Lumina Intelligence

Natural Growth:

The global market for organic tea, coffee and chocolate

Differences in certification, engagement, retail prices, availability and regulatory moves that could impact demand.

www.lumina-intelligence.com

Lumina
Intelligence

More sustainability insights in our reports

Up to standard: Third-party certification and company programmes compared

This report analyses the impact of and consumer sentiment towards third-party certification standards, such as Fairtrade, Rainforest Alliance and company programmes like the Nestlé Cocoa Plan, Cocoa Life and Starbucks' C.A.F.E. Practices.

Price: €900

BUY NOW

Creating Value at Source with Cocoa Provenance Claims

This report proposes a model for companies to promote cocoa sourcing regions through marketing while supporting sustainable development. Discover the most common cocoa origin claims based on research of 1,000+ chocolate products across 20 countries sold online.

Price: €900

BUY NOW

Food & Drink Sustainability 2019 – Global Progress

How are the food & drink industry responding to some of the most pressing issues facing the planet? Lumina Intelligence has analysed more than 900 commitments made by some of the largest players in food & drink through corporate social responsibility (CSR) reports and media releases.

Price: €500

BUY NOW

Life on Land: Halting cocoa-driven deforestation

This report assesses how far the chocolate and cocoa industry is going to halt deforestation by 2020 and to restore degraded land and soil by 2030 under the UN's Sustainable Development Goal 15: Life on Land. It examines commitments, farm mapping, blockchain technology and more.

Price: €900

BUY NOW

Contact us

+44 (0) 1293 846699

info@lumina-intelligence.com

www.lumina-intelligence.com

Lumina
Intelligence

Contents

Written by Annie-Rose Harrison-Dunn

Introduction

The global organic food & drink market is now worth €92bn with rising consumption in Europe and North America, according to the European Commission[1].

Growing appeal comes amid heightened public and political interest in domestic environmental agriculture.

France for example aims to half use of pesticides by 2025[2], while Sweden aims to make 60% of public sector procurement organic by 2030 and Germany wants 20% of its agricultural land to be organic by 2030.[3]

Lumina predicts this may also lead to growing demand for imported agricultural commodities, such as organic cocoa, coffee and tea.

In this report, we delve into Lumina's data haul on organic tea, coffee and chocolate brands in 20 countries in five online retailers per country. From this data, we will track differences in certification, engagement, retail prices and availability. We will also highlight regulatory moves that could impact demand.

As organic food & drink availability grows beyond farmers markets and dedicated organic/bio stores to even discounters like Lidl and Aldi, where do the opportunities lie?

[1] European Commission Agricultural Markets Brief, "*Organic farming in the EU: A fast growing sector*," No 13 March 2019, page 8

[2] Press release from the French Ministry of Agriculture, "*Écophyto, qu'est-ce que c'est?*" January 7, 2020

[3] European Commission Agricultural Markets Brief, "*Organic farming in the EU: A fast growing sector*," No 13 March 2019, page 12

Overview: Coffee, tea and chocolate

Lumina analysed 2,804 tea, coffee and chocolate products across 20 countries and found 405 (14%) made an organic claim on pack or in online product descriptions.

Our data suggests France has the most developed organic market for tea, coffee and chocolate with 55% analysed products making an organic claim in France. This is followed by Belgium (52%), Germany (44%) and the UK (41%). Based on these three products, South Korea appears to have the most underdeveloped organic market, with just 2% of tea, coffee and chocolate products displaying organic claims. This is followed closely by Russia (3%), China (4%) and Brazil (6%).

