inclusive coffee

Promoting sustainable markets.

Analysis of surveys conducted with coffee suppliers and buyers

December 2022

Market Perception of Honduras Coffee

Inclusive Coffee

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The Inclusive Coffee project works to strengthen commercial and promotion capacities in business support organizations in Honduras that provide export marketing services to a network of coffee cooperatives and export companies that share a vision for sustainability, inclusiveness and quality as a basis for the creation of long-term commercial partnerships.

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CONTENTS

index of tables:

Buyers Survey:

Suppliers Survey:

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The Market Perception of Honduras Coffee Survey Analysis was conducted by Boot Coffee Inc. under the framework of the Café Inclusivo Project, which is part of the Swisscontact Development Program and is co-financed by the Swiss Agency for Development and Cooperation (SDC).

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Executive summary

This market report analyzes the current perception of Honduran coffee and proposes positioning strategy pathways to meet expressed market expectations. The analysis was based primarily on two surveys conducted in the first semester of 2022.

Honduran coffee suppliers were surveyed to discover the industry's self-perception and goals.

A coffee buyers survey measured the current market perception of Honduran coffee and potential opportunities for market growth both in volumes and value. Special consideration was given to measuring sustainable and inclusive coffee market opportunities.

Key Market Perceptions:

Honduran coffee is perceived as a "Good Value". 41% of coffee buyers indicated that Honduran coffees deliver good value for the price paid, and 46% declared that Honduran coffee is "Priced Competitively" (Q14). This value perception has a twofold meaning. For some buyers, this surely means Honduran coffee is outperforming expectations. 36% of buyers appreciate the quality of micro-lots. On the other hand, other buyers may view Honduran coffee as low-priced origin. This may indicate that Honduras is contracted and exported at relatively too low prices for what the coffee is worth in the perception of buyers.

The quality of Honduran coffee has divergent perceptions. On the one hand, 36% of buyers expressed that Honduras has excellent Micro-lots. On the other hand, only 32% of buyers felt Honduran coffee

is difficult to replace. This polarized result demonstrates that both high-value specialized micro-lots and generic anonymous commercial coffees are being delivered to the market.

Honduran coffee has not penetrated the markets. By volume, Honduras is one of the top seven Arabica producers in the world, and yet 30% of the surveyed companies indicate that they don't purchase any Honduran coffee. This surprising result reveals untapped market opportunities in established coffee export markets like the USA.

Regarding sustainable certifications, Honduras has emerged to become a leading player. Honduras has become the second-largest supplier of organic coffee to Europe[1]. Honduras is the second highest Fair Trade premium earnings country, behind Peru[2], and is the 4th largest producer of UTZ/Rain Forest certified coffees[3]. Only 59% of buyers totally "agree" or "somewhat agree" the Honduran coffee industry is having a positive impact on the environment.

Key Coffee Buyer's Criteria and Motivations:

Most coffee buyers purchase their coffee beans through coffee importers. Only 23% of surveyed buyers declared they purchase coffee directly from producers and exporters, though they most likely use an importer for import services. It is estimated that less than 5% of the total respondents purchase and import coffees without the use of an importer. In the supplier's survey, 16% declared they have no contact with importers.

Traceability and Direct Trade Relationships are the most motivating factors for buyers to purchase additional Honduran coffee. According to the surveyed coffee buyers, they would be motivated to purchase more Honduran coffee if more direct trade opportunities existed.

1 https://www.cbi.eu/market-information/coffee/organic-coffee/market-entry

2 https://files.fairtrade.net/publications/2019_Monitoring_Coffee_10thEd.pdf

3 https://www.rainforest-alliance.org/wp-content/uploads/2021/07/Coffee-Certification-Data-Report-2020.pdf

Most coffee buyers (87%) value traceability as a core requirement for their purchasing practices. According to the supplier survey, one-third of coffee suppliers have no contact with roasters. In-person meetings in Honduras were declared to be the second preference for starting new supplier relationships (42%).

Quality was confirmed to be a key motivator for buyers. 35% of buyers expressed the desire to be able to have access to more alternative processed coffees (natural, honey, anaerobic). 32% would like a more reliable quality of washed coffees. This matches suppliers' desires. Exporters clearly want to pursue Specialty Coffee and want to improve quality. They believe there is undersupply of specialty coffees. Suppliers have a consensus that improving quality is the number one value improvement intervention. Buyers and suppliers are in alignment that better quality and unique specialty coffees will generate additional sales volume and/or higher sales.

80% of buyers are interested in supporting climate resilience initiatives. In the Suppliers Survey 91% identified climate change as a present threat to Honduran coffee. This was the most unified response out of all questions in the supplier's survey. Buyers and suppliers are aligned in the desire to act within the coffee supply chain to combat climate change threats.

Social sustainable causes appear to be at the forefront of coffee purchasing criteria. 62% of buyers indicate that the social impact of their purchases influences their buying dispositions. 44% of the buyers pay premiums for the social inclusion of women and youth. 49% of the buyers purchase Fair Trade; 29% "Manos Mujer" (Harvested by women), and 4% 4 C (Q13). In the suppliers' survey exporters ranked women and youth equal at 91% of a Social Inclusion issue. Exporters had a consensus that there is an undersupply of "Manos de Mujer" coffee.

Potential Strategic Industry Positioning Pathways:

The Honduran coffee industry clearly has an opportunity to expand its market penetration to take advantage of untapped opportunities in the North American and European markets. As the buyer's survey showed, coffee buyers prefer to explore Honduran coffees through the inspection of samples and origin travel. These two unmet needs can be satisfied by independent supply chains and/or collective industry activities. Initiatives may include regional and/or national promotional events. Visits by coffee buyers should be promoted to develop more direct trade relationships and to expand the exports of traceable coffees.

Strategic unified care should be taken to positively leverage the "Good Value" image while avoiding the potentially damaging stigma of being a "cheap" coffee origin. This underlines the huge opportunity for the Honduran industry to become more successful in promotion and marketing strategies that should have the goal to realize higher premiums for all coffee sold across the quality spectrum. The positive appreciation of micro-lots supports this argument. Incorporating inclusivity in the supply chain is clearly on the mind of the buyers and suppliers alike. Opportunities should be created to develop models that are explicitly dedicated to promoting the inclusion of women and youth. This may begin with equal representation of the family farm in the primary farmer organizations. It may also include the export of lots specifically produced by women or youth.

Organic and Rainforest Alliance certifications align with some base principles of climate-resistant farming. For this purpose, specific sets of measurable best practices to combat climate change must be defined. The surveyed coffee buyers and the Honduran suppliers are in consensus in recognizing the threat of climate change, but no clear mechanism has been embraced. Carbon Insetting, reducing carbon emissions within the supply chain, has the potential to be employed as a powerful tool. Carbon Insetting could reward rural farmers and accelerate the transition to climate-smart farming.

introduction

Over the past two decades, Honduras has risen to become a giant in coffee, both for the production of commercial coffee types as well as for specialty coffee. Historically, Honduras was known as a source for low-quality inferior Arabicas easily exchanged with coffees from other origins, but today the country produces a wide range of qualities from commercial Arabica coffee types to certified premium coffees and unique specialty-grade fully traceable coffee lots.

Coffee is one of the most important export products for the country. During the harvest year 2020/21, coffee accounted for a total currency income of US$ 1,165 million which represented a 30% increase over the previous harvest year (2019/20), mainly due to both the increase in production volume as well as the increase in the world market coffee prices. According to data from the Central Bank of Honduras, in the year 2020, income from coffee exports surpassed bananas, the second product agricultural export[4].

For harvest year 2021/22, due to the impact of climate change and cyclical production patterns, the production and export volume of Honduran coffees is projected to decrease by more than 19%.

Honduras has one of the most organized coffee sectors in the region, primarily through the Honduran National Coffee Institute (IHCAFE), which supports farmers with technical extension services, providing farmers access to fertilizers and other essential inputs. In addition, IHCAFE has proven to be instrumental in providing farmers with

[4] Informe Estadistico 2020-21 – IHCAFE (2021)

financial facilities for loan repayment and investments in renovating coffee farms. Honduran farmers grow a mix of traditional and rust-tolerant Arabica varieties, including Lempira and Parainema.

Honduras is the sixth largest coffee exporter globally by volume and is the largest coffee producer in Central America. More than 120,000 families across Honduras are involved in coffee production. 95% of these are small-scale farmers and 63% of these producers farm their coffee crops on farms smaller than 2 hectares, which represents by volume approximately 21% of the country's overall production[5].

Despite the successful efforts to improve quality, Honduran coffee is priced below the market for Arabica coffee varieties. Productivity and overall export volumes have increased considerably over the past decade due to coordinated efforts between the government and the national coffee institute, IHCAFE, to renovate and rehabilitate an important part of the national coffee area.

In the production year 2020/21, The United States became the main export destination of Honduran coffee with 1.89 million 46kg bags, and in second and third place were Germany and Belgium with 1.84 million and 783 thousand 46kg bags, respectively. Combined, these three countries were responsible for a total export volume of 4.5 million 46kg sacks of exportable production, which generated a value in foreign currency of more than US$ 703 million, which represented 60% of the total income from coffee exports[6].

