What trends offer opportunities on the European market for grains and pulses?

European consumers are becoming more aware of health issues and are getting more interested in authentic and clean products. You as a supplier from a developing country can anticipate these trends by focusing on nutrition, organic products, veganism, food intolerances and ‘ancient’ grains. There are many opportunities for exporting new and higher value products to Europe, such as quinoa, amaranth, chia and freekeh. However, new products and niche markets are often accompanied by greater risk and volatility.

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1. Growing demand for high-value products

Most grains and pulses are large commodities. Many of them are produced in and around Europe. As small to medium-sized exporters from a developing country, you can find most opportunities in specific and lower volume products.

**Promising cereal grains and pseudo-cereal grains**

The European import market for cereals is valued at €18.6 billion. Although most cereals such as rye and oats are sourced predominantly within Europe, imports of specific cereals from developing countries are increasing. These are often cereals sold in niche markets, such as grains with a specific origin or healthy characteristic. See also the trend for health food below.

The following typical products from developing countries have caught the attention of European consumers:

- Look for niche markets or differentiation in type or quality. It will be too difficult to compete with large producers of commodities, where efficiency and economy of scale is key. Smaller high-value crops are more profitable.
The supply of niche cereals can vary, but certain products have become popular ingredients and continue growing in production, as can be seen in quinoa and buckwheat.

**Tip:**
- Look for niche markets or differentiation in type or quality. It will be too difficult to compete with large producers of commodities, where efficiency and economy of scale is key. Smaller high-value crops are more profitable.

**Specialty rice varieties**
The consumption of certain rice varieties is also gradually increasing on the European market. This is thanks to new cuisines, increasing interest in aromatic varieties and duty-free imports from India, Pakistan, Cambodia and Myanmar. Examples include:

- jasmine rice;
- basmati rice;
- glutinous rice;
- wild rice;
- black, brown and red rice.

**Tip:**
- Read our study about the [European market for specialty rice](#).
Ancient grains
A recent trend in the specialty grains sector is a growing interest amongst consumers in ancient grains, referring to their ancient origin. European consumers often consider ancient grains healthier and superior to other grains. These grains usually have an additional advantage in nutritional value and sometimes gluten-free characteristics.

Many promising grains from developing countries mentioned above are considered ancient grains. Other popular varieties include:

- spelt;
- kamut (Khorasan);
- farro;
- oats.

These ancient grains are often used for product innovation, for example in cereal bars, new mixes and drinks. European companies use ancient grains in these products for their marketing value.

The growing interest of European consumers in ancient grains has paved the way for the introduction of new varieties, such as fonio and teff.

High-value seeds
Europe’s seed market is dominated by commodity seeds such as soybeans, rapeseeds and sunflower seeds. These seeds are mainly used for the processing industry and animal feed.

Some of the higher value seeds such as chia have growth potential, but are still relatively small. Chia imports totalled approximately 15,000 tonnes in 2015. Sesame seeds are more established, amounting to 168,000 tonnes in 2015. That is still a fraction compared to the main commodities such as soybeans.

For small and medium-sized companies from developing countries, high-value seeds are more interesting. The market value for most of these seeds is volatile, but consumers’ interest in new products and product development often has a positive impact on future growth.

Higher value seeds include, for example:

- sesame;
- hemp;
- pumpkin;
- chia.

Tips:

- Try to develop your export for different products. Avoid dependence on one single product, especially when it is a relatively new product; the fluctuation in product value and demand is an unnecessary risk you take.

- Try to secure your profit through supplying contracts with your buyers. Production and prices of small varieties can be volatile, especially for niche products.

- Read our studies about the European market for sesame seeds.

Increasing value of pulses
The European market for pulses (especially that in Northern and Western Europe) is relatively small compared to other parts of the world. However, trade of pulses has grown faster than the supply. This has increased the value of these products.
Import volumes in Europe are relatively stable between 1.6 and 1.8 million tonnes, with an increasing value reaching 1.3 billion euros in 2015. This suggests higher prices in the sector of pulses. About 36% of the import value can be ascribed to developing countries.