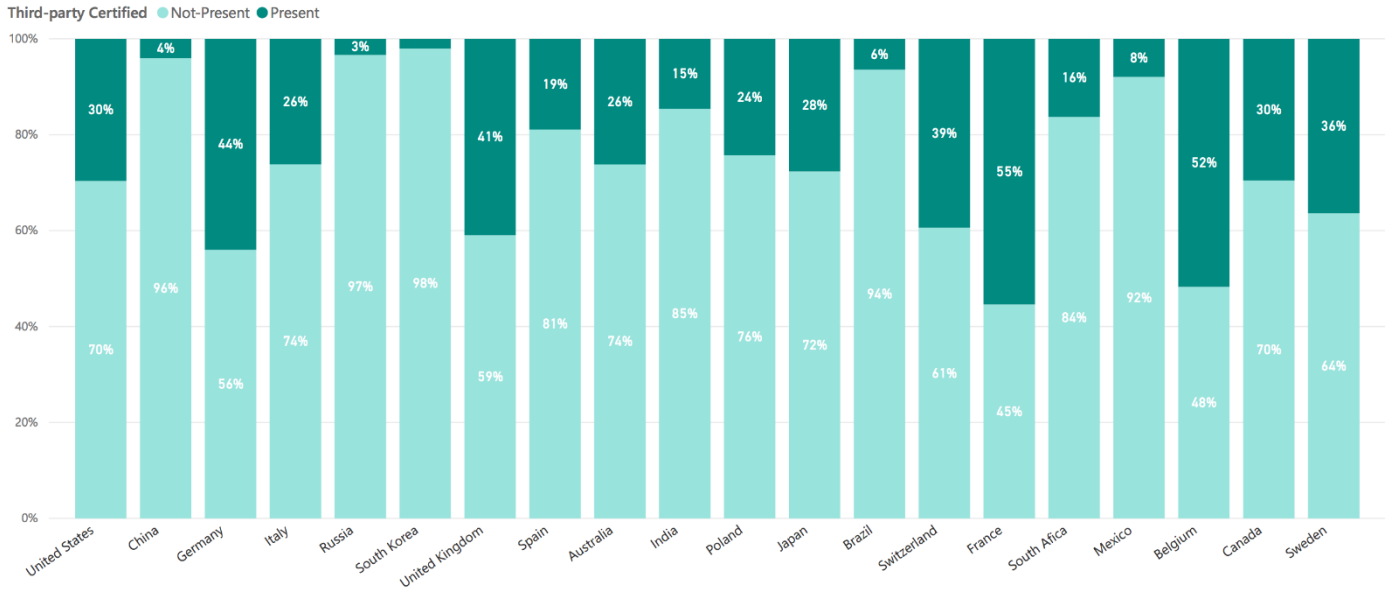


Table 1: Percentage of tea, coffee and chocolate products displaying organic claim by country.

The Lumina data suggests that tea is the 'most organic' of these three sectors, with 21% of the tea products analysed globally sporting an organic claim compared to 15% of coffee and just 10% of chocolate.

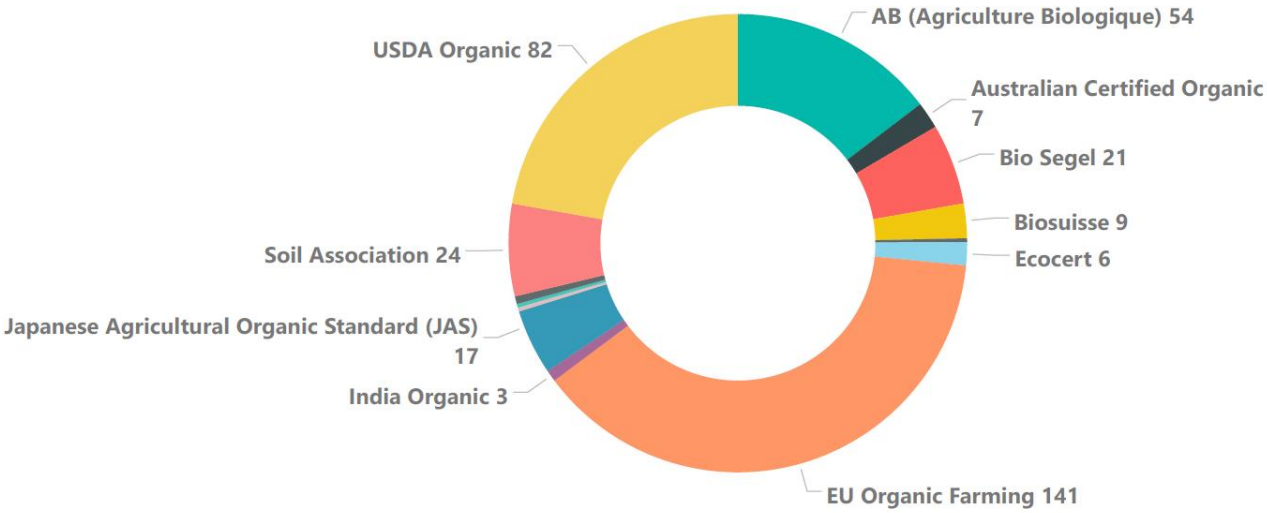
Lumina found numerous organic certification standards and generic organic claims among the products assessed.

