

The Eastern European market potential for coffee

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Direct coffee imports from Eastern European countries (which for the purposes of this study include Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia, but not the Baltic states and Ukraine) remain relatively low, but the region's overall coffee import volumes are on the rise. Rising incomes and growing interest in high-quality coffees also bring interesting opportunities to the Eastern European coffee market. Specialised small coffee roasters are rapidly rising, especially in Poland, the Czech Republic and Romania, in a market that is still dominated by multinationals and mainstream brands.

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1. Product description

Harmonised System (HS) codes are used to classify products and to calculate international trade statistics, such as imports and exports. This study focuses on green coffee beans, classified under HS code 090111 (coffee, not roasted, not decaffeinated). The available data do not distinguish between bulk, high-quality or specialty coffees.

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 is subdivided into the [Typica](#) and [Bourbon](#) coffee lineages, and the Ethiopia/Sudan accession. Examples of the Ethiopian and Sudanese cultivars are [Geisha](#), [Java](#), Sudan Rume and Tafari Kela.

Examples of Typica cultivars are the Hawaiian Kona, Jamaican Blue Mountain, [SL14](#) and [Maragogipe](#). Examples of the Bourbon cultivars that are grown mostly in Latin America are [Caturra](#), [Villa Sarchi](#) and [Pacas](#). Examples of Bourbon cultivars grown in East Africa are [Jackson](#), [K7](#), [SL28](#) and [SL34](#).

- *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, which is often described as bitter. Robusta beans are often used in coffee blends and in instant coffee production.

Examples of crossbreeds of the Arabica and Robusta species are [Catimor](#), [Castillo](#) (the most commonly grown coffee plant in Colombia), [IHCAFE90](#), [Ruiru 11](#), [Sarchimor](#) and [Obatá](#).

2. What makes Eastern Europe an interesting market for coffee?

Total direct coffee imports from Eastern European countries remain relatively low, but the region's overall coffee import volumes are on the rise. Also, the current relatively low per capita coffee consumption allows room for growth in the region.

East European coffee imports are on the rise

The Eastern European countries Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia together accounted for 6.5% of all European green coffee imports in 2020. Overall, Eastern European green coffee imports increased at an average annual rate of 3.3% between 2016 and 2020.

Poland is the largest importer of green coffee in Eastern Europe, and Europe's ninth largest. In 2020, Poland imported 3.6% of all European imports, amounting to 128 thousand tonnes of green coffee. Poland saw year-to-year growth of 5.7% between 2016 and 2020. In 2020, Poland imported 65% of its green coffee directly from the place of origin. The largest suppliers to Poland were Vietnam (35%), Brazil (18%) and Uganda (2.6%). About 31% of Polish coffee imports came from Germany.

The second-largest importer was Bulgaria, importing an estimated 30 thousand tonnes of green coffee in 2020, about 0.8% of total European imports. That year, about 79% of Bulgarian coffee imports were sourced directly from the countries of origin, mainly Vietnam (27%) and Brazil (22%).

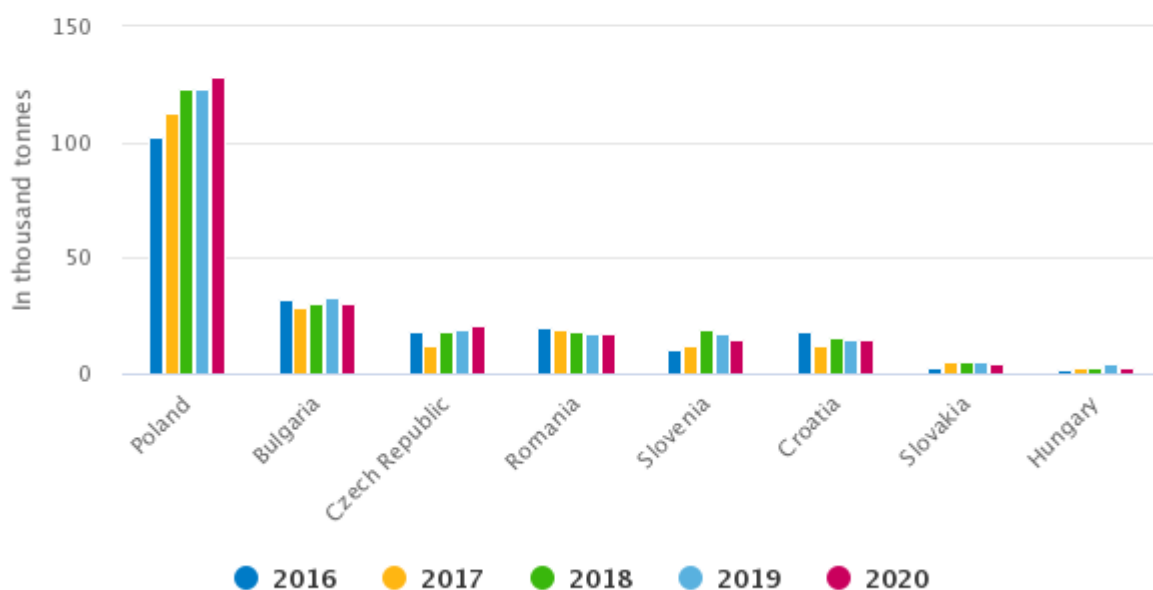
The Czech Republic imported approximately 21 thousand tonnes of green coffee in 2018. The Czech Republic only imported 34% of its coffee directly from the producing countries. Germany supplied over 64% of total Czech imports in 2020.