The most common pulses in Europe are dried peas and dread beans (*Pisum sativum* and *Phaseolus vulgaris*).

France, Spain and the United Kingdom are the leading consuming countries. Italy, Spain and the United Kingdom are the largest importers of pulses from developing countries. Their imports consist mainly of kidney beans and white pea beans.
More than 70% of the total import value from developing countries consists of kidney beans, white pea beans and chickpeas. The most significant import growth from developing countries is seen in the smallest varieties, such as cowpeas and pigeon peas.

2016 is the International Year of Pulses [H2]

The growth of the European market for pulses has been hindered by insufficient product innovation and the fact that pulses often do not match modern consumer habits (with increasing attention to freshness and convenience). The promotion of pulses as a nutritious and healthy product will help increase consumption.

The United Nations Food and Agriculture Organization (FAO) has designated 2016 as the International Year of Pulses. The goal of the International Year of Pulses is to help develop worldwide consumption of pulses through increased publicity, the promotion of health benefits and product innovation.

In particular, varieties that are suitable for product development and product mixes are expected to increase. Examples include lentils (as they do not require soaking before cooking) and pulse flour used in pastas or snacks.

The increased attention to pulses can lead to opportunities for developing countries for main pulses such as:

- kidney beans (current European import 493,000 tonnes in 2015);
- chick peas (161,000 tonnes);
- lentils (249,000 tonnes).

It can also lead to opportunities for smaller varieties:

- cowpeas (11,000 tonnes);
- pigeon peas (2,500 tonnes);
- black-eyed peas.

**Tip:**

- Encourage farmers to rotate their crops. Good crop rotation and alternating the cultivation of grains and pulses will improve production and increase yields in the long term.

2 . Grains and pulses are diversifying

The introduction of new food ingredients and products suggests that interest in less traditional food is increasing. Grains and pulses that have proven their success are being further exploited in product development and innovation.

**New varieties & mixes**

The assortment of products on the European market is becoming more diverse. Newly introduced products such as quinoa, wild rice and bulgur are marketed in product mixes or as niche substitutes for regular commodities such as Indica rice.

Products in which grains and pulses are mixed also appear more often, as these complement each other well on a nutritional level. Examples are brown rice with lentils and quinoa with lentils. It is important to note, however, that niche products are not expected to replace main commodities, due to higher price and limited supply.

For exporters from developing countries, offering new products can be profitable. However, offering new products can also pose higher risks. Most of these niches are not yet part of a mature
supply chain, therefore price fluctuations can be more radical.

**Tip:**
- Try to find interesting product combinations for export to Europe, which you are able to produce or offer from your country.

### Ingredients and product innovation

The European market is constantly expanding with new food products and innovations. Spelt, quinoa, buckwheat, amaranth and chia are popular ingredients for new product introductions. Food brands use these ingredients as part of a marketing strategy.

Examples of products developed with specific grains and pulses include:

- breakfast cereal mixes;
- muesli bars;
- bread and crackers;
- baby food;
- fresh salads;
- drinks (soy milk, quinoa beer).

Several ingredients are also used in non-food products, for example quinoa and chia as ingredients in personal care products and cosmetics.

Product brands and added-value products are generally developed within Europe, with basic processing such as milling, crushing or popping sometimes taking place in countries of origin. Import taxes for processed products usually make it unattractive to perform anything more than basic processing in the country of origin.

When trading volumes of niche products go mainstream, large food companies tend to take over. This leaves less room for specialised importers and retailers to commercialise these products.

**Tip:**
- Read our study about competition on the European market for grains and pulses to find out more about your competitive position in comparison to larger food companies.