This report has been developed as part of a study to evaluate the positioning of Honduras on the global market of Arabica coffee. Data from two subsequent surveys have been used. The first survey focused on the perspectives of Honduran coffee suppliers; private exporters and cooperative coffee producers. The results of this survey have been included in Annex 1 of this report.

The second survey had the objective to analyze the perceptions of international coffee buyers of both commercial as well as specialty coffee types. Specifically, the perceived features, strengths, and weaknesses of the Honduran coffee value chain have been researched.

The surveys were conducted by utilizing a distinct methodology that allows for sampling of the viewpoints of value chain stakeholders across the spectrum, from cooperative producers and exporters to importers, roasters, retailers, and opinion makers. The data was collected using the services of an internet-based market research/survey system. For the market study, coffee importers and roasters of both specialty, as well as commercial coffee, were invited to participate in the survey.

During the month of May 2022, a series of meetings with Honduran coffee industry stakeholders were held in Honduras to facilitate feedback on preliminary research results and to discuss specific preliminary conclusions.

During these high-level meetings, discussions followed about the underlying factors that influence the perceptions of coffee buyers. In addition, we reviewed possible interventions to improve the perceived value of Honduras coffee.

This study is expected to contribute to the prosperity and economic sustainability of the Honduran coffee sector, including the 120,000+ farmers who produce the precious coffees of Honduras.

- June 2022 -

[5] The Coffee Market System in Honduras, Opportunities for Supporting Renovation and Rehabilitation – International Center for Tropical Agriculture, CIAT (2020)

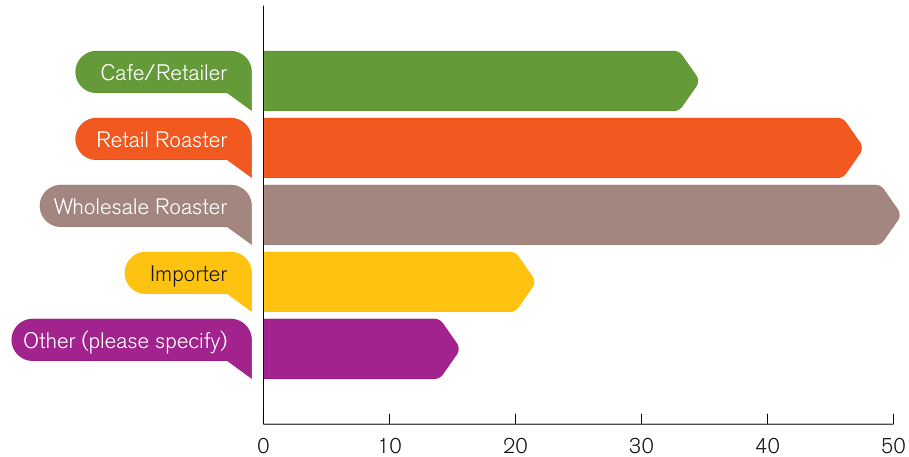
[6] Informe Estadístico 2020-21 – IHCAFE (2021)

Criteria and Motivations of Coffee Buyers

The questionnaire format was developed by the team of Boot Coffee with important input from Swisscontact partners, as well as by the feedback received from the survey of coffee suppliers (see Annex 1 for an overview of the results of this survey).

107 companies from around the world participated in the buyer's survey and interviews, which consisted of 21 questions and follow-up discussions. Below is an overview of the business activities of the companies participating in the survey: 1). Cafes and retailers, 2). Small scale retail roasters, 3). Larger scale wholesale roasters and 4). Coffee importers.

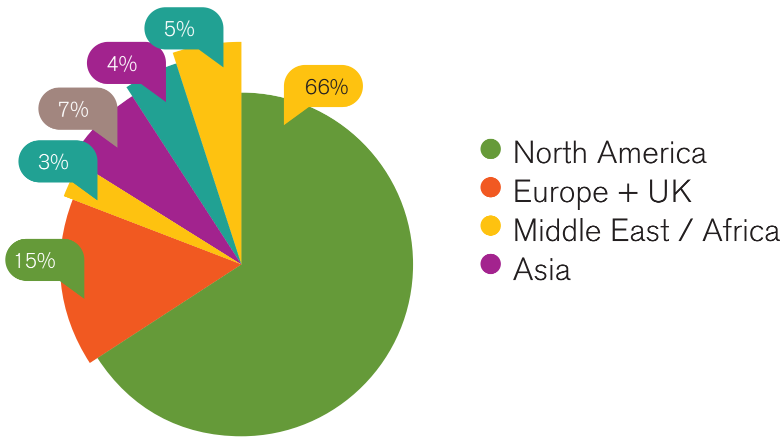
What is your key business activity?



Answer Choices	Responses	
Cafe/Retailer	33.67%	33
Retail Roaster	46.94%	46
Wholesale Roaster	50.00%	49
Importer	20.41%	20
Other (please specify)	14.29%	14
Total respondents		**98**

Table 1 - Participants Survey & Business Activity

The 107 companies that participated in the buyer's survey and interviews originated from the following regions across the world.



North America	71
Europe + UK	16
Middle East / Africa	5
Asia + Oceania	11
Latin America	2
Other / N.A.	2
Total	**107**

In addition to the surveys, personal interviews with coffee buyers from Asia, the Middle East, and with major commercial buyers from Germany and the USA were conducted to obtain a better understanding of their perceptions of Honduras coffee. Please also review the summaries of these interviews in Annex IV.

How Do Buyers Purchase Their Coffee?

The survey analyzed how coffee buyers procure their green coffee beans on an ongoing basis. These data provide us with important information about the dynamics of the coffee value chain.

Answer Choices	Responses	
From importers on an ad-hoc basis in small volumes, less than 20 bags at a time	32.65%	32
By the container, directly from producers and exporters; multiple containers at a time	21.43%	21
Other (please specify)	14.29%	12
From importers according to a procurement plan; 20-50 bags at a time	12.24%	12
From importers; more than 50 bags at a time	12.24%	14
Directly from producers in larger quantities; more than 50 bags at a time	7.14%	7
We don't purchase green coffee beans because we don't roast our own beans	0.00%	0
Total		**98**

Table 2 - How do coffee buyers purchase their coffee?

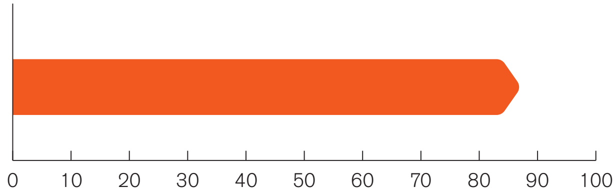
Most coffee buyers purchase their coffee beans through coffee importers. By aggregating these data, we can conclude that importers play an essential role in the supply of coffee. Approximately 56% of coffee purchases are facilitated through importers. Add to this 20% of respondents are importers, making 76% of the coffee directly being purchased by/through an importer. The remaining roaster buyers (approximately 23%) declared they purchase coffee directly from producers and exporters, though they most likely use an importer for import services. We estimate less than 5% of the total respondents purchase and import coffees without the use of an importer.

Traceability

One question of the survey focused on the concept of traceability or the ability to trace a coffee back to its source, by identifying where it was grown and processed and by understanding the social, environmental, and economic conditions at this source.

As the next table illustrates, most coffee buyers (87%) value traceability as a core requirement for their purchasing practices.

Q12 In general, how do you value the aspect of traceability for your coffee purchases? (Traceability gives recognition to the producers and validates where the coffee is grown, picked and processed)



Answer Choices	Average Number	Total Number	Responses
	87	7,981	92
Total Respondents:			**92**

Table 3 - How do you value the aspect of traceability?

Where Do Coffee Buyers Travel?

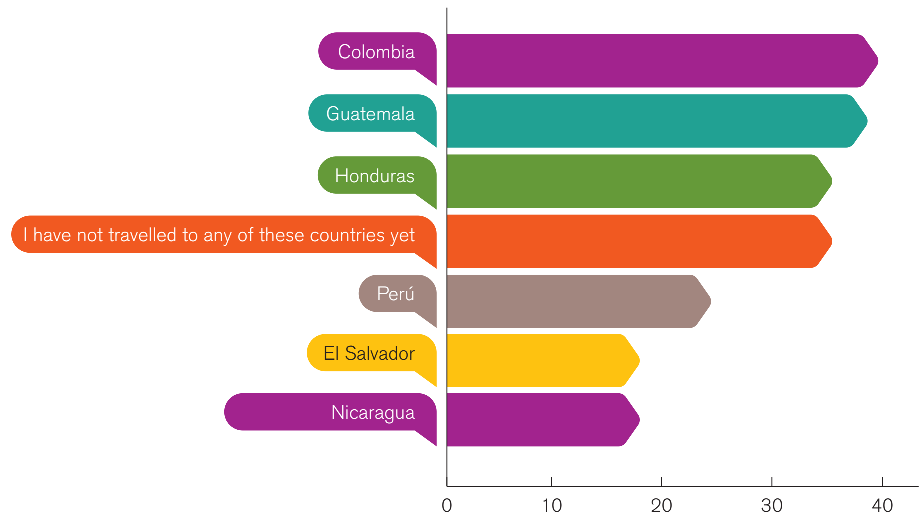
Next, we looked at the question of which coffee-producing countries coffee buyers have been traveling to during the past 5 years.

