



Fact sheet

Organic market in Hungary

Why Hungary?

Hungary has an emerging organic market with numerous unexploited opportunities. The country offers exceptional conditions for organic production. It is GMO free. Many of its extensive fields are free from chemical pollution. The special characteristics of its climate and soils give a unique flavour and excellent nutritional value to its local agricultural produce.

In Hungary more than 1500 enterprises produce approximately 100 million euros' equivalent of organically certified food every year on around 130 thousand hectares of land.

About 85 % of the total organic production is exported. The lion's share of it leaves the country as raw material or as low added value bulk product.¹

The estimates of ORA, ECOZEPT, BioVista (2008) state that the share of imports in Hungarian organic food consumption make up to about 90% and this concerns primarily processed products.²

Unexploited market opportunities

Thus there is a **significant gap in processing capacities** in Hungary which might mean that there are important market opportunities for organic food processing companies.

This market opportunity is further enhanced by Hungary's central geographical position and the **large market potential of its surrounding countries**. The following table shows the market concentration of European countries with the highest revenues from organic products. Considering only the countries within a reasonable geographical distance (first and second neighbours) the cumulated

market share of the competitively accessible countries from Hungary makes up **51,6%** of the total European market.³

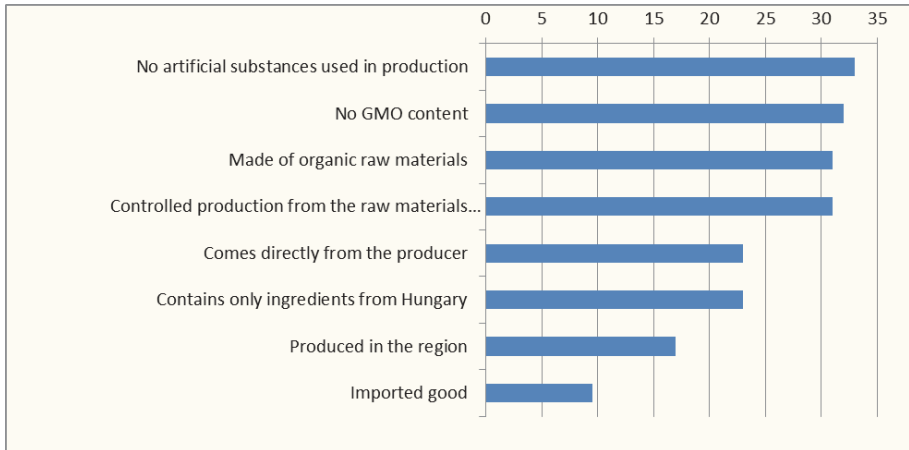
Table 1. The European countries with the largest domestic consumption of organic products and their cumulated share of the total organic market

	Revenues from organic products, billion euros 2010	Cumulated market share
Germany	6.0	72.2% for the top 5
France	3.4	
United Kingdom	2.0	
Italy	1.6	
Switzerland	1.2	
Austria	1.0	
Spain	0.9	
Sweden	0.8	
Denmark	0.8	
Netherlands	0.66	
Belgium	0.4	
Others	1.0	
Total	19.6	

Source: Tarnai after Lehota 2012 and FiBL & AMI 2012, based on national data sources.⁴

Willingness to pay more for organic

According to a study on organic and health food stores⁵, clients prefer products that contain organic raw materials, are free from additives and derive from controlled production. Their willingness to pay an extra price for these characteristics is **31-33%** of the original product price. Hungarian consumers are willing to pay **23%** extra price for products that are bought directly from the producer or contain only domestically produced ingredients.



Source: Fürediné Kovács 2006, n=697

Motivating factors of consuming organic

In comparison with Western European countries, the Hungarian consumers' principal motivation for buying organic is health consideration. Studies have shown that organic products are popular due to being free from GMO, toxic chemicals, additives, artificial flavourings and colourings, preservatives and because of their supposed higher quality.⁵ Taste, nutritive value and price were among the less important motivating factors, whereas protection of the ecosystem plays a minimal role for most Hungarian consumers.

Factors that would increase organic consumption

The Hungarian consumers would increase their organic consumption in case of

- a wider selection, more and better products, better accessibility, more distribution channels, more stores where one can buy organic,
- more information on the products and their health implications,
- significantly lower prices,
- the presence of organic food in public catering.⁶



Types of sales locations

According to estimates retail sales of organic products are dominated by large food chains:⁷

Type	Share
Malls, supermarkets	60%
Specialized stores	20%
On-line sales	6-7%
Farm sales	2-3%
Organic markets, fairs, events	6-10%

Source: Frühwald 2012

- ¹ Frühwald, F. [2012]: A biogazdálkodás és a biotermékek helye a médiában és a kereskedelemben. The Place of Organic Farming and Organic Products in the Media and Trade. Proceedings of the conference „The Hungarian Situation of Organic Agriculture – Trends and Breakout Points” organised by the Hungarian Research Institute of Organic Agriculture in Gödöllő, February 2nd, 2012. Downloadable at www.biokutatas.hu
- ² ORA, ECOZEPT, BioVista (2008), quoted in: European Commission Directorate-General for Agriculture and Rural Development [2010]: An analysis of the EU organic sector, Brussels. p53. Available at http://ec.europa.eu/agriculture/analysis/markets/organic_2010_en.pdf
- ³ Lehota, J. [2012]: Biotermékek marketingje, kutatási eredmények és kitorési pontok: trendek és töréspontok. (Marketing organic products, research results and breakout points: trends and breaking points. In Hungarian) Proceedings of the conference „The Hungarian Situation of Organic Agriculture – Trends and Breakout Points” organised by the Hungarian Research Institute of Organic Agriculture in Gödöllő, February 2nd, 2012. Downloadable at www.biokutatas.hu
- ⁴ FiBL and AMI (2012): The European Market for Organic Food. In: Willer, Helga and Lukas Kilcher (Eds.) (2012): The World of Organic Agriculture. Statistics and Emerging Trends 2012. FiBL, Frick and IFOAM, Bonn
- ⁵ Fürediné Kovács, A. [2006]: Biopanel 2005. p19
- ⁶ Dörnyei, K. [2008]: Bioélelmiszer fogyasztási szokások. Szegmentálás és a bizalom fontossága. (Organic Food Consumption Habits. The Importance of Segmenting and Trust.) Marketing & Menedzsment. 42(4).
- Fürediné Kovács, A. [2009]: Az élelmiszer kiskereskedelem szerepe az egészségügyi kockázatok csökkentésében. (The Role of Food Retail Trade in Reducing Health Risks.) PhD Dissertation, Szent István University, Gödöllő.
- ⁷ Dr. Hofer, M. [2010]: A biofogyasztási értékrend alakulása. (Trends in the values of consumers of Hungarian organic products.) 16th National Conference of the Marketing Association. August 26-27th 2010, Budapest.