This includes private, public, national and multinational standards. The top organic claim for tea, coffee and chocolate combined was the EU Organic Farming logo, featuring front-of-pack on 141 products and elsewhere on 83 products.

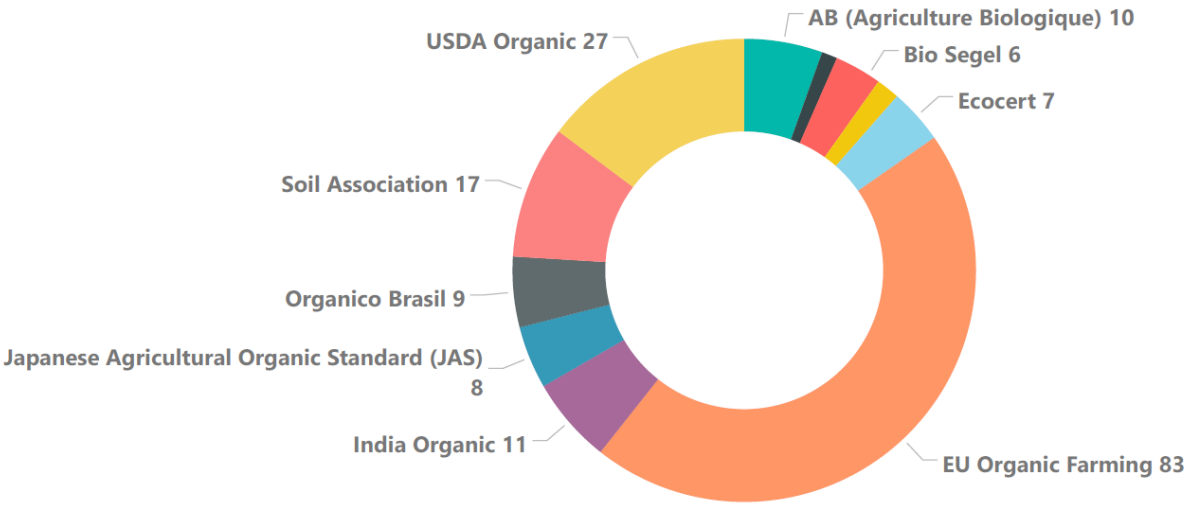
This was followed by the USDA Organic logo, found on the front of 82 products and elsewhere on 27, and France's AB (Agriculture Biologique) logo, found on the front of 54 products and elsewhere on 10.

Regulatory context: A logo by any other name

As of 2012, the EU and US have an "equivalence arrangement," meaning organic products certified to the USDA organic or EU organic standard may be sold and labelled as organic both in the US and the EU without having to go through and paying for both regional certification processes. This covers products both produced within the US or EU and products whose final processing or packaging occurs within either region. However, certain requirements apply in order to clearly communicate the particularities of the two different schemes. For example, in the US a product can be labelled: '100% organic'; 'organic' with 95% organic ingredients; 'made with organic' with 70-95% organic ingredients; or else list individual organic ingredients. To be labelled organic in the EU, products must simply contain at least 95% organic ingredients by weight. As with all national organic schemes within the EU, France's AB scheme is aligned with EU rules.



Above: Front of pack organic certifications by count.



Above: Elsewhere on pack certifications on pack by count. [*N.B. Only one product made an organic claim that came only in the online product description and not on-pack.*]

Tea: Three quarters of Germany's tea is organic

The data suggests Germany has the strongest market for organic tea, with 72% of the tea products analysed there displaying an organic claim somewhere on pack. This is followed by the UK (62%), France (60%), Belgium (49%) and Canada (48%). Brazil is the weakest market for organic tea, with just 4% of tea there sporting such a claim, followed by Russia and South Korea (6%, respectively). However, unlike chocolate and coffee, at least one organic tea product was on sale in all of the 20 countries included.