In general, Germany is an important supplier of green coffee to the Eastern European region, with the goods entering mainly via the Port of Hamburg. For small and medium-sized roasters in Eastern Europe, it is often less risky and more cost-effective to source from specialised importers based in neighbouring ports. In addition, the main players in the Eastern European market are large multinationals that usually import through one point, roast in large-scale facilities and distribute coffee throughout Europe. However, as roasters in Eastern Europe gain scale, it is expected that they may also gain autonomy in terms of sourcing directly from producing countries. In the long term, these countries may also develop further and upscale their infrastructure to be able to import directly.

Slovenia registered the highest share of direct imports among all countries in Eastern Europe, with 96% of its green coffee sourced directly from producing countries in 2020. Approximately 51% or 7.8 thousand tonnes of Slovenian coffee imports came from Brazil, another 20% from India and 8.4% from Colombia. Croatian multinational [Atlantic Grupa](#) is Slovenia's main coffee importer; it uses the [Port of Koper](#) as its entry point, from where it serves the regional market with its coffee brands [Barcaffé](#) and [Grand Kafa](#).

Figure 1: Total East European green coffee imports

in 1000 tonnes



International Trade Centre, 2021

Low per capita coffee consumption gives room for growth

According to the latest available data from the [European Coffee Report \(2018/19\)](#), Eastern European countries accounted for 18% of all coffee sales volume in EU markets, the equivalent to 252 thousand tonnes of green coffee and instant coffee in 2018. Poland is the largest coffee consuming market in Eastern Europe, with 6.6% of total EU coffee volume sales, followed by Romania (2.5%) and Hungary (1.8%). In comparison, Germany is the largest market in all of Europe with 26% market share.

The European coffee market is rather stable, but several Eastern European countries have shown interesting growth rates recently. Between 2016 and 2018, the retail value of the total amount of coffee sold in several Eastern European countries increased strongly, notably Slovenia (+18%), Czech Republic (+15%) and Romania (+15%). However, compared to other markets, total volumes remain relatively small in these markets. Between 2018 and 2019, the largest coffee market (Poland) grew by 2%.

Per capita consumption in Eastern Europe is also relatively low. The average annual coffee consumption per capita in Poland, for example, is approximately 2.5 kg and in the Czech Republic, 2.0 kg. Slovenia and Croatia are exceptions to the low annual per capita consumption in Eastern Europe's, respectively at 5.8 kg and 5.1 kg, just around the overall average per capita coffee consumption in the European Union, which is 5.2 kg.

These low figures suggest there is room for growth. However, although [consumer incomes have risen continuously in Eastern Europe](#) in recent years, it is important to note that the COVID-19 pandemic has halted or at least slowed down this development. Overall, purchasing power in Eastern Europe is generally lower than in other European countries. For instance, the per capita purchasing power in the Czech Republic was almost 34% below the European average in 2020. In Poland this figure was just under 49%, in Hungary, 50%, and in Romania, about 60% below European average. This has made consumers in the region more price-conscious than in other markets. The COVID-19 [pandemic has intensified this due to the overall financial uncertainty](#) in the region. Recent estimations, however, also indicate that Eastern European countries are slowly recovering. The region's economy is projected to expand 1.9% in 2021 and 2.8% in 2022.

Tips:

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

Go to [EU Access2Markets](#) to analyse Eastern European trade dynamics yourself and determine your export strategy. By selecting a specific reporting country, you will be able to follow developments such as trade flows with established suppliers, the emergence of new suppliers and changing patterns in direct and indirect imports.

See our study of [trade statistics for coffee](#) for more detailed information about the European trade in green coffee beans.

3. Which trends offer opportunities in the East European market?

The market for certified coffees is still small but appears to have good growth prospects, especially due to the dominance of multinational retailer groups active in the region. Overall, the instant coffee market is very big in Eastern Europe. Nevertheless, the consumption of fresh ground coffee and specialty coffees is gaining in popularity and is increasing considerably in the region.

