

# The European market potential for vanilla extract

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Vanilla extract is used in food and beverage products, as well as others, such as cosmetics and pharmaceutical products. It is mainly used in food products because of its aroma and flavour. There are different types of vanilla present on the market. However, only a specific type is used for extraction. Europe presents an opportunity for exporters of vanilla extract as consumers increasingly seek natural ingredients.

## Contents of this page

1. [Product description](#)
2. [What makes Europe an interesting market for vanilla extract?](#)
3. [Which European countries offer most opportunities for vanilla extract?](#)
4. [Which trends offer opportunities on the European vanilla extract market](#)

## 1. Product description

Vanilla is a valuable commodity sourced from a set number of locations globally. It is native to Mexico, but it currently grows only in certain countries, including Madagascar, Indonesia, Mexico, Tahiti, Uganda and Papua New Guinea. This is because vanilla is extremely difficult to grow, mainly because of the need to manually pollinate the vanilla pods. The pod is a fruit of the *Vanilla planifolia* (bourbon vanilla), *Vanilla tahitensis* and *Vanilla pompon* orchids.

[Madagascar](#), and specifically its Sava region, supplies around 80 percent of the global bourbon vanilla market. Bourbon vanilla has the highest vanillin content and a distinct flavour. Bourbon vanilla is also grown in Mayotte, Comores, Reunion and Mauritius. The local moisture content defines the type of vanilla and its final application.

| Type      | Moisture Level |
|-----------|----------------|
| Very Dry  | 15-20%         |
| Red/Rouge | 22-25%         |
| TK        | 30%            |
| Gourmet   | 35-38%         |

Source: [Vanilla.direct](#)

Red vanilla is also called extraction vanilla and it is used in production of vanilla extract or natural aromas. Its lower moisture content is more suitable for processors as they are looking to have more substance per kilogramme to extract. European buyers and end-users look for high quality and good vanillin content, and tend

to prefer a moisture content of up to 27 percent. Red vanilla is cheaper when compared to gourmet vanilla. It is also used to produce vanilla powder.

Vanilla is extracted by soaking ground vanilla beans in a solution of alcohol and water. The flavours are pulled from the beans into the alcohol. Sometimes heat is used to accelerate the extraction. Cold-extraction is also possible, resulting in a higher quality extract.

There are different types of vanilla extracts of vanilla. These include oleoresin, infusion and absolute. These types of extracts can differ depending on different type of concentration and extraction process. This product fact sheet focuses on vanilla extracts used as food additives. Vanilla extract is traded as vanilla oleoresin under HS Code 13021905. The majority of vanilla extract is used in the food and beverage sector.

Figure 1: Examples of vanilla extract in Europe



Source: Various

### Tip:

Make sure that your vanilla extract is not adulterated or contaminated during processing or storage because European buyers demand a high-quality product. Some processing methods offer lower risk of adulteration.

## 2. What makes Europe an interesting market for vanilla extract?

The demand for vanilla extract in the European food and beverage market is growing. European consumers are demanding more natural ingredients in their food and beverages. However, price volatility and supply chain issues make European food and beverage companies prefer synthetic vanillin. At the same time, the COVID-19 pandemic has increased demand for natural ingredients in 2020. There is also an increasing demand for organic vanilla on the European market.

The European food and drink market offers opportunities for exporters of vanilla extract in developing countries. The European food and beverage market is one of the largest in the world and it keeps growing. Figure 2 shows the historical development of the European food and drink market. As the popularity of processed food is increasing in Europe, this presents an opportunity for exporters of food additives such as vanilla extract.

The [global food additives](#) market is estimated to reach USD 37.9 billion in 2021. The market is forecast to grow at a compound annual growth rate of 6 percent to reach USD 55.5 billion by 2025 according to Market Data Forecast. Europe is the second largest food additives market after North America. The main driver is growing range of applications for food additives. There is also increasing demand for natural food additives from processed food companies.

Consumers are increasingly seeking natural food additives in Europe. This is because of a growing health-conscious population. The EU has robust regulations on the use of synthetic additives, which also generates demand for natural food additives. European food manufacturers are investing in research and development, and developing innovative products. This is stimulating demand for vanilla extract on the European market.

The [global Vanilla Beans and Extract market](#) size is predicted to reach approximately USD 4.3 billion by 2025. Growing consumer awareness of health and wellness issues is generating demand for vanilla extract. There is high demand for vanilla from the dairy industry, especially the ice cream sector. The growing demand for natural ice creams is stimulating demand for vanilla extract. Other sectors include the bakery industry, retailers and the foodservice sector. In 2020, high consumer demand for vanilla extract for use in home cooking led to an increase from the retail sector.