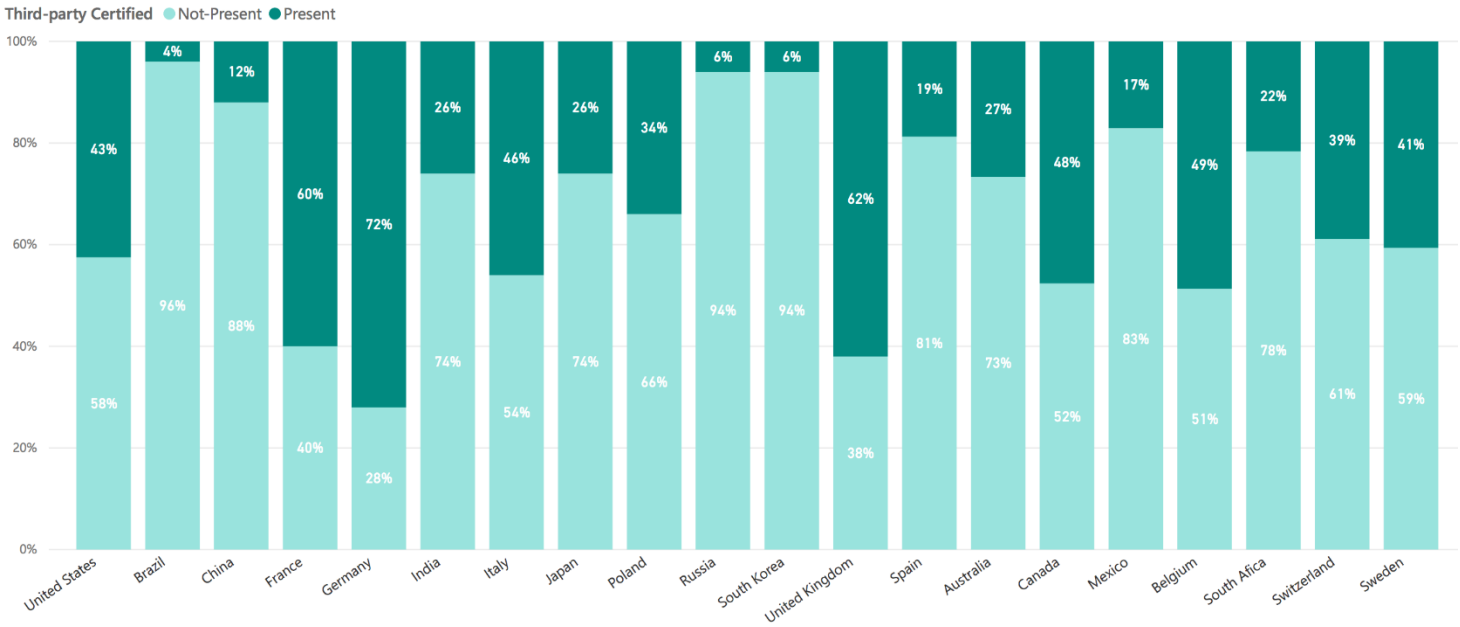


Table 2: Percentage of tea products displaying organic claim by country.

Tea: Organic claims

The top five certification standards cited on the front of black and green tea bag packs are:

- EU Organic Farming (found on 56 teas);
- USDA Organic (50);
- Soil Association (22);
- AB Agriculture Biologique (20);
- and Bio Segel (14).

The top five organic logos cited on the back of or elsewhere on tea packs are:

- EU Organic Farming (found on 39 teas);
- USDA Organic (20);
- Soil Association (12);
- India Organic (10);
- and Bio Segel (5).

In some countries outside of North America and the EU, national organic certification standards proved dominant. In Japan, for example, the Japanese Agricultural Organic Standard logo featured on the front of seven tea products and elsewhere on three, making it the most common organic label on tea in Japan. The only other organic logos found on teas in Japan were that of the USDA Organic and the Soil Association, each found on the front of one product. Similarly in India, while the USDA Organic logo featured front-of-pack on five tea products and elsewhere on pack on ten products, the India Organic scheme is the close second most common organic logo for tea there (five front-of-pack, nine elsewhere). Organico Brasil and Biosuisse are also dominant in Brazil and Switzerland, respectively.