### Sprouted grains

Sprouted grains (*grains that are germinated*) are upcoming in Europe. Sprouted grains fit the general health trend, thanks to their high level of proteins. Sprouted grains also make for a better assimilation of vitamins and minerals by the body.

After germination (sprouting), the grains are either further processed or dried. In Europe, sprouted grains are mostly used as flour in bakery products such as bread and snacks.

**Tips:**
- Look for grains or pulses that fit well with product developments in Europe.
- Importers and processors are regularly looking for new ingredients. Discuss with them the
potential demand for specific products.

- Keep in mind that product innovations in Europe demand top-quality ingredients, great 
  flavours and outstanding presentation. Make sure you are able to match these quality 
  standards.

- Keep yourself updated about consumer trends and new ingredients through websites such 
  as Organic Wellness News, Food Ingredients First, Food and Drink Europe, Food 
  Navigator and Food Manufacture.

3 . Consumers are looking for authenticity

The appreciation in Europe for authentic products is increasing. These include ‘ancient grains’ as 
well as ethnic products such as:

- couscous;
- Bulgur;
- Japanese rice (for sushi).

Migrants have contributed to the increased attention to these products. Another factor that plays a 
role is the fact that European consumers travel more, and therefore more often come into contact 
with different cultures. Even though this trend is not new, it allows for authentic and ethnic 
products to be introduced on a regular basis.

4 . Attention to social aspects is increasing

European consumers are becoming increasingly interested in the stories behind the products they 
buy. Preference for socially engaged products is growing amongst consumers.

Consumers in Europe are willing to pay more for products with a story, and they reward such 
products with loyalty (buying the same products they feel attached to).

At the same time, European retailers put an emphasis on sustainable aspects in their stories, 
including Corporate Social Responsibility (CSR) and good agricultural practices. This demands a 
different approach from exporters and buyers. In addition to a well-organised and responsible 
 supply chain, storytelling can be an added value. However, offering a good quality product is most 
important and trade is still determined by price.

A good example of showing a story is the initiative ‘These are my pulses’ of the Global Pulse 
Confederation.

Tips:

- Explain to your potential buyers what makes your product or company different. Focus on, 
  for example: the origin of your product, your impact on the environment or the traceability 
  systems that have been implemented.

- Demonstrate how your product is produced according to high ethical standards. Use 
  storytelling and images on your website and social media to present your producers and 
  their work.

- See our study about the requirements of European buyers of grains and pulses for more 
  information about social and environmental certification schemes.
5. Healthy eating habits

European consumers are becoming increasingly conscious of healthy eating habits and addressing dietary issues. This has led to trends such as superfoods, raw foods, vegan products, healthy snacks, functional foods and products that are free of specific allergens such as gluten.

Food journalists, online recipes, celebrities and social media have a considerable influence on new food trends and health ingredients. This influence turns ingredients into popular ‘superfoods’ by relating them to famous health gurus or the beauty of celebrities.

Healthy nutrition: fibres and protein

The increased awareness of healthy nutrition has translated into a market for new product ingredients with vegetable protein, dietary fibres and good fats.

Grains and pulses complement each other well, giving substance to the demand for both protein and fibres.

Seeds such as chia and linseed provide a good amount of essential omega-3 fatty acids that are not reproducible by the human body.

As an exporter of health-related or nutritious grains and pulses, you can benefit from the increasing health awareness in Europe.

Tip:
- Communicate the health benefits of your products, but avoid making health or nutrition claims that are not supported by European legislation. First check the EU Register of Nutrition and Health claims.

Flexitarians, vegetarians and vegans

The number of Europeans that are reducing their meat consumption is increasing significantly. Health, animal welfare and money are underlying motivations.

BioFach, one of the most important European trade fairs for organic and natural products, dedicated part of their February 2016 trade fair to experiencing the world of vegan. This shows the potential and possibilities for future product development.

Part-time vegetarians or 'flexitarians' are an interesting target group for vegetable protein sources such as soybeans and pulses.

