CBI MARKET SURVEY

THE COFFEE, TEA AND COCOA MARKET IN GREECE

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Introduction
This CBI market survey gives exporters in developing countries information on some main developments in the coffee, tea and cocoa market in Greece. The information is complementary to the information provided in the CBI market survey 'The coffee, tea and cocoa market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1. Market description: consumption and production

Consumption
Sustainability is an increasingly important topic in the markets for coffee, tea and cocoa. Therefore these surveys have a special focus on certified coffee, tea and cocoa. The markets grow faster, offer a premium, and traded volumes are smaller than in the conventional market which makes it more interesting for DC exporters. Although this market is hardly developed in Greece, having certification in place improves your market access in this country as well as the rest of the EU. According to the Research Institute of Organic Agriculture (FiBL), in 2006 the Greeks spent € 58 million on organic food, which is about € 5 per capita (FiBL 2009)

Note that the consumption data of coffee and tea in this chapter concern the Greek consumer market. Information on industrial demand for green coffee and tea for blending/packing, the form in which most coffee and tea is shipped to Europe, is not available. Although consumption offers interesting information about market developments, an increase or decrease in consumption does not necessarily translate into an increase in industrial demand from local roasters and blenders. Moreover, coffee and tea intended for Greek blenders and roasters can be imported from traders in the main EU trade centres. Regarding roasted coffee, developing countries play a very limited role as this is predominantly sourced in other EU countries.

Coffee
Greece is a medium-sized coffee consumer at 2.5% of total EU consumption in 2008 (International Coffee Organization (ICO), 2009). ICO statistics show an upward trend in total Greek coffee consumption, with an annual average increase of 2.9% over the years 2004-2008, amounting to 59 thousand tonnes in 2008. This amounted to 4.7 kilo per capita in 2008, which was somewhat lower than the EU average of 5.0 kg.

Drinking coffee is the first choice amongst hot drink options in Greece, as the coffee drinking culture is dominant. High increase in value rates was mainly attributed to increased prices of raw materials. Furthermore, specialty coffee shops as well as coffee bars are increasingly fuelling growth in the Greek coffee market, although the supermarket channels remain by far the largest. Despite the ban on smoking, which is strongly linked to coffee consumption, a significant decrease in coffee consumption is not expected (Euromonitor, 2009).

Greece is an major consumer of soluble coffee, especially when calculated on a per capita basis. Soluble coffee accounts for around half the Greek market (ITC Coffee Guide, 2009).

Tea
Greece is a relatively small tea consumer, but the market is growing steadily. The average annual increase was 8.4% between 2004 and 2008, amounting to a total tea consumption of 1.3 thousand tonnes in 20087. Per capita consumption in 2008 remained quite limited, compared to other EU countries, at 100 grams (International Tea Committee, 2008).

Consumers turned to healthier products – primarily fruit/herbal tea - and companies began to invest in new products accordingly. A turn towards the health benefits of tea has boosted tea consumption with green tea being newly introduced in Greece and showing considerable growth. However, there is also a large potential for black tea consumption (Euromonitor, 2009). Camomile tea is one of the teas most appreciated in Greece. According to industry sources, another very popular herbal tea in Greece is the Greek Mountain Tea (Shepherd's Tea). This tea is made of dried leaves and flowers of Sideritis plants (Ironwort). However, please note that growth of the herbal tea market does not offer opportunities to developing country producers, as they often do not contain tea. In fact, increases in herbal infusion consumption can occur at the expense of (black) tea consumption.

Cocoa
Greece is a medium-sized consumer of cocoa, taking the 10th place in the EU, with a market share of 1.9% in 2007/2008. The apparent consumption[1] of cocoa in Greece is 27 thousand tonnes, which signifies an annual increase of 5.4% since 2003/2004 (ICCO, 2009).