America's USDA Organic has a strong presence well beyond its national borders, as does the French national scheme AB Agriculture Biologique to a lesser extent.

Choosing tea

Lumina also looked at how products are positioned in terms of their main marketing message: from organic to free-from, from ingredient provenance to value for money. This was then correlated with the online reviews these products receive as well as the average retail price tags attached.

Novelty or seasonal tea, meaning products marketed around Christmas, Easter or occasions such as Mother's Day, are the most expensive. Novelty or seasonal green tea bags sell for an average of $20.42 per 100g and black tea bags for $21.90. These products seem to generate very little interest, if online reviews are taken as a gage, receiving an average of just 95 and 17 reviews, respectively.

This compares to tea products for which companies claim superior taste, aroma or texture, which generate by far the most online reviews. Green tea bags positioned for 'taste' generated an average of 1,128.59 reviews and an average 4.47/5-star rating and black tea generated 2,293.02 reviews and 4.95/5-star rating. These green and black tea products sell for about half the average price of the novelty or seasonal teas, at an average of $10.47 and $7.77 per 100g, respectively.

Meanwhile, organic green tea bags garner an average of 22.72 reviews and a star rating of 4.30/5 and retail for around $12.34 per 100g. Organic black tea bags garner an average of 13.21 reviews and a star rating of 4.32/5 and retail for around $9.51 per 100g.

Coffee: Organic is mainstream in Sweden

Globally, Sweden is by far the strongest market for organic coffee, with a massive 83% of the coffee analysed there displaying an organic claim. This is followed by Belgium, France and Japan, where 52% of the coffee analysed display organic claims, respectively, and Switzerland where 44% of products make such claims. Organic coffee accounts for the smallest proportion of online shelf space in Russia and Mexico, where only 4% of coffee is organic along with South Korea and China, where there was no organic coffee among the bestsellers of the retailers analysed.

