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*Ministry of Foreign Affairs*

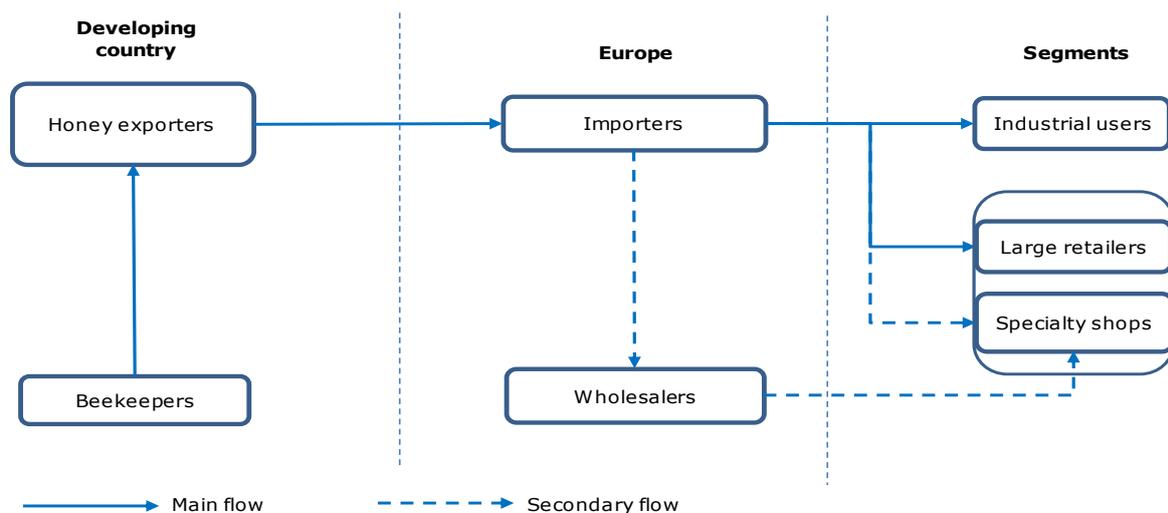
# **CBI Channel and Segments:**

## **Honey in Europe**

## Introduction

The European honey trade is highly concentrated, with only a few dominant importers in each country. These importers generally supply their honey directly to industrial users and retailers, who account for around 25% and 75% of the total honey market respectively. Monofloral honeys and organic honeys comprise particularly interesting sub-segments for those exporters who are looking for product distinction.

**Figure 1: Trade channels in the European honey market**



Source: ProFound, 2015

## Trade channels

In general, three different trade channels can be distinguished. Importers are the entry point for all three channels:

- Importers pack the honey for **large retailers**. Around 50-60% of the honey in Europe is distributed through this channel, which comprises mainly mainstream table honeys, including polyfloral organic honey.
- Importers pack the honey for **industrial users**. Around 20-30% of the honey in Europe is distributed through this channel, which comprises mostly low-priced honey, especially from China.
- Importers pack the honey for **wholesalers**, who sell the honey to **specialty shops**. This channel accounts for around 10-30% of total honey supplies in Europe. Most niche products, such as organic monofloral honey, are primarily distributed through this channel.

Nearly all honey supplies to Europe comprise bulk shipments. Importers blend honeys from different origins to obtain consistency in quality and quantity. They need honey in bulk for this purpose. Only a few small retailers (such as online shops) are interested in retail packed honey. They represent a negligible share of the market.

## Importers

Importers usually combine the following functions:

- Sourcing honey in countries of origin
- Testing the imported supplies
- Processing the honey (including blending the honey into a homogenous product)
- Packing and labelling
- Distribution to the retail channel or industrial users.

As honey has become scarcer during the past decade, importers have become more active in sourcing. They are seeking partnerships in different countries of origin to diversify their sources. Their main challenge is to find new suppliers who can comply with their very strict requirements. In practice, they spend much of their resources on elaborate testing by specialised laboratories to ensure that honey from both existing and new sources is not adulterated and does not exceed strict maximum residue levels for contaminants such as antibiotics.

## Retail

The largest share of honey in the European market is distributed to consumers through the retail channel, i.e. through large retailers and specialty shops. Super- and hypermarkets are the most important outlets for honey, especially for conventional products such as polyfloral honey. The largest retail groups in the EU include [Lidl](#) (Germany), [Aldi](#) (Germany), [Metro](#) (Germany), [Carrefour](#) (France), [Tesco](#) (UK), [Ahold](#) (The Netherlands), [REWE](#) (Germany), [Groupe Casino](#) (France), [Auchan](#) (France) and [Sainsbury](#) (UK).

Due to their size, these retail groups have substantial buying power while still purchasing through importers. This enables them to create their own private labels alongside the brands belonging to the honey packers. Private label products are generally sold at very competitive prices, thus representing a threat to the honey packers' brands. The latter generally respond by creating higher value honeys and positioning them as premium products. Recently, however, leading retailers have begun to introduce their own private labels which they use both in mainstream and in niche segments, positioning them differently according to the segment in question.