This positive development is also shown by an increase in the consumption of confectionery. Between 2002 and 2007 this market significantly increased, growing at an average annual rate of 6.1% (Just-Food.com, 2009). Chocolate-based hot drinks are of increasing importance on the Greek market and this market is still expanding rapidly, also due to the quick succession of new product launches, especially those with added flavours (Euromonitor 2008).

Greece is a small cocoa bean grinder, with an EU market share of 0.3% (International Cocoa Organization (ICCO), 2009). Total grindings amounted to 4.5 thousand tonnes. In addition, Greek per capita consumption of chocolate was low at 2.8 kg in 2007, compared to the respective EU average which was 5.4 kg.

Trends in consumption
For future years, growth in the coffee market needs to come mostly from introducing new varieties, as volume growth is expected to remain limited. However, it is the development of such high-value and premium coffees which might be constrained by the economic downturn affecting Greece (Euromonitor, 2009).

In contrast, the development of tea is expected to continue, as Greek consumers are increasingly demanding healthier tea products. However, this especially supports the development of green and herbal tea, and not necessarily black tea consumption.

The organic market in Greece is still limited. Organised marketing of organic products is just starting, with marketing organisations emerging and expanding within the last few years. A lot of the big supermarkets chains in Greece have installed an "organic corner", usually together with health products. However, most of the products are imported. Therefore, the price of organic products in supermarkets is usually very high, which is stunting the development of the market.

[1] Apparent consumption of cocoa means grindings plus net imports (imports minus exports) of cocoa products and of chocolate products recalculated into the amount of beans, using conversion factors.

Production
Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Greece is fully dependent on imports of these products from other countries.

Greece has limited grinding activities of cocoa beans, however, they are increasing. Tea and coffee processing predominately takes place in the EU, and Greece has several (foreign) processors. For more information on such companies, refer to the section 2 of this survey.

Opportunities and threats
+ Coffee is very popular in Greece, since it is part of Greek culture. Developing country exporters could find opportunities in this segment.
+ Tea sales are increasing at a steady speed.
+ Cocoa consumption is substantial, and the development of cocoa drinks remains buoyant.
- The economic crisis is negatively affecting the development of premium coffee, tea and cocoa consumption and will continue to do so in the coming period.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to chapter 7 of the CBI market survey covering the EU market.

Useful sources
- For useful sources on consumption and production of coffee, tea and cocoa in Greece and the EU, please refer to the EU survey, Chapters 1 and 2.
- Furthermore, the associations and trade press mentioned in Chapter 6 of this survey are of interest.
- Euromonitor offers information on the Greek market for Hot Drinks, including coffee, tea and cocoa drinks - http://www.euromonitor.com

2. Trade channels for market entry

The three product groups discussed are each distributed in a different manner. The trade structures for coffee and tea share important characteristics, but also differ in, for example, the role of warehouses and auctions. Particularly, the cocoa trade, with its four main products of cocoa beans, paste, butter and powder and its industrial focus, has an entirely different trade structure. However, they have several things in common;
- Processing takes place in a limited number of EU countries, although the extent of concentration varies.
- Developing countries play a limited role in processed products except for processed cocoa products. However, these are also mostly sourced from EU processors.
- As such imports into the EU take place mostly through these countries or other countries with an important trading role.
- Countries with smaller processing industries also source (part of) their needs from these trading countries. Countries with a small or no processing industry for one of the products will offer limited opportunities to developing country suppliers, except for certain market niches.

In general, traders are the most important trade channel for all three products for developing country producers, but in certain cases local agents of EU buyers, or EU processors can also be an interesting channel. Regarding organic products, the main organics traders, mostly located in Germany and The Netherlands, are the most important trade channel.