Figure 3 and 4 show that imports of vanilla oleoresins to Europe have been fluctuating in the last couple of years. Extra-EU trade accounts for the majority of European imports. The demand for vanilla oleoresin increased between 2016 and 2018, when they peaked. The imports dropped in volume and value in 2019, but picked up again in 2020. This was mainly because of growing consumer demand during the COVID-19 pandemic in 2020.

According to industry feedback, demand for vanilla extract is growing. One European importer commented: *"most of the companies are taking out the synthetic...They are pushing more into real vanilla... So, that's why the demand for the vanilla is increasing."* This trend is expected to continue in the coming years.

The growing popularity of organic foods is also generating demand. An importer of vanilla in Europe stated: *"Most people are demanding organic vanilla, that's the selling point."* The European organic food and drink market has been increasing each year. In 2020, [organic food and beverages sales](#) surged as consumers looked for food and beverages to improve their personal health during the pandemic.

Food and beverage manufacturers want to cater to European consumer needs for more natural products. As more companies remove synthetic ingredients from their products, the demand for vanilla extract will continue to grow. However, price volatility and supplier concentration makes the supply chain of vanilla unstable. Because of this, European food and beverage manufacturers often prefer to use synthetic vanillin. You should take advantage of the growing demand for natural ingredients on the European food and beverages market, as this trend is expected to continue in the future.

## Tips:

Target buyers in Western-European countries, as these countries have traditionally the largest food processing sectors. France and Germany are the most prospective markets. Western European markets also have the largest organic food markets.

Visit trade shows in Europe when looking for European buyers. Examples include [BioFach](#) and [Food Ingredients Europe](#).

See the CBI Study entitled '[What is the demand for natural food additives on the European market?](#)'. That will help you find more information on natural food additives and what makes Europe an interesting market for you.

### 3. Which European countries offer most opportunities for vanilla extract?

Western-European countries are the biggest importers of vanilla oleoresins. France, Germany and the UK have some of the largest consumer markets in Europe. There is also increasing demand for certified organic vanilla extract in Europe. Countries such as the Netherlands and Spain re-export raw materials to other European countries.

#### Germany

Table 1: Imports of Vanilla Oleoresin to Germany, 2016-2020

| 2020              | Tonnes | % Change Volume (2015-2019) | m EUR | % Change Value (2014-2018) | Main Exporters  | Important Market Players                  |
|-------------------|--------|-----------------------------|-------|----------------------------|---|---|
| Vanilla oleoresin | 352.7  | 108%                        | 52.2  | 434%                       | Morocco (66.5%), Madagascar (18%), the Netherlands (6.5%) | Dr. Oetker, Doehler, and Denk Ingredients |

Source: Eurostat

Germany is the leading importer of vanilla oleoresin to Europe. The imports increased at a triple-digit rate between 2016 and 2020. There has been a 57 percent increase in imports between 2019 and 2020. Imports from outside of Europe account for about 91 percent.

According to Food and Drink Europe, Germany has the second-largest food and drink market in Europe in terms of turnover. The German organic food market is also the largest in Europe. There is growing demand for organic vanilla extract. Major importers of vanilla oleoresin include Dr. Oetker, [Doehler](#) and [Denk Ingredients](#).

[Symrise](#) is also an important producer of vanilla extract. The company has a sourcing project in Madagascar, as well as its own processing facility where it produces both conventional and organic vanilla extract.

You should target the German market, as demand is expected to continue to increase. Exporters of organic vanilla extract should consider targeting the German market because it has the largest organic food market in Europe.

#### The UK

Table 2 Imports of Vanilla Oleoresin to the UK, 2015-2019

| 2019 | Tonnes | % Change Volume (2015-2019)* | m EUR | % Change Value (2015-2019)* | Main Exporters | Important Market Players |
|------|--------|------------------------------|-------|-----------------------------|----------------|--------------------------|
|------|--------|------------------------------|-------|-----------------------------|----------------|--------------------------|

|                   |      |      |     |     |  |                       |
|-------------------|------|------|-----|-----|--|-----------------------|
| Vanilla oleoresin | 53.0 | -74% | 3.9 | 39% | The Netherlands (75.3%), India (13.7%) | McCormick, Vanillaetc |
|-------------------|------|------|-----|-----|--|-----------------------|

Source: Eurostat

\*latest data available

The UK is the second-largest importer of vanilla oleoresin in Europe. Between 2015 and 2019, the volume of UK imports decreased by 74 percent, while the value increased by 30 percent. This was because of rising prices of vanilla oleoresin on the international market. Imports from outside of Europe accounted for more than 90 percent of all imports.

