two years. In practice, each Member State has to investigate suspected unfair trading practices and impose penalties accordingly.

The most common unfair trading practice is the official policy of some retailers to have very delayed payment. According to the [European Late Payment Directive](#), enterprises have to pay their invoices within 60 days, unless they expressly agree otherwise and provided it is not grossly unfair.

Another initiative has been announced by the French government, which plans to ban “buy one, get one free” offers on food products in supermarkets. Those large discounts are seen as an unfair competition where some supermarkets could sell goods at a loss just to defeat competitors. Selling at a loss is forbidden in France. French farmers have long complained about being hit by a price war between retailers that they say benefits consumers, but hurts producers.

Tip:

- Carefully calculate your costs if you are planning to supply supermarkets in Europe directly. If you do not have official representation with a warehouse in Europe, it will be very challenging to meet all logistic and other demands of the European retail sector. Instead, consider working with specialised suppliers of private label brands, especially if you have competitive packing facilities.

This study has been carried out on behalf of CBI by [Autentika Global](#) and [ICI Business](#).

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