Multinational companies continue controlling the lion’s share of the Greek market, including companies such as Sara Lee, Nestlé, Kraft and Illy. The leading domestic roaster, Loumidis Papagalos, was purchased by Nestlé, which now controls most of the instant market, next to a large part of the filter coffee market. However, especially in the tea and cocoa market,

domestic companies do play a role. Their Greek image has provided them with an advantage in the tea sector, where a long artisanal tradition has further solidified consumer preference towards them.
The leading company in the market in 2007 was Cadbury Schweppes plc. The second-largest player was ION Cocoa and Chocolate Manufacturers S.A., and then Kraft Foods, Inc. in third place (Just-Food.com, 2009). Greece does not have any major cocoa trading companies.

It is important to note that, throughout the various trade channels, different prices and margins apply. For more information on prices and margins, please refer to the EU market survey. No specific information is available on Greece.

Key players in the coffee, tea and cocoa market in Greece are:
- Jotis SA, a Greek food processor - http://www.jotis.gr
- Vassilagas S.A. is a Greek coffee importer: http://www.coffee-sugar.com
- Loumidis Papagalos, now owned by Nestlé (http://www.nestle.gr), is the country's principal coffee brand, and is also sold to Greek communities in North America (http://www.loumidisfoods.com/). It also markets a very wide range of Nestlé products in Greece.
- ION Cocoa and Chocolate Manufacturers S.A, is a large cocoa processor and chocolate and sugar confectionery producer, also with its own trading company - http://www.ion.gr
- Choco-time is another Greek chocolate company - http://www.chocotime.gr

On-line company databases for finding companies working in the coffee, tea and cocoa markets can very useful. National associations for the appropriate products are mentioned in Section 6. Furthermore, several sector specific EU-wide associations are included in Chapter 3 of the EU survey.

3. Trade: imports and exports

Imports

Coffee
Greece is a small importer of green coffee, accounting for 0.9% of total EU imports. In 2008, imports amounted to € 52 million / 27 thousand tonnes, signifying an annual increase of 17% in value and a slight decrease of 0.3% in volume since 2004.

Developing countries supplied Greece with 88% of its green coffee imports. Brazil supplied 63% of its green coffee imports, seeing its supplies increasing by 13% since 2004. India (8.0% market share), Vietnam (5.9%), Indonesia (3.5%), Colombia (2.5%), Ethiopia (1.7%) and Uganda (1.1%) are other important suppliers.

Roasted coffee imports are relatively important in Greece and account for 2.3% of total EU imports. Moreover, imports of roasted coffee increased annually in both value and volume by 20% and 14% respectively, totalling at € 55 million / 10 thousand tonnes in 2008. Greece mostly sources its roasted coffee in other EU countries.

Tea
Considering its size, Greece is a small importer of tea, accounting for only 0.8% of EU tea imports. Imports increased by 17% in value and by 5.5% in volume, amounting to € 6.8 million / 1.3 thousand tonnes in 2008.

Imports from developing countries are small, accounting for 24% of the total tea imports but increasing at a rate of 23% since 2004, at the expense of intra-EU imports. The principal developing country suppliers are Sri Lanka (14% market share) and China (5%). Both countries show an increase in supplies between 2004 and 2008, with the former increasing on average by 21% and the latter by 43% per year.

Black tea imports increased by 10% annually in value, but by only 1.7% in volume, amounting to € 4.8 million / 900 tonnes in 2008. Green tea imports increased more in value. Between 2004 and 2008, imports increased by 45% in value and 23% in volume, amounting to € 2.0 million / 336 tonnes.

Cocoa

Greece is a small importer of cocoa products, importing less than 1% of total EU cocoa products with the exception of cocoa powder which covers a 2.1% share. In 2008, imports of cocoa beans amounted to € 7.1 million / 4.1 thousand tonnes, of cocoa paste to € 6.1 million / 2.5 thousand tonnes, of cocoa butter to € 15 million / 3.0 thousand tonnes, while imports of cocoa powder totalled € 6.8 million / 4.5 thousand tonnes.

Between 2004 and 2008, imports of cocoa beans, cocoa paste and cocoa butter showed annual increases in value by 6.5%, 16% and 13%, respectively. In contrast, imports of cocoa powder decreased by 7.9%.