There seems to be a correlation between the travel activities of coffee buyers and their considerations to purchase coffee from these same countries. If coffee buyers frequent certain coffee-producing origins, it will be much more likely that they also purchase coffee lots from these origins. This also emphasizes the need for coffee origins to develop and support branding and marketing programs that promote the overall profile of the country, as well as generate in-country travel opportunities for buyer discovery.

The national brand of a coffee-producing origin can directly influence the perception of the coffee produced in this same country.

Marketing studies conducted by the US-based National Coffee Association (NCA) have proven that a country like Colombia enjoys some of the highest levels of consumer recognition. In the case of Colombia, these perceptions are directly driven by the decades of investments made by the Colombian government and its coffee industry to establish an iconic image for Colombian coffee through the Juan Valdez brand. For this reason, it is no surprise that Colombia appears to be the most popular origin for coffee buyers to visit.

Q5 To which of these countries did you (or your company) travel during the past 5 years for coffee purposes?



Answer Choices	Responses	
Colombia	39.58%	38
Guatemala	38.54%	37
Honduras	34.38%	33
I have not travelled to any of these countries yet	34.38%	33
Peru	25.00%	24
El Salvador	17.71%	17
Nicaragua	17.71%	17
Total Respondents:		**96**

Table 4 - Where did you travel during the past 5 years?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Although Honduras ranks third in this overview, it must be noted that 34% of the companies surveyed had never traveled to any of these coffee origins.

We can conclude that there is an opportunity for Honduras to promote buyers' visits through activities like local and regional cupping events, coffee tours, and conferences like the Sintercafé which is held annually in Costa Rica.

Comparing The Origin of Coffee Purchases

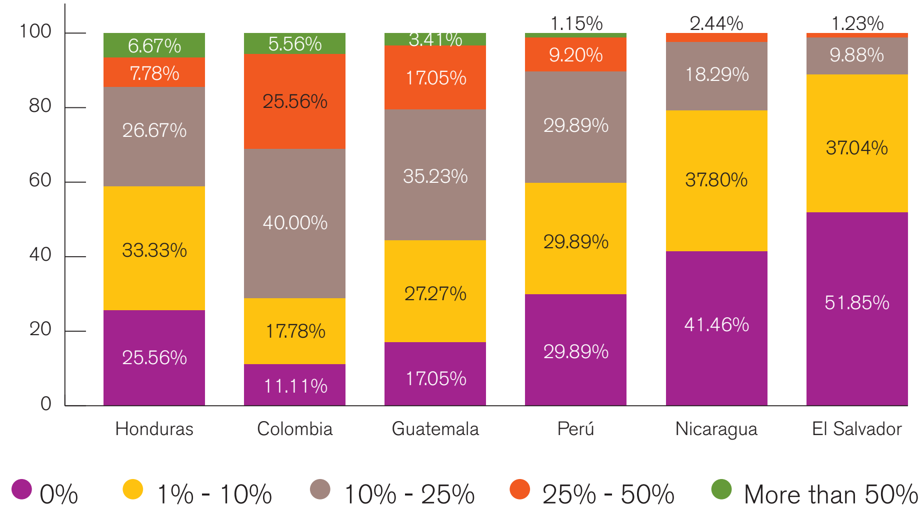
The next question focused on the distribution of coffee purchases by the buyers indicated by volume.

6 different countries were compared: Honduras, Colombia, Guatemala, Perú, Nicaragua, and El Salvador.

By aggregating the numbers, we can conclude the following:

- Colombia is a key origin for most companies. For more than 30% of the companies (25.56% + 5.56%) Colombia is chosen as the origin for at least 25% to more than 50% of all coffee purchased by these same companies.
- El Salvador represents the least volume by origin for the companies surveyed.
- For less than 15% of the companies, Honduras is chosen as the origin for at least 25% to more than 50% of all coffee purchased by these same companies.
- More than 25% of the companies indicated that they don't buy any Honduran coffee at all. This emphasizes the necessity and opportunity for Honduras to establish a representative national brand ("Marca País") to convince more buyers across the spectrum to consider Honduras as a coffee origin.

Q7 What percentage of your current green coffee purchases is from these countries?



	0%	1%-10%	10%-25%	25%-50%	MORE THAN 50%	TOTAL
Honduras	25.56%	33.33%	26.67%	7.78%	6.67%	90
	23	30	24	7	6	
Colombia	11.11%	17.78%	40.00%	25.56%	5.56%	90
	10	16	36	23	5	
Guatemala	17.05%	27.27%	35.23%	17.05%	3.41%	88
	15	24	31	15	3	
Perú	29.89%	29.89%	29.89%	9.20%	1.15%	87
	26	26	26	8	1	
Nicaragua	41.46%	37.80%	18.29%	2.44%	0.00%	82
	34	31	15	2	0	
El Salvador	51.85%	37.04%	9.88%	1.23%	0.00%	81
	42	30	8	1	0	

Table 5 - Distribution of purchased coffee across 6 different origins.

Comparing Coffee Buyer's Criteria

To understand the criteria of coffee buyers we looked at 7 different criteria and the order of relevance for the process of coffee purchasing. Social sustainable causes appear to be at the forefront of coffee purchasing criteria. 62% of buyers indicate that the social impact of their purchases influences their buying dispositions.

44% of coffee buyers indicate the ability to establish direct relationships with coffee producers as an important aspect.

42% of buyers indicate that they are currently paying premiums for supply chains supporting various aspects of social inclusion and coffees that positively impact the environment.

40% of buyers indicate that they are purchasing both high-end specialty coffees as well as commercial grade lots.

Answer Choices	Responses	
Our green coffee purchases have a sustainable social / human impact	62.22%	56
Direct relationships with producers are key for our purchases	44.44%	40
We pay premiums for coffees from supply chains which prioritize social inclusion of women and youth	42.22%	38
We pay premiums for coffees with a positive impact on the environment	42.22%	38
We purchase a wide quality range; from affordable commercial, to high end specialty	40.00%	36
We prefer to select specific varieties (for example caturra, typica, bourbon, etc.)	28.89%	26
Our purchasing practices focus on larger volumes at lower price ranges	6.67%	6
Total Respondents:		**90**

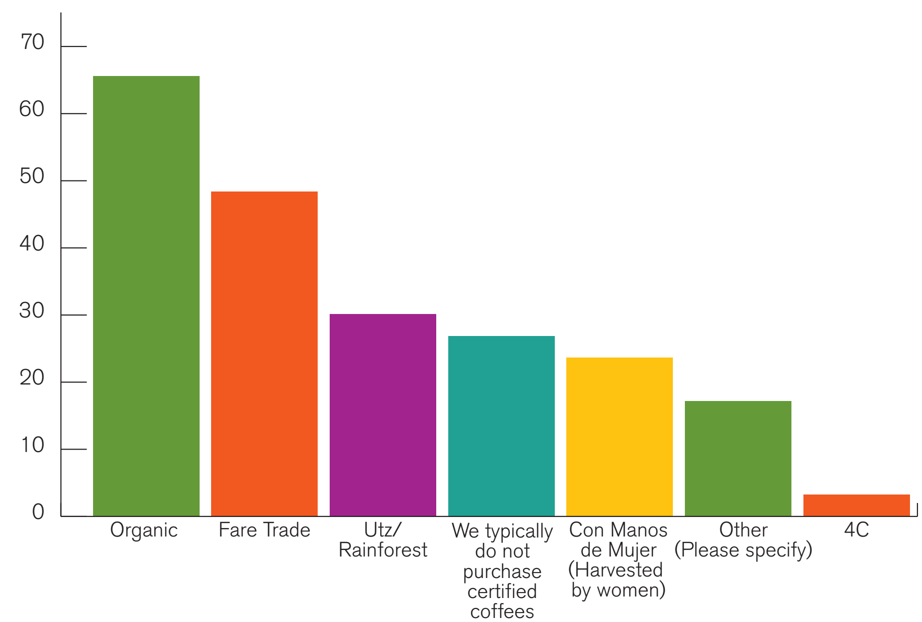
Table 6 - Purchasing criteria of green coffee buyers.

Analyzing these data, we can conclude that Honduras has a huge opportunity to embrace initiatives that promote social and environmentally sustainable goals. Given the fact that buyers seem to prioritize direct relationships for their purchases (44%), it is essential to expand existing programs and develop new programs which facilitate sustainable goals through direct relationships with producers and cooperatives.

Certified Coffees

The previous question also indirectly referred to the current preferences of coffee buyers in relation to the procurement of certified coffees. During the past two decades, the demand and market for certified coffee lots have been growing steadily worldwide. In our survey, coffee buyers were asked which certifications they prioritize, and the results are illustrated in the following table.

Q13 Which certified coffees do you purchase on a regular basis? (Multiple answers possible)



Answer Choices	Responses	
Organic	65.59%	61
Fare Trade	48.39%	45
UTZ/Rainforest	30.11%	28
We typically do not purchase certified coffees	26.88%	25
Con Manos de Mujer (Harvested by women)	23.66%	22
Other (please specify)	17.20%	16
4C	3.23%	3
Total Respondents:		**93**

Table 7 - Which certified coffees do you purchase?