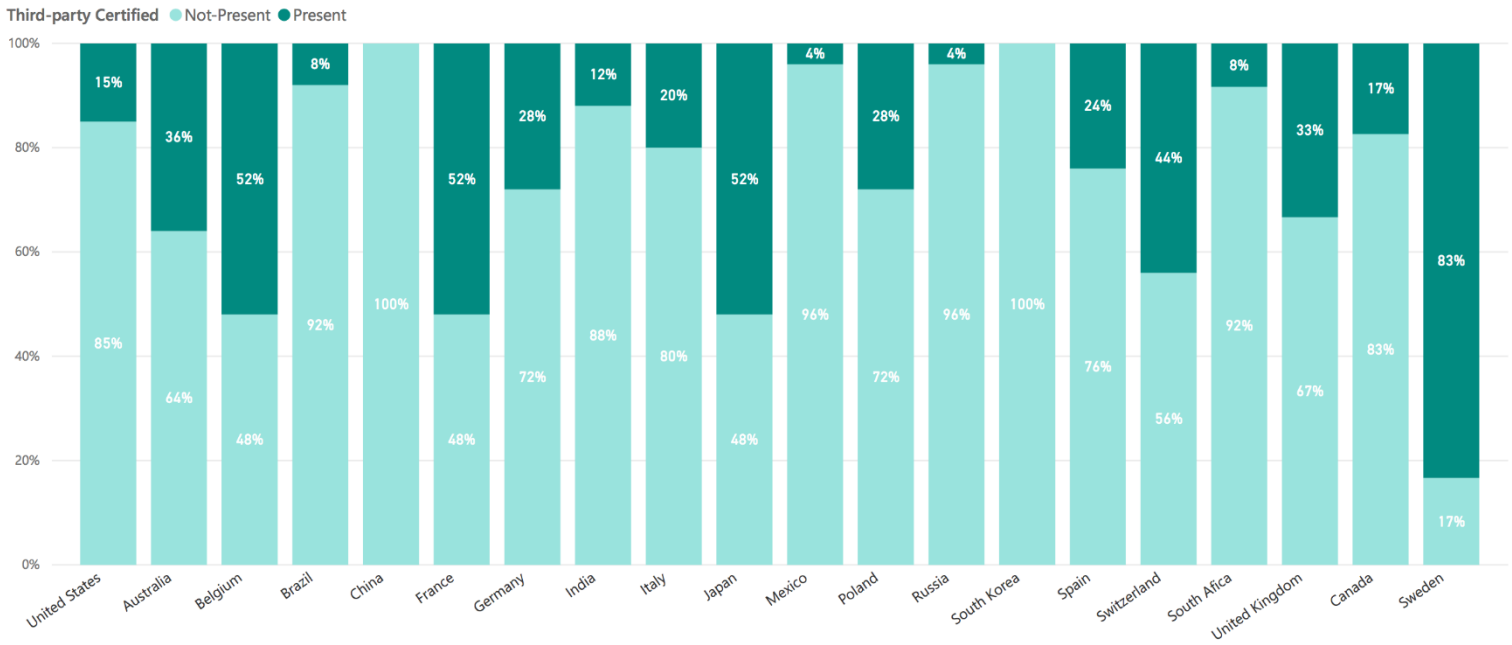


Table 3: Percentage of coffee products displaying organic claim by country.

Regulatory context: Sweden

It should perhaps come as no surprise that organic coffee is so developed in Sweden given the various steps taken by the country to increase organic consumption and domestic production in recent years. In 2017, 19% of the country's total agricultural land was organic making it one of the leading countries in the EU in terms of agricultural land use. In 2018, 33% of public procurement, which includes school and hospital catering, was organic and the government aims to increase this to 60% by 2030.

A report by the European Commission claims Swedish public interest in organic food was boosted in 2013 when the research company Testfakta found traces of seven different pesticides in a single banana. These findings fuelled debate on organic food in the country and may well have contributed to the 36% annual increase the organic food market saw in the two years that followed. [1]

Top organic coffee claims

The top five certification standards cited on the front of coffee packs are:

- EU Organic Farming (found on 33 coffees);
- AB Agriculture Biologique (12);
- USDA Organic and Japanese Agricultural Organic Standard (10, respectively);
- and Bio Segel (4).

The top four certification standards cited elsewhere on coffee packs are:

- EU Organic Farming (9);
- USDA Organic (3);
- Organico Brasil (2);
- and the Japanese Agricultural Organic Standard (2).

The Japanese organic logo was largely found on products in Japan, as well as one product in India.

Choosing coffee

Coffee positioned as 'novelty/seasonal' products retailed for the highest price ($10.80/100g) and taste again garnered the most online reviews (1,1532.73 reviews, 4.49/5 stars) but sold for a comparatively low retail price ($3.62/100g). Organic ground coffee products garnered an average of 34.45 online reviews, a star rating of 4.46 and had an average a retail price of $3.99 per 100g.

Chocolate: Organic bars niche in most countries

Organic chocolate countlines and chocolate tablets appears to be niche in most countries, with a low proportion of products labelled organic compared to tea and coffee. Belgium is the strongest country in terms of the availability of organic chocolate products, with 54% displaying an organic claim. This was followed by France (53%), Switzerland (38%), Germany (31%) and the UK (29%). There were no organic chocolate products on sale in online retailers in China and South Korea and only 1% of chocolate bars in Russia were organic.