Eastern Europe is a latent market for certified coffees

Eastern Europe is a small market for certified coffees, but it shows positive growth prospects. This is in large part driven by the dominance of large multinational retailers, which are also present in Eastern Europe. These retailers have made sizable sustainability commitments, often including certification efforts. In fact, more and more [retailers are starting to source certified coffee](#) only.

As regards the Fairtrade certification scheme, Eastern European countries have no national fair trade organisations. However, Poland, Czech Republic and Slovakia have Fairtrade marketing branches. Through these marketing branches, the sales of Fairtrade products are promoted in these countries, driving up demand for Fairtrade-certified products, including coffee.

The availability, visibility and recognisability of the Fairtrade standard has grown and resulted in increased sales. Polish retail sales of Fairtrade products reached [€68 million](#) in 2019, over three times as much as in 2018. Coffee products made up 22% of the sales in 2019. The multinational retailers Marks & Spencer's, Tesco's (both UK) and Lidl (Germany), which have a presence in Poland are examples of retail outlets with (own label) Fairtrade coffee products for the Polish market. However, the leading retail channel for Fairtrade coffee in Poland is through [ORLEN](#), the country's largest petrol station chain. ORLEN has been selling Fairtrade certified coffees since 2008.

Together, the Czech Republic and Slovakia bought [891 tonnes of Fairtrade certified green coffee](#), representing a 25% increase compared to 2018. Among the largest Fairtrade coffee retailers in Czech Republic are [Tchibo Praha](#), [Stop Café](#) and [Viva Café](#), the latter two located in petrol stations, and the supermarkets [Lidl](#) and [Globus](#).

Rainforest Alliance/UTZ products are also available on the East European market, mainly through multinational retailers and traders. For instance, retailer [Kaufland](#) sells UTZ-certified coffee in all its stores across Eastern Europe, and German roaster [Tchibo](#) sells UTZ-certified coffees in Poland, Czech Republic, Slovakia and Hungary. [Bero Polska](#) is an example of a Polish trader buying UTZ-certified coffee.

Organic market in Eastern Europe remains small but shows potential

Eastern European countries have relatively small markets for organics: they make up less than [2%](#) of all food sales in those markets. Nevertheless, sales of organic products are growing across the region. The largest

organic market is Poland, where retail sales reached [€314 million](#) in 2019. Between 2015 and 2019, year-to-year growth was 17%. In the Czech Republic, the region's second-largest organic market, organic food sales grew at an average annual rate of 20% over the same period, reaching €164 million in 2019. Croatia was the third-largest market in 2019, with retail sales of €99 million, and a relatively stable market size.

Organic sales growth is linked to a growing consumer awareness of organic products, mainly because they are perceived as healthier options. The [COVID-19 pandemic has further increased interest in healthier food options](#), throughout Europe. In Poland, for instance, spending on organic products is growing fast and has grown even faster during the pandemic. In the first half of 2020, the organic products market grew by [28%](#) compared to the same period in 2019. Between 2018 and 2019 this figure was 20%.

All these developments, and the increasing interest in organic products, may result in interesting opportunities opening up for organic coffee in future in Eastern Europe. However, it should be kept in mind that the limited consumer awareness and conservative spending habits may also limit widespread growth in the region.

Examples of organic certified coffee exporters are [Ibrahim Hussien](#) (Ethiopia), [Cenfrocafe](#) (Peru), [Café Orgánico Marcala](#) (Honduras) and [Kawa Kabuya](#) (DR Congo).

Large instant coffee market, but fresh coffee taking over

Eastern European countries, much like Ireland and the United Kingdom, have high shares of instant coffee consumption. On average, about 24% of the coffee consumed in Eastern Europe is instant coffee, compared to 11% on average in other parts of Europe. Most instant coffee brands use low-quality Robusta coffee beans. As such, the Eastern European market remains a key destination for Robustas.

A shift towards fresh coffee, away from instant coffee, has been noticed in countries like Poland, where [consumers increasingly opt for brewed coffee](#). Instant coffee is still the most popular, with as many as [79%](#) of Polish households having purchased this type of coffee at least once in 2019. However, between 2014 and 2019, the volume of instant coffee sales decreased by 14%. In 2019, about 30% of Polish households bought coffee beans. In 2019 alone, sales of coffee beans increased by 16%.

The market share of instant coffee is large in all of the Eastern European countries but it is not always the largest. For instance, in Romania, about [54%](#) of the total coffee consumption was ground coffee in 2019, while the market share of instant coffee was 40% and that of whole beans, 6%. In Romania, the [share of ground coffee and whole beans is also steadily increasing](#), as consumers are demanding higher-quality coffees.