The question specifically focused on 3 popular certification schemes:

- Certified organic coffees: for 66% of buyers this category enjoys most popularity.
- Fair Trade certified coffees: 48% of buyers find this category very important.
- UTZ/Rainforest certified coffees: 30% of buyers recognize this certification as a valuable option.

Regarding sustainable certifications, Honduras has emerged to become a leading player. By comparing market reports of the Dutch export promotion agency CBI and data of the Fair-Trade organization and of Rainforest Alliance, we can conclude the following:

1. Honduras has become the second largest supplier of organic coffee to Europe[7].
2. Honduras is the second highest Fair Trade premium earnings country, behind Peru[7] and
3. Honduras is the 4th largest producer of UTZ/Rain Forest certified coffees[8].

Overall, Honduras has the potential to expand the production and export of these categories significantly. We can conclude that initiatives must be directed toward the facilitation of these certified coffee categories.

We can also conclude that exporters and cooperative coffee producers in Honduras would benefit by realigning their value chains to favor the production and marketing opportunities of these certified coffee types.

[6] https://www.cbi.eu/market-information/coffee/organic-coffee/market-entry

[7] https://files.fairtrade.net/publications/2019_Monitoring_Coffee_10thEd.pdf

[8] https://www.rainforest-alliance.org/wp-content/uploads/2021/07/Coffee-Certification-Data-Report-2020.pdf

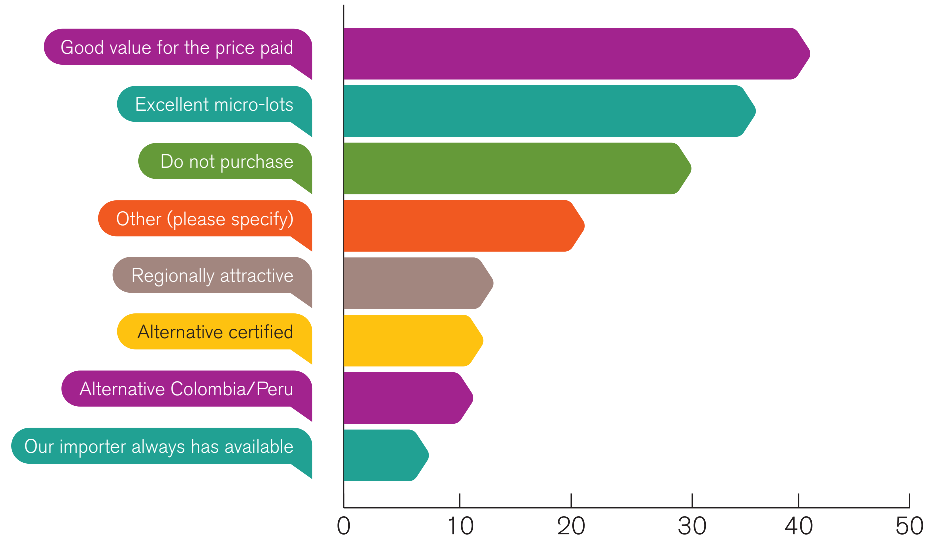
Perception and Positioning of Honduras

This section touches on the crucial part of our survey. We analyzed the perception of Honduras and of the coffees from Honduras.

Why Do Buyers Purchase Honduras Coffee?

The next table shows some key reasons why buyers purchase coffee from Honduras.

Q9 Share with us the primary reasons why you purchase coffee from Honduras (multiple answers possible)



Answer Choices	Responses	
Good value for the price paid	41%	40
Excellent micro-lots	36%	35
Do not purchases	30%	29
Other (please specify)	21%	21
Regionally attractive	13%	13
Alternative certified	12%	12
Alternative Colombia/Peru	11%	11
Our importer always has available	7%	7
Total Respondents:		98

Table 8 - Why do you purchase coffee from Honduras?

41% of coffee buyers feel that Honduran coffee deliver good value for the price paid. 36% of buyers appreciate the quality of micro-lots.

The fact that buyers feel positive about the "value" of Honduras coffee is indicative of the successful efforts of the IHCAFE and the Honduran coffee industry to improve coffee quality during the past decade. It may also indicate that coffee from Honduras is contracted and exported at prices that are relatively too low for what the coffee is worth in the perception of buyers. This underlines again the huge opportunity for the Honduran industry to become more successful in promotion and marketing strategies that should have the goal to realize higher premiums for all coffee sold across the quality spectrum. The positive appreciation of micro-lots supports this argument.

30% of the surveyed companies indicate that they don't purchase any Honduran coffee. This result is very surprising, especially given the fact that Honduras is one of the seven largest coffee producers in the world.

We can conclude that initiatives must be launched to make Honduran coffees more attractive and accessible to coffee buyers. In order of importance, such initiatives must focus on 1). Coffee with a clear social impact; 2). Coffee with an environmental impact; 3). Traceable coffee lots which facilitate some form of a direct relationship with producers and cooperatives and 4). Micro-lots and coffee lots that were processed using alternative processing styles, like controlled fermentation anaerobic lots.

The Quality Appeal of Honduras Coffee

By comparing Honduras against 5 other coffee origins, we analyzed how Honduras is ranked in quality appeal against countries like Colombia, Guatemala, Peru, El Salvador, and Nicaragua.

From a coffee perspective, how do you rank these origins in quality appeal?

	HIGHEST APPEAL	SECOND	THIRD	FOURTH	FIFTH	LOWEST APPEAL	TOTAL	SCORE
Colombia	47.67%	24.42%	12.79%	10.47%	2.33%	2.33%		
	41	21	11	9	2	2	86	4.98
Guatemala	33.72%	30.23%	11.63%	13.95%	8.14%	2.33%		
	29	26	10	12	7	2	86	4.6
Honduras	13.79%	17.24%	29.89%	20.69%	9.20%	9.20%		
	12	15	26	18	8	8	87	3.78
Peru	3.5 3%	22.35%	23.53%	27.06%	16.47%	7.06%		
	3	19	20	23	14	6	85	3.48
El Salvador	3.75%	8.75%	17.50%	15.00%	26.25%	28.75%		
	3	7	14	12	21	23	80	2.63
Nicaragua	5.68%	7.95%	11.36%	12.50%	25.00%	37.50%		
	5	7	10	22	22	33	88	2.44

Table 9 - How do you rank Honduras against other origins?

The participating coffee buyers provided their feedback on the quality appeal of these different origins through a rating system. The highest composite score for Colombia (4.98) indicates that buyers rank Colombia, based on its quality appeal, as the preferred origin and the lowest score for Nicaragua (2.44) indicates that the coffee of this country lacks quality appeal.

Honduras scores third place in this comparison, which emphasizes again the importance of developing a comprehensive strategy and plan for international marketing and promotion initiatives.

Comparative Quality Perceptions

Another set of comparative questions analyzed how Honduras compares against other origins in terms of some distinct parameters that directly influence the overall satisfaction and loyalty of coffee buyers.

a). Green beans maintain quality in storage. This aspect is extremely relevant for buyers who wish to offer Honduran coffee throughout the year. If a coffee origin meets this requirement, then there is a higher chance that this origin ultimately can become part of a set coffee portfolio for a given company, which is typically the case with coffees from countries like Colombia and Brazil.

Survey result: buyers feel that Honduras coffee beans maintain quality better and/or longer than coffees from Peru, Nicaragua, and El Salvador but not as well compared to Colombia and Guatemala. Specific attention must be given to improving the drying, storage, and milling protocols of Honduras coffee, which can directly benefit the shelf life and longevity of the Honduras beans.

b). Flavor profiles meet expectations. This parameter is always crucial when buyers make a comparison between the quality as described in the contract and the quality that was delivered. Consistent with their quality protocols, buyers cup the coffee upon arrival from origin and they will compare the cupping results against the original cupping inspection prior to the purchase of the coffee. This parameter usually dictates whether a buyer will repeat the purchase from the same supplier or from the same country.

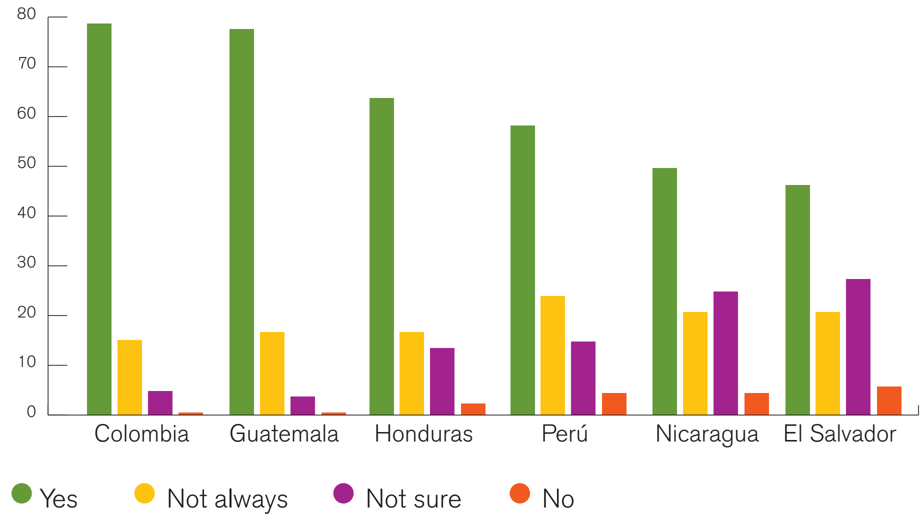
Survey result: buyers feel that Honduras coffee performs better in this regard than coffees from Peru, Nicaragua, and El Salvador but not as well compared to Colombia and Guatemala.