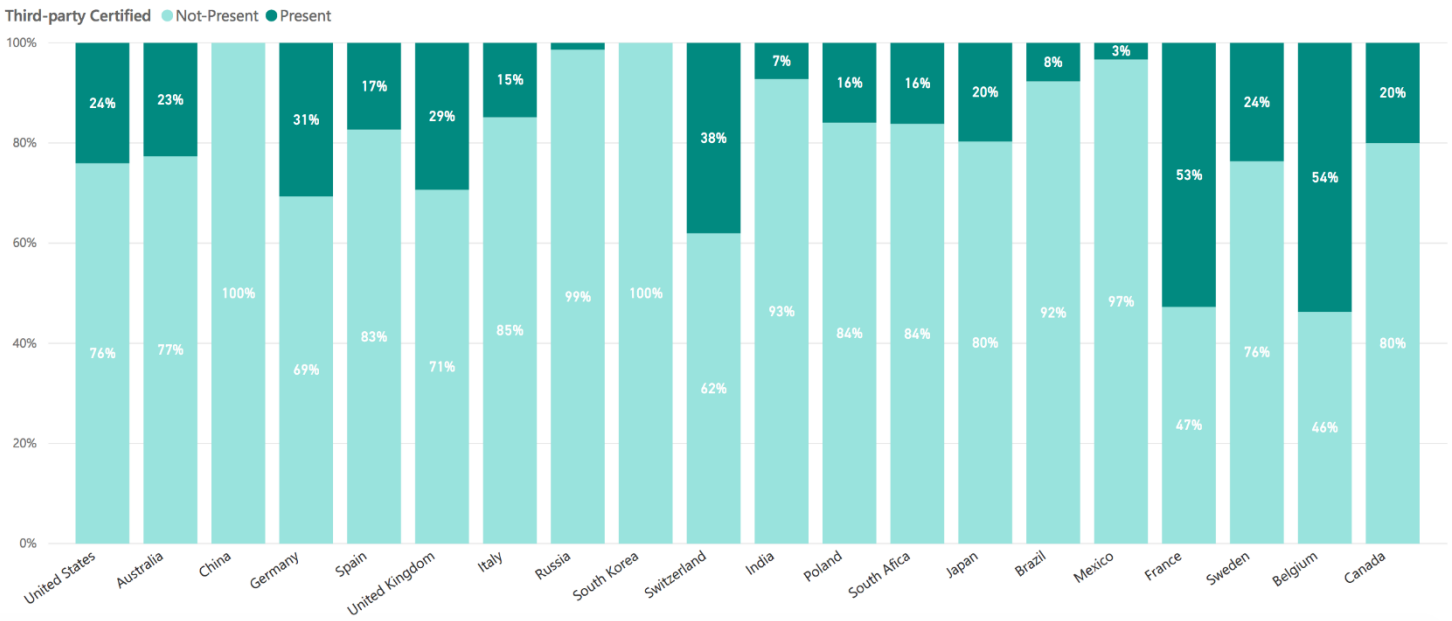


Table 4: Percentage of chocolate products displaying organic claim by country.

Regulatory context: How organic is organic?

It's unclear why only 10% of the analysed chocolate products worldwide are organic, compared to 21% of the tea and 15% of coffee. Do fair trade or other environmental and ethical schemes overshadow organic in this category? Does organic resonate louder with single-ingredient, agricultural products? Are chocolate bars – which mix a variety of ingredients from palm oil to milk, sugar to emulsifiers and of course forms of cocoa such as cocoa butter and solids – more challenging to make organic than, say, pure ground coffee?

In the EU, regulation stipulates that for a product to be labelled organic it must ensure 95% of its ingredients by weight are organic. This final 5% allows for flavouring, non-agricultural ingredients and ingredients that could not be sourced according to organic standards. Details of this point, including definitions of 'natural' flavourings permitted in organic food and drink, will be revised under the new EU organic regulation set to apply from 1 January 2021. As previously mentioned, the US certification scheme allows for different degrees of organic.

Top chocolate schemes

The top five certification schemes cited on the front of chocolate packs are:

- EU Organic Farming (found on 52 chocolate products);
- USDA Organic and AB Agriculture Biologique (22, respectively);
- Biosuisse (4);
- and Bio Segel (3).

The top five certification schemes cited elsewhere on chocolate packs are:

- EU Organic Farming (found elsewhere on 35 chocolate products);
- the Soil Association and Organico Brasil (5, respectively);
- USDA Organic (4);
- and the Japanese Agricultural Organic Standard and AB Agriculture Biologique (3, respectively).

Choosing chocolate

Among the top chocolate tablets sold online, products positioned as 'free-from' went for the highest retail price ($4.92/100g) but garnered a comparatively low amount of reviews online (16.38 reviews, 4.44/5). As with coffee and tea, taste garnered the most online reviews (451.95 reviews, 4.47/5 stars) but retailed for a comparatively low price ($3.49/100g). Organic was retailed for the third-highest prices ($4.65/100g), behind free-from and ingredient provenance chocolate tablets.