The highest percentage of vegetarians, up to 10%, can be found in Germany, Italy, Austria, Sweden and the United Kingdom. Exact data is not available, but various studies suggest the number of vegetarians in these countries is gradually increasing.

Tip:
- Consider Germany, Italy or the United Kingdom if looking into the protein alternatives market.
Gluten-free

The market for gluten-free products is expected to increase in value by 5.5% annually over the next five years. The key drivers for people to buy gluten-free products are food intolerance, health and weight.

The most important segment for gluten-free products is the bakery segment, but there are also opportunities for gluten-free pasta and baby food. These products require grains such as buckwheat, millet, quinoa, amaranth, sorghum or teff.

The gluten-free industry in Europe is exceptionally strong in Italy and the United Kingdom.

**Tips:**

- Focus on cereals that meet the growing needs of specific consumer groups (e.g. nutrition, vegan or gluten-free) and market trends.
- Avoid cross-contamination of allergens. For example, a processing line for gluten-free ingredients should be strictly separated from any product containing gluten.

6. Organic market continues to grow

European consumers’ increasing attention to health issues, the environment and social responsibility are stimulating the rapid growth of the organic market.

The organic market in Europe grew by 7.4% in 2014. The market share for organic food in Europe varies between 2 and 8%, with Denmark, Switzerland, Austria and Sweden as leading countries. In terms of market size, the total retail sales of organic products are highest in Germany and France, with increases of 10-11% in 2015. Organic consumption in Sweden even grew 40% in 2014 and 2015.

Although still considered a niche, the organic market is expected to grow over the coming years. Research company Technavio predicts a combined average growth rate of organic food and drinks of approximately 7% in Europe until the year 2020. For 2015 they identified the following top vendors in Europe: Tesco, Metro, Carrefour, Ahold and REWE group.
For some grains and pulses, the market share is significantly higher in the organic food segment. Quinoa for example, was first developed by mainly organic traders. For chia, the organic market share is believed to be up to 40%.

The organic market can be interesting for you as a small or medium-sized exporter from a developing country. In addition to the fact that the organic market is growing, consumers are willing to pay significantly more for organic products. At the same time, European buyers have difficulties finding good quality organic suppliers.

**Tips:**

- Make sure your organic products are clean and free of pesticides and chemical residues. Separate your organic production from other crops and avoid cross-contamination. When residues are too high, your product will be sold as conventional or re-routed to other markets. Non-compliance is timely and costly business and can affect the relationship with your buyer.

- For more information about European legislation related to organic products, see our study about [buyer requirements for grains and pulses](#).

- Visit specialised trade fairs to get to know the organic market, such as [BioFach](#) in Germany. Also have a look at the organic database [Organic-Bio](#).

- For statistics on organic agriculture and trade, consult the FiBL website [Organic-World](#).

7. Convenience in food

Europeans often lead a busy life. This increasingly makes them choose food that is easily accessible and easy to prepare.

The convenience trend could potentially increase the sales of several grains and pulses as
In North-western Europe in particular, consumers are able to choose from a variety of ready-made meals, with all sorts of grains and pulses. Others prefer to buy healthy snacks or pre-packed salads with quinoa, lentils or bulgur.

A development tapping into the convenience trend is the growing online market. Many high-end dry foods that are associated with good health or ‘superfood’ can be purchased online. Examples of shops that tap into this online market include:

- Alnatura (Germany)
- RealFoods (UK)
- Puur&Fit (Netherlands)

Tip:
- Maintain open communication with your buyers. Learn about the end markets for your specific products. This will help you to understand developments in terms of convenience and adjust your marketing strategy accordingly.

‘I think that the efforts needed to acquire and maintain a foothold on the European market are sometimes underestimated. The successful suppliers I know have long-term strategies. Understanding market trends is an important part of developing such a strategy.’ Michel Peerkamp – ICI Business

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