Maintaining quality in storage and meeting flavor profile expectations are intrinsically connected. Typical time-related quality deteriorations like the process of the bean color fading and the cup profile becoming "oldish" is a direct result of improper drying and lacking storage and milling protocols at origin.

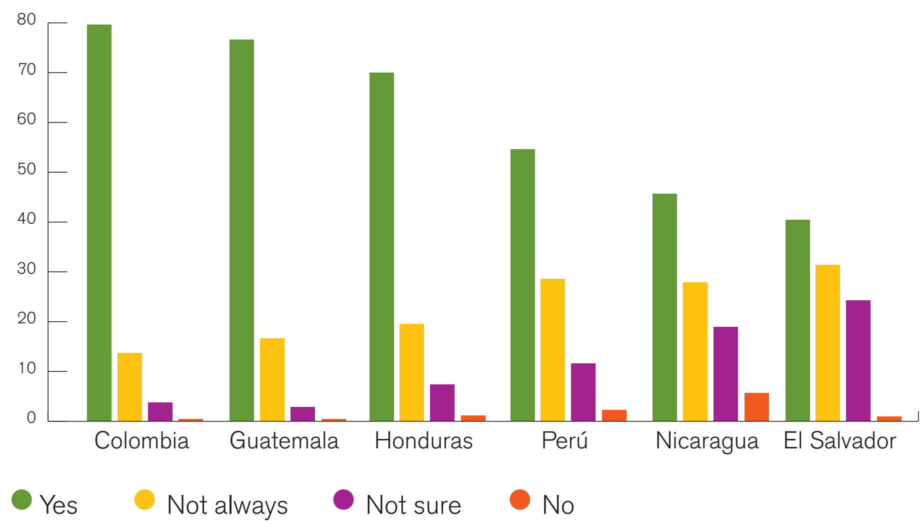
c). Delivers good value for the price paid. The results of this survey question are a repeat of previous value perception questions.

Survey result: buyers feel that Honduras coffees offer the best "value" versus price proposition compared to Colombia, Guatemala, Peru, Nicaragua, and El Salvador.

Green beans maintain quality in storage



Flavor profiles meet expectation



Delivers good value for the price paid

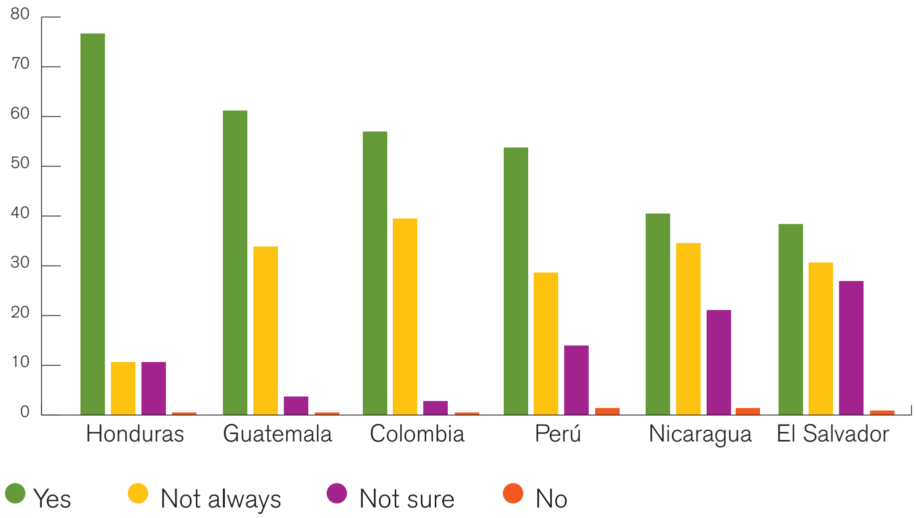


Table 10 - How does Honduras compare against other origins in terms of some distinct parameters: Green Beans Maintain Quality in Storage, Flavor Profiles Meet Expectations, Delivers Good Value for the Price Paid

Analyzing Specific Perceptions of Honduras Coffee

The next table analyzes 7 very specific statements about Honduras coffee and the perceptions of buyers in relation to these statements. These questions are highly valuable to validate the results we obtained through previous inquiries in the survey.

Let's look at the results in the following table:

	TOTALLY AGREE	SOMEWHAT AGREE	NOT SURE	DO NOT AGREE	TOTAL	WEIGHTED AVERAGE
Priced competitively	46.81%	32.98%	20.21%	0.00%	94	1.73
	44	31	19	0		
We should consider more often	44.09%	37.63%	17.20%	1.08%	93	1.75
	41	35	16	1		
Positive impact on farmers	41.49%	29.79%	28.72%	0.00%	94	1.87
	39	28	27	0		
Readly available	31.52%	42.39%	20.65%	5.43%	92	2
	29	39	19	5		
Positive impact on environment	28.72%	30.85%	39.36%	1.06%	94	2.13
	27	29	37	1		
Superior flavor profiles	25.00%	51.04%	18.75%	5.21%	96	2.04
	24	49	18	5		
Hard to replace by other origins	8.60%	23.66%	27.96%	39.78%	93	2.99
	8	22	26	37		

Table 11 - Perception statements of Honduras coffee

- Honduran coffee is priced competitively; 80% of buyers agree "somewhat" or "totally". This point affirms the positive "value" perception of Honduras coffees. It also emphasizes again the economic opportunity to launch innovative marketing campaigns to take advantage of this perception. It is favorable to have a "good valued" product, but it is a loss to be considered a "cheap" source of coffee. The line between "good value" vs. "cheap" needs to be carefully managed to ensure that Honduran coffee can maximize its price potential.

- We should consider purchasing Honduras coffee more often; 82% of buyers agree "somewhat" or "totally". This point confirms the argument that Honduras Coffee lacks an adequate marketing and promotion strategy and is currently missing out on market opportunities.

- Positive impact on farmers. More than 70% of buyers agree "somewhat" or "totally" that Honduran coffee has a positive impact on farmers. This positive perception should be reinforced to meet buyers' desire for social impacts.

- Honduran coffee is readily available. Although it is not a significant result, buyers seem to be less convinced that Honduras coffee is indeed readily available; 63% of buyers either "somewhat" agree or are "not sure". This also confirms to a certain degree that the availability of Honduran coffees is not optimal. Specifically, this point reflects the need for a more active promotion strategy towards importers to create available purchase inventories for coffee roasters who prefer to buy their coffees from importers rather than directly from producers.

- Honduran coffees have a positive impact on the environment. Buyers seem to be less convinced about this feature. This emphasizes the fact that much more effort must be initiated to promote the production of environmentally sustainable coffees. In addition, Honduras should develop innovative marketing and promotion strategies for the expansion of the exports of these coffees.

- Honduras coffees have superior flavor profiles. 25% of buyers "totally agree" and 51% somewhat agree. Buyers' total agreement of their perception of Honduran coffee as "priced competitively" was nearly twice that of "superior flavor". Additional quality improvement programs must be launched, including the establishment of comprehensive industry quality standards and the creation of regional and local cupping labs.

- Honduras coffee is hard to replace with other origins. Regarding this aspect, Honduras appears to perform quite weakly. 40% of buyers do not agree. Most buyers feel that Honduran coffee is replaceable. This can be interpreted in different ways. Possibly this reflects the perceived sensory quality of Honduras coffees or a general marketing perspective.

The fact that Honduras is perceived as a replaceable coffee origin must be addressed in future quality and marketing initiatives as this perception significantly weakens the ability of Honduras to develop more favorable coffee prices across the quality spectrum.

Motivations To Purchase More Honduras Coffee

The question "I would purchase more Honduras coffee if …." is a pivotal question because it provides valuable insight into recommended improvements by the Honduran value chain.

The most popular answer to this question is the desired availability of direct trade coffees (36%).

The second and third most popular answers relate to quality; the overall quality should be more reliable (35%) and better availability of higher quality washed coffee (35%).

The fourth highest on the priority list of buyers is the availability of alternative process coffees (32%).

Next on the list are other motivations by buyers that have been discussed and validated before in this report.

Q15 I would purchase (more) Honduras coffee if: (more than one answer possible)

Answer Choices	Responses	
There were more direct trade opportunities available	36.36%	32
The overall quality would be more reliable	35.23%	31
There were higher quality washed coffees available	35.23%	31
There were more alternative processes available (natural, honey, anaerobic)	31.82%	28
The traceability of the coffee would be guaranteed	27.27%	24
The green coffee would maintain its cup quality longer	25.00%	22
Our importer would carry the coffee throughout the year	23.86%	21
The logistics would be easier and on-time	21.59%	19
The coffee is priced lower	17.05%	15
There were more certified coffees available	14.77%	13
Total Respondents:		**88**

Table 12 - Buyers conditions to purchase more Honduran coffee.