The UK has one of the largest consumer markets in Europe. According to Food and Drink Europe, the UK food and beverage sector generated about EUR 120 billion in revenues in 2018. The UK organic food and drink market is also increasing. There is growing consumer awareness demand for natural and healthier food and drink products. The main market players in the UK include [McCormick](#) and [Vanillaetc](#). [Infinity Foods](#) is a distributor for [Nielsen Massey](#) in the UK.

Brexit (Britain's exit from the European Union) is disrupting supply chains for ingredients, including vanilla extract. It may take some time for the UK to renegotiate old trade deals and enter new trade deals with developing countries. Tariffs on goods imported into the UK may differ to those for European Union (EU) countries for vanilla extract. You should use the [International Trade Centre's \(ITC\) Market Access Map](#) to see if different tariffs apply when exporting to the UK.

## France

Table 3: Imports of Vanilla Oleoresin to France, 2016-2020

| 2020              | Tonnes | % Change Volume (2016-2020) | m EUR | % Change Value (2016-2020) | Main Exporters                     | Important Market Players            |
|-------------------|--------|-----------------------------|-------|----------------------------|------------------------------------|-------------------------------------|
| Vanilla oleoresin | 42.1   | 39%                         | 19.9  | 354%                       | USA (41.6%), the Netherlands (25%) | Le Monde de la Vanille, EuroVanille |

Source: Eurostat

France is the third leading importer of vanilla oleoresin in Europe. Table 3 shows that French imports increased by volume and value between 2016 and 2020. Over this period, the volume of imports increased by 39 percent, while value increased by 354 percent. Imports from outside of Europe account for more than half of imports to France.

According to Food and Drink Europe, France has the largest food and drink market in terms of turnover. France has the second-largest organic food and drink market in Europe. The demand for organic products has been

increasing over the last decade. This growth is expected to continue in the near future. Examples of companies that import vanilla extract include Le Monde de la Vanille, EuroVanille and Select Arome.

French demand for vanilla extract is expected to increase further. Growth is driven by growing consumer demand for healthier and natural food and drink products. You should therefore target the French market, as it offers a lot of opportunities. This market is also attractive for organic vanilla extract suppliers.

## Spain

Table 4: Imports of Vanilla Oleoresins to Spain, 2015-2020

| 2020              | Tonnes | % Change Volume (2016-2020) | m EUR | % Change Volume (2016-2020) | Main Exporters                              | Important Market Players |
|-------------------|--------|-----------------------------|-------|-----------------------------|---|--------------------------|
| Vanilla oleoresin | 26.5   | -24%                        | 0.5   | 104%                        | Dominican Republic (96.5%), Germany (12.3%) | Innova Food              |

Source: Eurostat

Imported volumes of vanilla oleoresin decreased by 24 percent between 2016 and 2020. However, the value of imports increased by 104 percent. This is because of fluctuations in the price of vanilla oleoresin. Imports from outside the EU accounted for 80 percent of Spanish imports in 2020. Spain is a re-exporter of raw materials to other European countries.

Spain has the fifth-largest food and drink market in Europe. The organic food and drink market in Spain is growing each year. Innova Food is a leading importer of vanilla extract.

You should target the Spanish market even if volumes are decreasing. Spain is a good entry point for raw materials into Europe.

## The Netherlands

Table 5: Imports of Vanilla Oleoresins to the Netherlands, 2016-2020

| 2020              | Tonnes | % Change Volume (2016-2020) | m EUR | % Change Volume (2016-2020) | Main Exporters                           | Important Market Players |
|-------------------|--------|-----------------------------|-------|-----------------------------|--|--------------------------|
| Vanilla oleoresin | 22.8   | 196%                        | 4.0   | 648%                        | USA (25%), France (21%), Germany (14.5%) | Tradin Organic           |

Source: Eurostat

The imports of vanilla oleoresin to the Netherlands recorded the highest growth between 2016 and 2020. During this period the volume imports increased by 196 percent and the value increased by roughly 650 percent. Imports from outside of Europe accounted for more than half of Dutch imports.

The Netherlands is a significant entry point of raw materials into Europe. This is partly because most raw materials are re-exported to other European countries. Leading importers include [Tradin Organic](#), [De Monchy Natural Products](#) and [Envir International](#). [Natuurlijk Natuurlijk](#) is a distributor of [Nielsen Massey](#) in the Netherlands.

The Netherlands is likely to remain an important country for imports of vanilla extract from developing countries. The country is an important entry point for raw materials into Europe. You should target buyers in the Netherlands, especially if you can supply organic vanilla extract.