Coffee pods and capsules also use fresh ground coffee, a growing market in Western Europe. However, the use of fresh ground coffee in pods in Eastern Europe, compared to the total volume of coffee, reached the lowest shares in all of Europe. In Hungary, Poland, Romania and Slovenia these shares ranged between 0% and 2%. Nevertheless, the use of coffee pods and capsules is growing in most markets, including in [Romania](#). In the Czech Republic, coffee pods are already much more popular, as result of the introduction of a line of [coffee pods and capsules by Starbucks in Czech supermarkets](#) in 2019, for instance.

Increasing interest in specialty coffee in Eastern Europe

Despite the large market for instant coffee, the market for high-quality and specialty coffees is growing in Eastern Europe. The growing number of specialty coffee shops and micro roasters in Eastern Europe illustrates the consumer interest in adding quality and variety to their coffee.

The largest and fastest growing Eastern European markets for specialty coffee are the Czech Republic, Poland and Romania. Between 2013 and 2021, the number of specialty coffee shops in Romania went up from only [three](#) to more than [120 coffee shops and micro-roasters](#). The number of specialty coffee shops in Hungary [has also grown exponentially in the last few years](#), reaching over [150](#).

Examples of specialty roasters and shops in Romania include [Orygyns Specialty Coffee](#), [The Urbanist](#), [Two Minutes](#) and [Madison Coffee](#). Examples in Hungary include [Kappu Specialty Coffee](#), [Warmcup Specialty Coffee](#) and [Steamhouse Cafe](#). Examples in other countries include: [Plato Café](#) and [Misto Café](#) (Czech Republic), [Typika](#) and [Wesoła Cafe](#) (Poland).

Branded coffee shops are also growing fast in Eastern Europe. Despite [the significant impact that the pandemic has had on the European branded coffee shop market](#), the overall numbers of branded coffee shops increased in 2020. Boasting 601 stores by the end of 2020, one outlet in Romania grew the fastest (30%) of any chain in Europe. [McCafé](#), [Starbucks](#), [Caffè Nero](#) and [Costa Coffee](#) are examples of large chains with a presence in Eastern Europe. These coffee chains play an important role in introducing consumers to higher-quality coffees.

As the specialty niche market begins to flourish in the region, different actors in Eastern European countries have been joining the Specialty Coffee Association (SCA). Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Slovakia and Romania have their own national SCA chapters. Czech Republic is also home to the [Coffee Embassy](#), in Prague, whose mission it is to educate and promote coffee culture in the country.

The large number of coffee festivals organised in Eastern Europe also help to illustrate the growing interest in specialty coffee in this region. Examples of events in Eastern Europe include the [Prague Coffee Festival \(Czech Republic\)](#), [Warsaw Coffee Festival](#) (Poland), [Bucharest Coffee Festival](#) (Romania) and [Sofia Coffee Festival](#) (Bulgaria).

The growing number of specialty roasters and shops, and the growing interest in high-quality coffees bring new opportunities for exporters of specialty coffees, for example, in new direct trade relations. However, specialty coffee is still a niche market in Eastern Europe. In Poland, for instance, the specialty coffee market accounts for [less than 2%](#) of the entire country's coffee market. In addition, the negative economic effects of the COVID-19 pandemic may influence coffee purchasing behaviour in the region to a certain extent. As a result, it is likely that coffee drinkers in Eastern Europe will opt for more high-quality mainstream products, especially in the short term.

Tips:

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

See the Specialty Coffee Association's national chapters in [Bulgaria](#), [Czech Republic](#), [Hungary](#), [Lithuania](#), [Poland](#), [Slovakia](#) and [Romania](#) for more information about the Eastern European specialty coffee market.

Promote the sustainable and ethical aspects of your production process and support these claims with certification. See [our study on doing business with European coffee buyers](#) for more tips on marketing and promoting your coffee.

Check the websites of [Fairtrade Poland](#) and [Fairtrade Czech Republic and Slovakia](#) for a list of companies manufacturing and distributing Fairtrade certified products.

Before engaging in a certification programme, make sure to check that the label has sufficient demand in your target market and whether it will be cost-beneficial for your product, always in consultation with your potential buyer.

Find potential business partners in Eastern Europe by checking the lists of [Fairtrade certified operators](#), [Eastern European Rainforest Alliance-certified coffee brands](#), [UTZ-certified coffee supply chain actors](#) and [Eastern European organic coffee importers](#).

Want to export high-quality coffees to Eastern Europe? You should investigate whether you qualify for industry awards, such as the [Cup of Excellence](#) programme. This can be an interesting way to promote your product and the origin of your coffee in the East European market for high-quality coffee. The Cup of Excellence is an annual competition among the highest quality coffees, which takes

place in several countries.

[ProFound – Advisers In Development](#) carried out this study on behalf of CBI.

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