Gracias
por su
visita


CUIDEMOS LOS BOSQUES

Preferred Communication and Promotion Strategies

We asked buyers how they wish to be informed about Honduras coffee and how the introduction to new Honduran suppliers could evolve.

The question regarding the desired digital content and information provides specific feedback on how coffee buyers appreciate being updated and educated about the Honduran coffee value chain. Honduras currently lacks an international communication strategy that addresses the needs of coffee buyers. Buyers conclude to appreciate:

- Regular updates with news and information about the quality and volume of coffee produced (59%).

- Updates about the specific regions of Honduras (49%). This aspect was also analyzed throughout the study. We asked buyers whether they know certain regions from the list of official coffee regions as established by the Honduran coffee industry. Buyers know and recognize the origins of Marcala and Copan. Regions like Comayagua, Paraíso, and Opalaca lack name recognition.

- Invitations for future coffee events (46%) This indicates the opportunity to organize new and more events that appeal to coffee buyers. In this regard, it is recommended to think of regional and local cupping events, coffee tours, scientific coffee conferences, and additional expositions that highlight the coffee industry of Honduras. Buyers who travel to a coffee origin rarely return to their companies with no new supply chain suggestions.

- In-depth technical information (45%) reflects the fact that coffee buyers are quite curious about this type of information which can include studies that incorporate distinct data about the "terroir" of Honduras, the unique and distinct features of the regions in Honduras, processing styles and much more.
- News about certified coffees (34%) echoes again the opportunity that Honduras must become more successful in expanding the production and export of these coffee types.

- Other suggestions included:
    - Economic and social aspects from the small farmers and from the employees of the farmers and the reality in the coffee farming industry.

    - WhatsApp messages from farmers and exporters.

    - Living income benchmarks, carbon footprint, farmgate prices.

    - What my importer has available.

Q17 What type of digital content and information do you appreciate to receive from Honduras? (Multiple answers possible)

Answer Choices	Responses	
Regular updates with news and information about the quality and volume of the production	58.70%	54
Updates about the specific regions of Honduras	48.91%	45
Invitations for future coffee events in Honduras	45.65%	42
In depth technical information about coffee varieties and processing styles	44.57%	41
News about certified coffees and the availability of certified coffees	33.70%	31
None of the above	15.22%	14
Other (please specify)	4.35%	4
Total Respondents:		**92**

Table 13 - What type of digital content and information do you appreciate to receive from Honduras?

Finally, we asked coffee buyers how they prefer to be introduced to new Honduran suppliers. Two specific points are most significant in this regard:

- Samples from producers and/or exporters (57%)
- In-person meetings and visits to Honduras (46%)

Q18 How do you prefer to be introduced to new Honduran suppliers?

Answer Choices	Responses	
Samples from producers and/or exporters	56.52%	52
In person meetings and visits to Honduras	45.65%	42
Introduction through my importer	31.52%	29
Trade shows and expos	31.52%	29
Virtual meetings (Zoom, Google, Meet, etc.)	29.35%	27
Other (please specify)	6.52%	6
Total Respondents:		**92**

Table 14 - How do you prefer to be introduced to new Honduran suppliers?

The "Other" suggestions included:

- We are committed to our current producers and are not seeking new relationships
- Ability to get coffee to South Africa
- Through my importer
- Email contact
- We already work with 2-3 coops - that's enough

Regarding the preferred communication and promotion strategies, we can conclude that a well-structured communication and promotion strategy is needed to take advantage of the vast opportunities for the Honduran coffee industry.

Every Honduran coffee promotional activity should fundamentally showcase coffee samples, ensuring that samples reach coffee buyers.

We can also conclude that while participating in trade shows and expositions such as SCA, NCA, and World of Coffee is considered important (32%), they are not as valuable to buyers as a personal trip to Honduras (46%).

The analysis of costs versus benefits of participation in foreign trade shows should be compared with hosting in-country events.

Conclusions Pathways to Strengthen the Positioning of Honduras Coffee

Market surveys allow a country to use the perceptions of buyers as a guideline for the development of new coffee industry strategies. We highly recommend that the Honduran coffee industry initiates a process of strategic realignment to take advantage of the vast opportunities of Honduras in the international coffee markets. For the benefit of this strategy development, we have outlined several pathways that should be considered for the future.

1. **Develop Strengthened Promotion and Marketing Strategies to North America and Europe**
   The Honduran coffee industry clearly has an opportunity to expand its market penetration into the void of the North American and European markets. Buyers prefer to explore Honduran coffee through the inspection of coffee samples and by origin travel. These two unmet needs can be satisfied by independent supply chains and/or collective industry activities. Initiatives may include regional and/or national promotional events. Opportunities should be crafted for ongoing traceable and direct trade buyer discovery through travel to Honduras. Long-term promotion and marketing strategies must be developed for the next 10 years to address the major opportunities for Honduras coffee in existing markets.

Every Honduran coffee promotional activity should fundamentally showcase coffee samples, ensuring that samples reach coffee buyers. Although it is critical to participate in trade shows and expositions such as SCA, NCA, and World of Coffee, we can also conclude that such events cannot substitute the value buyers perceive of personal visits to Honduras. The benefits and costs of participating in foreign trade shows should be compared with the opportunities of hosting in-country events.

2. Take Advantage of the "Good Value" Image

Strategic unified care should be taken to positively leverage the "Good Value" image while avoiding the potentially damaging stigma of being a "Cheap" coffee origin. This underlines the huge opportunity for the Honduran industry to become more successful in promotion and marketing strategies that should have the goal to realize higher premiums for all coffee sold across the quality spectrum. The positive appreciation of micro-lots supports this argument, as well as the market desire for unique controlled processed coffees. Quality at all levels should be embraced as a core principle to maintaining Honduran coffee "good value", without underselling the coffee and unintentionally "cheapening" the image.

3. Expand the Production and Export of Certified Coffees

Honduras has already become a leading player in the production and export of certified coffees. The country has become the second-largest supplier of organic coffee to Europe. Honduras is the second highest fair trade premium earnings country, behind Peru, and is the 4th largest producer of UTZ/Rain Forest certified coffees. A comprehensive strategy must be developed to take advantage of the existing market successes of these certified coffees. A significant percentage of certified Honduran coffees fall quality-wise in the category of commercial-grade beans. A focus on the quality improvement of certified coffees can help to increase the value at which coffees are currently traded. For this purpose, it is also essential that Honduras develops a balanced communication strategy to promote its coffee sector and the appeal of Honduras as a recognized origin of certified coffees.

4. Strengthen Inclusivity in the Honduran Value Chain

As the surveys indicated, the aspect of promoting concepts of inclusivity in the supply chain is clearly on the minds of coffee buyers and Honduran suppliers alike. Opportunities should be created to develop models that are explicitly dedicated to promoting the inclusion of women and youth throughout the Honduran coffee industry. This may begin with equal representation of women as representatives of the family farm in the primary farmer organizations or cooperatives. It may also include the export promotion of lots specifically produced by women or youth. In addition, it is recommended to create specific training programs for women and youth to develop skills and to become certified in cupping, roasting, and barista techniques.

Specific attention should be given to the establishment of regional and local coffee laboratories and training the staff of these laboratories (preferably women and youth) in protocols like sample roasting, green coffee grading, and quality inspection. The potential growth of specialty coffee consumption in Honduras can be sustained by creating incentives for women and youth to find employment in the emerging domestic specialty coffee industry, in local coffee cafés and coffee roasting businesses.

5. Embrace Farming Models to Combat Climate Change

Organic and Rainforest certifications align with some base principles of climate-resilient farming. Yet specific sets of measurable best practices to combat climate change remain elusive. Coffee buyers and Honduran suppliers are in consensus in recognizing the threat of Climate Change, but no clear mechanism has been embraced.

The concept of Carbon Insetting, reducing carbon emissions within the supply chain, has the potential to be employed as a powerful tool. Carbon Insetting could reward rural farmers and accelerate the transition to climate-smart farming. The ability of Honduras to combat climate change does not only have scientifically measurable impacts, but it can also become a unique selling point for Honduran coffee.

6. Continue modernizing and streamlining the quality infrastructure for the collection, drying, and processing of commercial grade coffee.

The quality consistency of commercial-grade coffee is a key parameter for the perceived reliability of Honduran coffee exporters of commercial-grade coffee.

The quality parameters for commercial-grade coffee are dependent on 4 key aspects:

- Quality consistency of coffee cherries and of the post-harvest processing protocols. The calibration of depulpers and the training of producers is key for this purpose.

- Drying infrastructure. Post-harvest defects are in most cases related to inconsistent drying practices of parchment coffee. Honduran coffee exporters must create incentives for producers and intermediaries to improve the drying protocols of their parchment coffee and to continue upgrading the equipment used for the drying of parchment coffee.

- Training of responsible personnel for the improved calibration of machinery used for the export processing of green coffee beans. The physical bean quality of commercial export-grade coffee is dependent on the calibration of machines used for the hulling, sorting, and screening of green coffee beans. Training programs must be launched to instruct and possibly certify key employees at export mills.

- Training and certification of (more) coffee cuppers and quality inspection technicians. The infrastructure of laboratories and key personnel must be expanded to provide more direct feedback to coffee producers, intermediaries, and export mills about the quality of supplied and processed coffee.

