



CBI
Ministry of Foreign Affairs

CBI Competition:

Honey in Europe

Introduction

Competition in the European honey market is falling both at a product level and at the company level. The increased European demand for honey and the insufficient supplies put exporters from developing countries (DCs) in a very favourable position. Indeed, this is the perfect time to enter the European honey market.

Market entry: What are the opportunities and barriers when I try to access the honey market?

Low entry barriers

Technology and capital needs for the production of honey are relatively low compared to other sectors. The equipment required for the processing of honey (extractor and homogenisation tank) does not have to be very expensive and is often simple to operate.

At the same time, the favourable market situation creates room for new entrants in the EU honey market. More specifically, the substantial drop in European bee populations has caused production to fall in recent years. The inability of existing European suppliers to meet the continuing high demand for honey creates opportunities for DC exporters.

Tip:

- The inadequate output of domestic suppliers forces European honey importers to demand supply consistency from other sources. Build up long-term trading relationships with your own suppliers in order to secure stable supplies.

Buyers need detailed documentation

EU requirements on European retailers in matters of transparency and accountability place a huge administrative burden on honey importers. To minimise this burden, European importers increasingly require suppliers to provide detailed information on their products. These overhead administrative costs make the import of small quantities of honey less attractive, thus making it more difficult for smaller DC exporters to enter this market.

Tip:

- Do not underestimate the value of elaborate documentation for successful entry to the European honey market. In particular some German buyers tend to apply higher quality standards than their peers in other European markets.

Strict quality requirements of European buyers

The EU has established food hygiene and safety regulations that are stricter than those prevailing in other regions. Moreover, European buyers often apply even stricter requirements of their own. These can vary from composition specifications to colour and taste preferences and organic/Fairtrade certifications. Hence, DC exporters who only comply with EU legal requirements may find it difficult to enter the market and target specific buyers.

Tip:

- Work in close collaboration with your buyer to meet the required product specifications, and gather information about product specifications within the different market channels and segments. For more information please refer to the module [CBI Buyer Requirements for Honey in the EU](#).

Product competition: What are the most popular substitutes for honey in the European market?

High risk of substitution in the industrial sector

The baker's honey used by the food industry is often of a lower quality than table honey. However, even baker's honey as an ingredient is more expensive than other available sweeteners such as syrups. There is thus a high risk that honey will be replaced by syrups and other cheaper sweeteners for use in the food industry. However, the risk of substitution in this

field is gradually falling, as manufacturers in the food industry nowadays tend to look for natural sweeteners such as honey because they are perceived to be healthier.

Tip:

- If you are targeting the industrial sector, make sure you offer your honey at competitive prices. At the same time, you should stress that your honey is a natural, pure product in order to meet the growing consumer preference for healthy natural foods. For more information on these trends, please refer to the module [CBI Trends for Honey in the EU](#).

Substitutes pose a relatively low threat to table honey

European honey is primarily destined for the consumer market and used both as a spread and as a sweetener. There is relatively low competition to honey as a spread from other spreads available on the European market, such as jams and syrups. Similarly, honey as a sweetener, for example in tea and breakfast products, is also in a strong position. Sugar, which is the primary substitute for honey as a sweetener, is becoming less popular in the European market. Low competition from honey substitutes is attributed mostly to its image as a natural, pure product, which is increasingly appreciated by consumers. Honey faces competition on the shelf from products such as agave nectar and maple syrup, which are also natural but may be cheaper. There is a higher risk of substitution in EU countries where these products are popular, such as the UK, Germany and Denmark.

Tip:

- To reduce the threat of substitution you are recommended not only to meet but to exceed buyer requirements and to differentiate your honey by sustainability, traceability or other features that can contribute to your uniqueness.

Convenience boosts popularity

Convenience is an important selling point for European consumers, who want to enjoy products with minimum effort. This trend is also applicable to honey. Honey in a “squeezy bottle” is becoming steadily more popular, even though it has been around for many years. Hence, there is a growing industry demand for honey with a higher fructose/glucose ratio, which stays liquid for a longer time. This represents a threat to other types of honey.