## Ireland

Table 6: Imports of Vanilla Oleoresin to Ireland, 2016-2020

| 2020              | Tonnes | % Change Volume (2016-2020) | m EUR | % Change Volume (2016-2020) | Main Exporters              | Important Market Players |
|-------------------|--------|-----------------------------|-------|-----------------------------|-----------------------------|--------------------------|
| Vanilla oleoresin | 21.6   | 143%                        | 1.2   | 194%                        | USA (82.7%), France (13.3%) | Kerry Group              |

Source: Eurostat

The Irish imports of vanilla extracts have increased at triple-digit growth rates between 2016 and 2020. This trend is expected to continue in the near future. Imports from outside of Europe accounted for more than 86 percent of Irish imports. Important market players include [Kerry Group](#).

Exporters should target Irish buyers as there is growing demand for vanilla oleoresin in the Irish market.

Western European countries are the most prospective importers of vanilla extract. According to traders, demand for organic vanilla extract is increasing. Countries, such as the Netherlands and Spain act as an entry point for raw materials to Europe.

## Tips:

Target countries such as Germany, France and the UK if you export organic vanilla extract. This is because these countries have the largest organic food and drink markets in Europe.

See the CBI Study entitled '[Tips for finding buyers on the European natural food additives market](#)'. That will give you more information on how to increase your chances when targeting buyers in Europe.

Stay up to date on the developments regarding Brexit. You can visit the [UK government website](#) or [CBI website](#) for more information.

## 4. Which trends offer opportunities on the European vanilla extract market

European consumers are increasingly demanding more natural food products that do not contain synthetic ingredients. This is because they are becoming more health-conscious and interested to learn more about the health impacts of food products. This is generating demand for natural vanilla extract and encouraging major food companies to switch from synthetic vanilla. However, the global COVID-19 pandemic has caused a major disruption in the trade of vanilla extract. It affected prices and also caused delays in deliveries of vanilla extract to Europe.

### Increasing demand for natural ingredients stimulating vanilla production

European consumers are increasingly looking for natural and organic food products, stimulating demand for vanilla extract. Since there is limited supply of vanilla, prices are increasing. While vanilla farmers and producers see this as a positive development, it means higher prices for European food producers – many of which are attempting to replace synthetic ingredients.

In 2015, [Nestlé USA](#) announced its pledge to remove artificial flavours and colours from candy. The Swiss multinational company stated its decision was because of increasing consumer demand for foods with natural ingredients. Similar initiatives are occurring in Western-Europe where food and beverage companies are also removing artificial ingredients from their products.

The move towards natural ingredients led to a spike in prices for natural vanilla in subsequent years. Although growers in developing countries responded by increasing production levels, it took a few years for new vines to mature. The undersupply of natural vanilla during those years inflated prices. The supply of vanilla has since stabilised.

According to industry feedback, there is a growing market for organic vanilla that is driven by consumer demand for organic products. You should therefore consider obtaining organic certification for your vanilla.

This trend is expected to continue as more food and beverage companies move to natural ingredients. Producers in developing countries should take advantage of this opportunity by increasing production of natural vanilla.

### Tips:

See your investment into vanilla extract production as a long-term strategy. European buyers look for reliable sources of vanilla extract where they can build a long-term business relationship.

Organic certification is seen as a sign of quality. This can help you target food companies looking for high-quality ingredients. Exporters of organic vanilla extract need to meet the [EU organic standard](#).

### COVID-19 affected the supply chain of vanilla

The COVID-19 pandemic has increased demand for vanilla extract on the European market. Many food and beverage food manufacturers and flavouring companies recorded an increase in vanilla sales. At the same time, the pandemic has disrupted the supply chain of vanilla, causing delays in several vanilla bean processors in Germany, China and the US.

During the pandemic, European consumers started cooking and baking more at home. This increased demand for vanilla extract in the European market. For example, the flavouring company [McCormick](#) saw vanilla extract sales increase by 120 percent in 2020.

However, flavouring companies are experiencing disruptions due to supply chain limitations and lack of site access during the COVID-19 pandemic. The increase in demand did not lead to a further price increase, putting



pressure on vanilla farmers and stakeholders further down the supply chain.

You should communicate to your customers if you are experiencing production and delivery issues. Having relevant insurance coverage can mitigate losses in case of further disruptions in supply chains during the pandemic.

### **Tips:**

Visit and review the information on the ITC Market Access Map's [COVID-19 Temporary Trade Measures](#) for the latest information on trade measures imposed by states and governments globally. Doing so gives you the latest information on restrictions in your country and the country you are seeking to export to.

Make sure you have the right insurance that can protect you from further supply chain disruptions. See the CBI study on [how to organise your export](#). That will give you some tips on how to choose your insurance coverage.

This study was carried out on behalf of CBI by [Ecovia Intelligence](#).

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