7. Develop and launch a proactive communication and PR strategy to promote Honduras coffee as the most reliable coffee blending component.

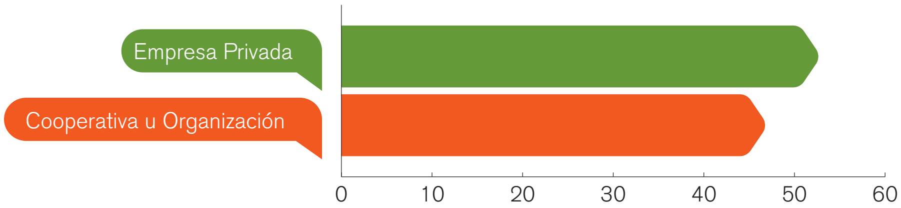
In analogy to the Colombian coffee industry, which campaigned for many years pro-actively as a trusted supplier of volume-produced coffee, Honduras must develop and launch a communication and public relations strategy to educate trading companies and larger coffee roasters about the unique benefits of Honduras coffees for commercial and premium coffee blends.

Honduras currently doesn't have any established communication strategy to make coffee buyers aware of the unique benefits and features of Honduras coffees. Developing and launching such a strategy can convert non-buyers into buyers of Honduras coffees; from commercial grade stock lots to differentiated certified coffees to specialty grade micro lots.

ANNEX 1: THE SUPPLIERS SURVEY

Before the start of the buyer's survey, we performed a survey of Honduran coffee suppliers with the goal to discover what parameters and specific questions according to these stakeholders should be incorporated in the final buyer's survey.

During the month of February 2022, we performed a survey of 34 Honduran coffee suppliers. Below is the overview of the type of participating companies:

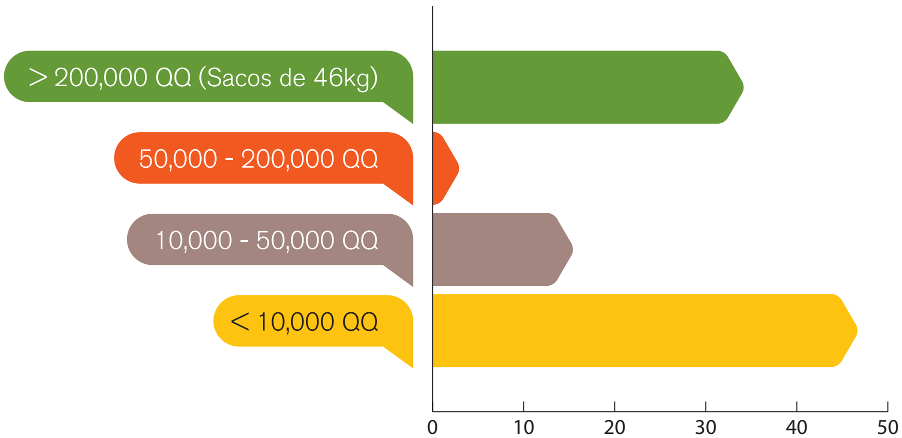


Answer Choices	Responses	
Empresa Privada	52.94%	18
Cooperativa u Organización	47.06%	16
Total Respondents:		**34**

Table 15 - What type of business do you represent?

The table above shows that both private exporters as well as cooperative coffee organizations participated in the supplier's survey.

The next table shows the distribution of the size of these participating coffee suppliers, measured in their export volumes. The volumes are expressed in "quintales" (QQ), which is the measure of 100 lbs. of green coffee beans, which equals 46 kgs of green coffee beans.



Answer Choices	Responses	
> 200,000 QQ (Sacos de 46kg)	34.38%	11
50,000 - 200,000 QQ	3.13%	1
10,000 - 50,000 QQ	15.63%	5
< 10,000 QQ	46.88%	15
Total Respondents:		**32**

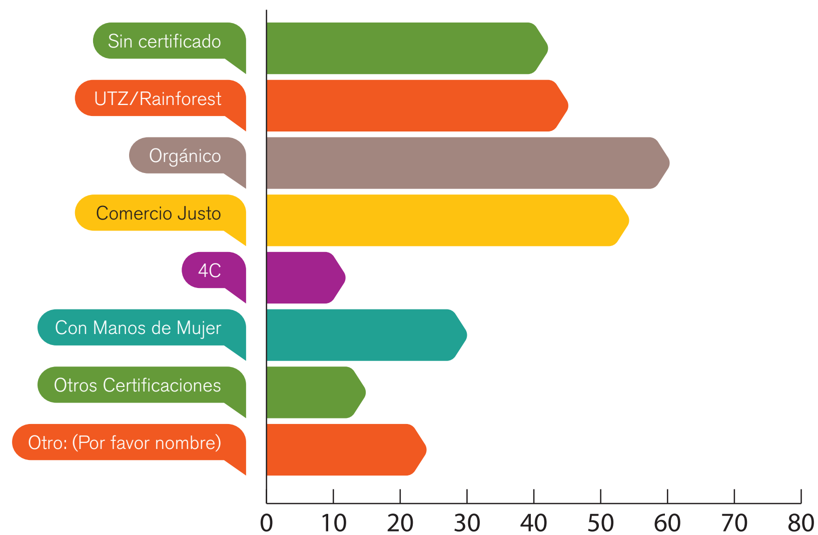
Table 16 - Distribution of company size of participating suppliers, measured in export volume (QQ = 100 lbs. green beans)

The following table shows the type of coffee products produced and/or exported by the participating suppliers. This table must be read as follows. 8 companies or 27.59% of participants sell >50% of their export volume as "Especiales" and 7 companies or 24.14% sell 25%-50% of their export volume as "Especiales".

	> 50%	> 25%	> 10%	< 10 %	0%	TOTAL	WEIGHTED AVERAGE
Especiales por taza (Gourmet)	27.59%	24.14%	10.34%	31.03%	6.90%		
	8	7	3	9	2	29	2.66
Procesos Alternativos (Honey, Natural, Anaeróbico)	14.29%	14.29%	14.29%	46.43%	10.71%		
	4	4	4	13	3	28	3.25
SHG	60.00%	26.67%	3.33%	0.00%	10.00%		
	18	8	1	0	3	30	1.73
HG	12.50%	45.83%	12.50%	16.67%	12.50%		
	3	11	3	4	3	24	2.71
Stock Lot	17.39%	17.39%	8.70%	34.78%	21.74%		
	4	4	2	8	5	23	3.26

Table 17 - Table 17 - What type of coffee do you produce & export?

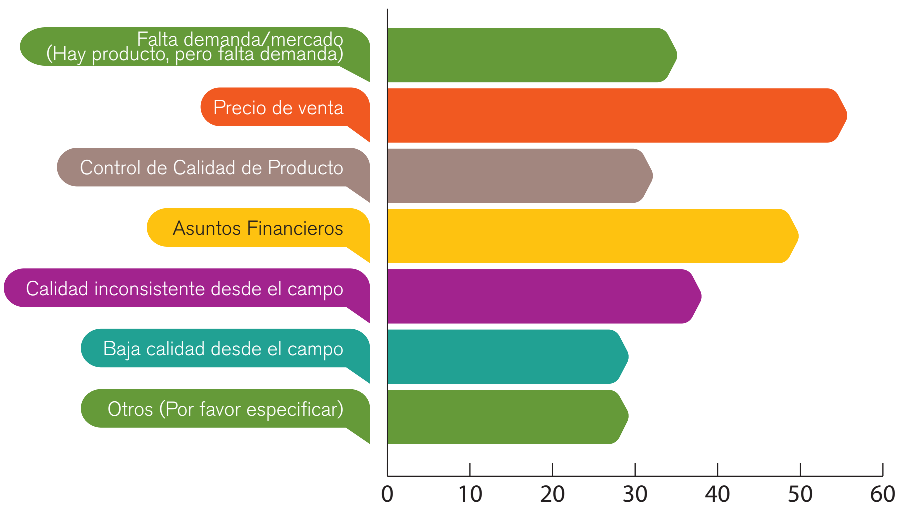
The following table shows what type of certified coffee is exported by the participating suppliers.



Answer Choices	Responses	
Sin certificado	42.42%	14
UTZ/Rainforest	45.45%	15
Orgánico	60.61%	20
Comercio Justo	54.55%	18
4C	12.12%	4
Con Manos de Mujer	30.30%	10
Otros Certificaciones	15.15%	5
Otro: (Por favor nombre)	24.24%	6
Total Respondents:		33

Table 18 - What type of certified coffees are exported by your organization?

The following table shows what type of certified coffee is exported by the participating suppliers.



Answer Choices	Responses	
Falta demanda/mercado (Hay producto, pero falta demanda)	35.29%	12
Precio de venta	55.88%	19
Control de Calidad de Producto	32.35%	11
Asuntos Financieros	50.00%	17
Calidad inconsistente desde el campo	38.24%	13
Baja calidad desde el campo	29.41%	10
Otros (Por favor especificar)	29.41%	10
Total Respondents:		34

Table 19 - What are the major challenges to export coffee from Honduras?

suppliers survey: conclusions

Specialty Coffee & Premium Coffee - Quality Improvement

Exporters want to pursue specialty coffee and want to improve quality. They believe there is an undersupply of specialty coffees. This provides a clear internal industry direction from a quality point of view. There is also the perception that there is a challenge of inconsistent quality from the farmers, more than a quality control problem. This may imply that there is a need for greater quality assurance at the farm level. 90% of large exporters want to increase specialty versus 40% of small exporters. This is surprising because usually larger exporters have less quality interest than smaller exporters. There is uniform consensus that improving quality is the number one value improvement intervention.