Tip:

- If you can offer honey that stays liquid longer, make sure you let your buyer know about this. If you do not already do so, you should investigate the possibility of taking advantage of this trend by sourcing more honey with a high fructose/glucose ratio.

Company Competition: Who are my rivals when I am exporting honey to the EU market?

Key players’ decline makes room for new DC exporters

Competition in the European honey market is diverse. The key suppliers include China and Argentina, while European countries also supply a large proportion of European honey. However, there have recently been supply issues that create opportunities for DC exporters:

- **China** is Europe’s main supplier of low-priced honey for industrial use and blends targeted at the mainstream market. However, quality issues have worsened the position of Chinese honey in the global honey market, making the EU more cautious about buying honey from China.
- Until a decade ago, **Argentina** was Europe’s main honey supplier. However, a heavy loss of bee colonies and bee forage has severely affected Argentinean honey supplies. On top of that, a ruling of the European Court of Justice that honey must be labelled to indicate that it contains pollen, and that manufacturers must demonstrate that this pollen does not come from genetically modified crops, put further pressure on imports of Argentinean honey.
- Declining bee colonies in European countries have led to a drop in **European** honey production. As a major global consumer of honey, Europe is thus obliged to increase its honey imports to meet the increasing demand for honey. This creates new opportunities for DC suppliers.

Tip:

- Make sure your honey's quality is consistent and your bee colonies are healthy. For example, protect bee populations by developing policies to limit the use of dangerous pesticides. For more information on the topic of honey containing genetically modified pollen, please refer to the module [CBI Buyer Requirements for Honey in the EU](#).

Company Competition: How much power do I have as a supplier?

Price competitiveness improves supplier power

Honey production does not require high-tech expertise, but it is a very labour-intensive process. Consequently, the price of honey depends largely on labour costs in the country of origin and the productivity of the beekeepers. Higher yields lead to a lower product price and higher pay for beekeepers.

Tip:

- Increase your scale of operations and invest in both training and access to modern hives for beekeepers, to improve production efficiency (yields) and cut prices.

Less competition in niche markets

For example, monofloral honeys are very popular among European consumers but it is difficult to ensure the required stable supplies. Organic industrial honey is another interesting niche market. The demand for organic industrial honey is increasing, but there are only few areas in Europe where it is possible to practice organic beekeeping. One of the conditions for organic honey production, the absence of chemical contamination within a 3km radius from the beehives, is increasingly hard to meet. Moreover, Brazil, the largest supplier of organic honeys, is unable to offer the low prices that industrial users require. Consequently, honey importers are looking for new sources of these honeys. This substantially increases the bargaining power of honey suppliers that can meet the relevant requirements in this niche market.

Tip:

- If you can offer niche honeys to the European market, take care to inform potential buyers clearly about the features that make your honey a niche product. You should also make sure you can substantiate your claims, for example by providing the relevant certificates. For more information on the popularity of niche honeys, please refer to the module [CBI Trends for Honey in the EU](#).

Importers use blending to maximise their power

Honey imported into the EU is hardly ever sold to the market in its original condition. European importers blend different types of honey together to produce the right quantities at a consistent quality. This allows them to be flexible with their sources and switch between suppliers if necessary.

Tip:

- Invest in a strong, long-term relationship with your buyers to minimise the risk that they will switch to another supplier.

Depreciation of Euro puts importers' margins under pressure

Economic developments are also an important factor when it comes to the competitive forces that shape the European honey market. The depreciation of the Euro against the dollar definitely affects the honey market, by decreasing the buying power of European honey importers. Moreover, European importers cannot charge their customers for cost increases due to currency variations. An immediate effect of this trend is that the European market is becoming a more price-competitive destination for honey exports. In addition, importers are becoming increasingly price-sensitive, so suppliers who can offer competitive prices will have a solid negotiating position.

Tip:

- This trend is making the European market a less attractive destination for exports. You will need to offer very competitive prices (or more value), as importers have little room to negotiate. Moreover, exchange rates between currencies can change rapidly, so make sure you keep up to date on this subject. You can monitor exchange rates at <http://www.oanda.com>, for example.



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