The average price of organic chocolate countlines was higher than all other chocolates, at $6.49/100g and garnered a comparatively low average number of reviews online (6.46 reviews, 4.42/5). Again the taste positioning received the most online attention with an average of 127.7 reviews and a star rating of 4.45, but a comparatively lower average retail price of $3.41/100g.

Conclusion

Our analysis shows correlation between developed countries promoting domestic organic production and the availability of organic chocolate, coffee and tea in retailers.

Cocoa, coffee and tea is often grown in developing countries and imported to these developed nations.

Lumina found the EU Organic Farming logo to be most common organic claim globally for all three categories. However, beyond this top logo, the presence of the other available organic standards differs according to the category. For example, USDA Organic is dominant in tea and chocolate, while the French scheme AB Agriculture Biologique leads in chocolate and coffee globally.

With organic food and drink frequently portrayed as pricier than non-organic equivalents, it was interesting to see tea, coffee and chocolate tablets (but not countlines) coming out as neither the cheapest nor the most expensive on shelves compared to other product positionings. Yet in terms of consumer engagement, measured via online reviews, organic products were overshadowed by products making on-pack claims around taste.

Lumina's data reveals huge differences in organic product availability across countries. For example, organic tea in Germany and coffee in Sweden is not a niche but the norm. However, organic chocolate has little presence in all countries except France and Belgium. In other countries like Russia and South Korea organic is near inexistent across all three categories.

Methodology

Assessing the online stores of five retailers across 20 countries, including

- Leading Supermarket 1
- Leading Supermarket 2
- Leading Premium Supermarket
- Leading Natural Retailer
- E-commerce market leader

N.B. Adjustments made to reflect shopping behaviours in some countries (e.g. China). Four retailers only in South Africa.

Retailers analysed by country:

Country Coverage	Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5
Asia Pacific					
Australia	Woolworths	Coles	Shop Naturally	Harris Farm Markets	Catch.com
China	Vanguard [Huan Run Wan Jia] (App)	RT-Mart (App)	Tmall	JD	Suning
India	More	Spar India	Nature's Basket	Giskaa	Amazon India
Japan	Ito Yokado	Aeon Net Super	Matsukiyo	Gaia Ochanomizu	Amazon Japan
South Korea	e-mart	Lotte Super	Homeplus	iCoop Nature Dream	Gmarket
Europe					
Belgium	Delhaize	Colruyt	Carrefour	Bio Planet	Kazidomi
France	E. Leclerc	Carrefour	Monoprix	Naturalia	Amazon France
Germany	Edeka	Real	REWE	Alnatura	Amazon Germany

Italy	Coop	Cosi Comodo	Esselunga	Auchan	Amazon Italy
Poland	Tesco	Carrefour	Piotr i Paweł	Ekosfera24.pl	Auchan
Russia	Perekrestok	Auchan	Azbuka Vkusa	Vkusvill	Ozon
Spain	Mercadona	Carrefour	Sanchez Romero	Herbolario Navarro	Amazon Spain
Sweden	ICA	Coop	Åhlens	Lifebutiken	Mathem.se
Switzerland	Migros	Coop	Globus	Mueller Reformhaus	leshop.ch
United Kingdom	Tesco	Sainsbury's	Waitrose	Holland & Barrett	Amazon.co.uk
Americas					
Brazil	Carrefour Hipermercado	Supermercados Pao-de-Acucar	Santa Luzia	Natue	Submarino
Canada	Loblaws	Walmart Canada	Goodness Me!	Grocery Gateway	Amazon Canada
Mexico	Walmart	Soriana	Superama	The Green Corner	Amazon Mexico
United States	Walmart	Kroger	Albertsons	Whole Foods Market	Amazon US
MEA					
South Africa	Woolworths	Makro	Pick n Pay	Faithful to Nature	

Five product categories analysed:

- Chocolate countlines
- Chocolate tablets
- Coffee - ground
- Tea bags - black
- Tea bags – green

Data collection period: Q3 2018.