Unlike other EU countries, developing countries do not play a role in the supply of cocoa beans to Greece and a negligible role in the supply of cocoa butter and powder. Developing countries play a more important role in the supply of cocoa paste (51%) with Ivory Coast providing 36% of Greece's imports and achieving an annual increase of 17% since 2004.

Exports

Greek exports of coffee are limited, amounting to € 8.3 million / 3.2 thousand tonnes in 2008, and mostly directed to neighbouring countries. Green coffee exports increased by 29% in value and by 11% in volume between 2004 and 2008, while at the same time roasted coffee exports only slightly increased in value and decreased by 15% in volume.

Tea exports are negligible, but increased by 18% annually in value between 2004 and 2008, totalling € 244 thousand / 19 tonnes in the latter year. Greece mostly turns to neighbouring countries for exporting tea.

Greece does not export cocoa beans, while exports of cocoa paste are negligible. Exports of cocoa butter and cocoa powder are very small, amounting to € 73 thousand and € 552 thousand respectively, directed to neighbouring and EU countries.

Opportunities and threats

+ There are increasing opportunities for developing country suppliers of green coffee, cocoa paste and cocoa butter.
+ Tea, and especially green tea, imports into Greece are rising. Developing countries are of increasing importance on the Greek tea market.
- Otherwise, Greece does not seem to be an interesting market for developing country suppliers, as imports are limited and developing countries hold only a small share in Greek imports.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to chapter 7 of the CBI market survey covering the EU market.

Useful sources

- EU Expanding Exports Helpdesk
  ➔ http://exporthelp.europa.eu
  ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  ➔ http://epp.eurostat.ec.europa.eu;
  ➔ go to 'themes' on the left side of the home page

➔ go to 'external trade'
➔ go to 'data – full view'
➔ go to 'external trade - detailed data'

- Understanding Eurostat: Quick guide to Easy Comext
➔
http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4. Price developments

As the prices for coffee, tea and cocoa are global market prices, Greek prices should show limited deviation from those. The survey covering the EU provides more information on price developments. However, prices of coffee, tea and cocoa (products) provided should be used only as a reference point, as they depend on origin and buyer preferences.

For information on on-line useful sources on price developments, please refer to chapter 5 of the CBI market survey covering the EU market.

5 Market access requirements

As a manufacturer in a developing country preparing to access Greece, you should be aware of the market access requirements of your trading partners and the Greek government.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select 'organic food products' and 'Greece' in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://exporthelp.europa.eu. No quotas apply to coffee, tea and cocoa. However, import tariffs apply to processed products. More information is available in the EU survey.

6. Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Greece, visit the following websites:

Trade associations

- The Federation of Hellenic Food Industry (SEVT) - http://www.sevt.gr
- Hellenic Association of Chocolate Industries – http://www.caobisco.com, mailto:choc@sevt.co.hol.gr
- Bio-Hellas, organic certification body - http://www.bio-hellas.gr
- DIO, organic certification body - http://www.dionet.gr

Trade fairs

- Biologica 2010, a specialised organic food trade fair – The last event took place in March, 2010 - http://www.helexpo.gr
- Artozyma 2010, a confectionery trade fair; the last event took place in March 2010 - http://www.helexpo.gr
- Agrotica 2010, agricultural machinery and equipment fair. The last event took place in February 2010 - http://www.helexpo.gr/default.aspx?lang=el-GR&loc=1&page=1181

- International Food & Drink Exhibition – One of the largest fairs in the food industry. Most recent event took place in February 2010 - http://www.biztradeshows.com/trade-events/ifdtex.html

Trade press
- Market Zoom - http://www.marketzoom.gr
- T& P (TrofimakePota), principal food and beverage trade press in Greece - http://www.triaina.com

This survey was compiled for CBI by ProFound – Advisers In Development
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