A considerable proportion of the premium products, such as monofloral, organic or Fairtrade honey, is sold in speciality shops. Speciality shops, which often concentrate on organic and natural food products, hold a relatively small share of the total retail honey market. Nonetheless, they account for a substantial share of the market for premium products, as the large retailers concentrate on bulk products in low-end and mainstream segments. Since several premium retail chains have also launched their own premium private labels, competition in the higher segments for niche honeys has also increased.

### Tip:

- Big retail groups require large volumes of consistent quality. The honey on the shelves must be exactly the same in all supermarkets across the country, day after day. These retailers are thus not interested in small amounts of niche products. Specialised retailers are much more interested in such products as it offers them an opportunity to distinguish themselves from the large retailers.

## Market segmentation

The honey market is principally segmented into honey for household consumption and honey for industrial use. An estimated 70-75% of all honey goes to large retailers and speciality shops who sell it as table honey. This honey is used mainly as a spread, and some is used as a natural sweetener for drinks such as tea or dairy products, breakfast products and desserts. It can also be used in food preparations such as salads, vegetable and meat glazes and casserole dishes.

The food industry is the other major market segment for honey, comprising 20-30% of the market. This industrial honey is mainly used in the bakery, confectionery and cereal industries. The honey used by the food industry is often of a lower quality than that used by households.

### Tip:

- If your honey only meets the standard for baker's honey, but not the stricter requirements set by retailers, focus on the industrial users. You can read more about quality requirements in [CBI's Buyer requirements for honey](#).

## Interesting sub-segments

The market for **monofloral honeys** (around 10-20% of total market), such as acacia, is small but growing. An increasing number of consumers in the most developed markets in the EU have developed a preference for monofloral honeys. You can read more about the market for monofloral honeys in the United Kingdom in the respective CBI Product Factsheet.

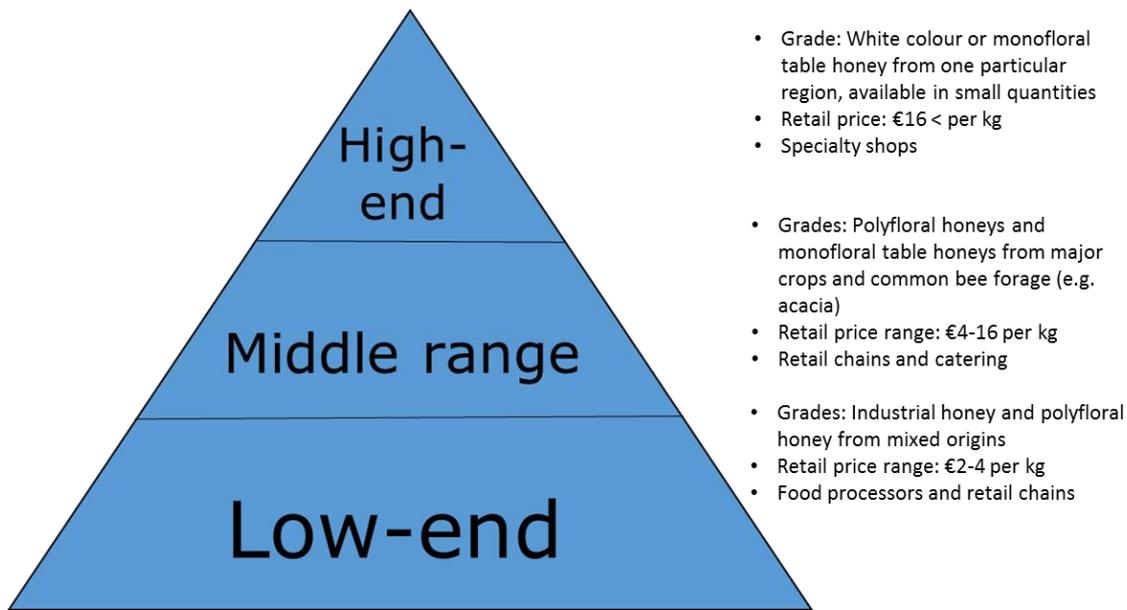
**Organic** products are becoming increasingly popular, especially in the European market. In fact, the total value of organic food in the European market was estimated at €21.5 billion in 2011 and is expected to grow at an annual rate of 7.5% until 2016. These developments also affect the European honey market. In 2015, industry experts estimated the size of Europe's organic honey market at around 10-15% percent of the total EU honey market. You can read more about the market for organic honey in Germany in the respective CBI Product Factsheet.

European consumers are becoming increasingly concerned about the conditions under which honey is produced, and the working and living conditions of beekeepers and processors in developing countries. This trend is mainly driven by increased consumer awareness of the role of consumers in the development of production conditions. As a result, **Fairtrade** and other quality labels which promote better supply conditions for low-income suppliers in the global market

are becoming increasingly popular. Europe currently represents 60-70% of the global market for Fairtrade products. Speciality shops have a particularly large share in the market for Fairtrade honeys. You can read more about the market for Fairtrade honey in the United Kingdom in the respective [CBI Product Factsheet](#).

### Segmentation by price level

Honeys can be segmented by price level as well as by use, as shown in the following figure. Many monofloral, organic and Fairtrade honeys are positioned in the middle and high-end range. The low end of the market comprises mainly industrial honey and honey under private labels introduced by large retailers.





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