Destination Markets:

Exporters want to explore the European and Asian Markets. Large Exporters want to increase Asia (54%), then the EU (27%); smaller exporters want to expand towards the EU (40%), then Asia (26%).

Internal Needs for Education:

Exporters believe that internal capacity building is essential to opening desired markets. This is a self-identified educational need of the exporters.

Lack of Customer Contact:

One third of the exporters have no contact with roasters, an essential component to selling specialty coffees. 16% have no contact with

importers! Overall, we can conclude that it is very challenging to be effective as a coffee exporter without established alliances with importers. It is highly recommended to explore new and more networking opportunities for Honduran exporters.

Climate Change:

91% identified of exporters identified climate change as a present threat to Honduran coffee. This is a very significant outcome. The awareness of exporters about climate change reflects significant opportunities for the expansion of the production of shade grown and carbon neutral coffees.

Small Farmers:

Most exporters believe that the quantity of small farmers will increase in the next years. The top challenges of small farmers were identified as "the increasing cost" (82%), "labor shortages" (71%). This demonstrates the need to help small farmers to partially mechanize their farms and to create efficient models for harvesting and production.

Certifications:

In general large exporters tend to think there is a sufficient supply of certified coffees and smaller exporters think there is an undersupply. There is a uniform desire to sell more Fair-Trade Certified coffees. Perhaps this is because of the price premium guarantees. Large exporters identify costs and access to market as the top certification challenges. Small exporters identify the undersupply as a challenge. Interesting are the divergent perceptions of supply between large and small exporters. Exporters had a consensus that there is an undersupply of "Manos de Mujer" coffee.

Social Inclusion:

Exporters ranked women and youth equal at 91% of a social inclusion opportunity. There is a uniform response by exporters who believe that they should tell the story of value chains that incorporate women and youth.

Financing Matters:

This is the biggest challenge to improving the quality of coffee. There is a greater perceived challenge for smaller exporters. It was the #1 need for small exporters (60%). This aspect requires more exploration. Is this a capital resources issue? How are larger exporters financing their business needs? Is there a need for more Honduran financial mechanisms?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ANNEX 2: REPORT OF THE INDUSTRY MEETINGS

During the month of May 2022, we organized a series of industry meetings with Honduran coffee stakeholders in Tegucigalpa, Santa Rosa de Copan, and in San Pedro Sula.

Meeting with IHCAFE representatives Tegucigalpa, May 9, 2022

Discussion Points:

- Coffee exports of commercial coffees to the USA generate some of the lowest prices across the board. Coffee traders in the USA seek Honduras coffees for the affordability of these coffees.

- In Latin America, there are emerging markets for Honduras coffee, specifically Colombia and Mexico.

- Within Honduras, there is a lack of understanding and knowledge of international markets. This leads to the challenge that coffee producers and exporters in Honduras are often unaware of specific quality requirements and of possible opportunities to improve and expand export opportunities.

- Honduras has excellent opportunities to expand production and exports of "zero deforestation" coffees.

- The market for specialty and commercial coffees has become much more demanding regarding the traceability of the coffee.

- Honduras and IHCAFE lack an international strategy for communication. IHCAFE recognizes the need for the development of such a strategy, which could be supported through digital tools like newsletters and webinars. Honduras should consider launching an annual coffee conference, like Sintercafé in Honduras.

- Coffee buyers of specialty coffees have shown increased interest in "climate-smart" coffee production models. San

Francisco Bay Coffee Roasters is a good example of a coffee roaster, buyer, and producer of such coffees.

- The social impact of coffee production has become an important parameter for coffee buyers and is a key element in how coffee buyers perceive a coffee origin like Honduras.

- The variety of Parainema, the flavor profile of this coffee variety, and the productivity results of this coffee type represent very interesting opportunities to promote Parainema as an iconic Honduran coffee variety.

- Innovative coffee processing styles using alternative fermentation protocols represent interesting options to upgrade the flavor profiles of washed and natural processed coffees.

- Coffee regions, as identified by IHCAFE, are not all well recognized by coffee buyers. It is worthwhile exploring how the regional promotion strategy can be strengthened.

Meeting NGO representatives Tegucigalpa, May 9, 2022

Discussion Points:

- In the coffee value chain, important links are missing between the coffee farmers, producers, intermediary traders, exporters, importers, and finally the roasters. The Honduran coffee industry is unaware of what buyers really want and of the prevailing market requirements; there is a lack of traceability in Honduran coffee exports. "Estamos trabajando a ciegas". We are working with our eyes closed.

- A high percentage of interviewed companies indicated that they currently did not purchase any Honduran coffee. The discussion focused specifically on the opportunities this can represent for the Honduran coffee industry.

- Rainforest-certified coffees differ widely in quality profile.

- About 15% of interviewed companies indicated that they would purchase more Honduran coffee if more certified coffee types would be available. Some of the participants expected this percentage to be higher.

- In Honduras, intermediary coffee buyers ("coyotes") trade at least 50% of the produced coffee volume. This traditional model of coffee purchasing defines to some degree the commercial coffee industry in Honduras. The success of quality improvements and industry innovations depends very much on the role of these intermediaries.

- A study should be conducted on the practices of these intermediary traders and the impact they (can) have on quality and on the net income of coffee producers.

- 36% of interviewed coffee buyers indicated that they would purchase more Honduran coffee if "there were more direct trade opportunities available". It is worthwhile investigating who these coffee buyers are and to what degree this can represent a market opportunity or not.

- International coffee buyers expect Honduran coffees to become more reliable (35% of interviewees). Specifically, coffee buyers have become more demanding on drying practices, and storage conditions. Some commercial buyers manage their Honduran supply chain with their own quality technicians.

- The aspect and requirement of traceability have become a more prominent parameter for larger buyers/roasters of commercial-grade coffee. Examples: McDonald's (100% RFA coffee), Costa Coffee, and Nespresso.

- Social conditions of coffee production have become much more important for coffee buyers than ever before. Coffee buyers consider aspects like the compensation of farmers (does the coffee provide a living wage?) and international labor regulations (child labor).

Meetings with coffee producers and exporters

Meeting with Honduran coffee exporters

San Pedro Sula, May 11, 2022

Meeting with coffee producers and cooperatives

Santa Rosa de Copan, May 12, 2022

Meeting with national industry representatives

San Pedro Sula, May 13, 2022

The discussions on May 11, 12, and 13 focused on the preliminary conclusions and notes that were developed prior to the visit by the consultant Willem Boot.

These 3 meetings featured very relevant discussions about international export opportunities, the USA market, other international markets, and the challenges to realize improved export sales results.

Please also review the following document/addendum "Encuesta de Mercado - Café de Honduras, Análisis de la encuesta de compradores".

During the meeting on May 13, 2022, we asked the audience specific questions about personal perspectives and about strategic options to consider for the Honduran coffee industry.

PREGUNTA 1

¿Qué café te llevarías a una isla desierta?

The answers were quite diverse. In almost all cases the participants answered that they would bring coffee types from distinct Honduran coffee origins.

PREGUNTA 2

¿Cómo califica USTED la calidad del café de Honduras?

On a scale of 1 (lowest) to 5 (highest), the audience gave Honduras an average score of about 2.5, which indicates that according to the audience the quality of Honduras coffee leaves significant room for improvement.

PREGUNTA 3

¿Cuáles son las oportunidades clave para mejorar la calidad?

1. Campaña nacional para fortalecer las prácticas de cosecha
2. Programas de capacitación postcosecha
3. Iniciativas de mejora de la calidad con comerciantes intermediarios
4. Más laboratorios de cata regionales y locales
5. Capacitar y certificar a más especialistas en procesamiento

The audience provided valuable feedback on their perceived necessary improvements. Overall, participants indicated that option 1, 3, 4 were more important.

PREGUNTA 4

¿Cómo fortalecer la imagen internacional del café de Honduras? (Seleccione 2 opciones)

1. Campaña de promoción internacional a compradores de café
2. Campaña en los principales medios de comunicación en periódicos y revistas europeos y estadounidenses.
3. Más participación en ferias comerciales en los principales mercados
4. Invitar a los compradores a participar en caravanas y tours de cata en Honduras
5. Organizar eventos locales como (Sintercafé Costa Rica)

The participants were quite diverse in their feedback and indicated their preference for options 2, 3, 4.

ANNEX 3: Honduras Coffee Market Survey

Analysis of the coffee buyers survey

Discussion Points with Honduran Organizations, Producers & Exporters

Below are the discussion topics that were addressed during these meetings.

1. A significant market penetration opportunity remains in the US:

75% of respondents to date have come from North American companies. 30% of the participants declared that they do not currently buy Honduran coffee (RE P7&9). Likewise, 38% could not name a single region of Honduras (RE Q17), and only 62% could recognize Montecillos/Marcala and 54% Copán. Other regions were recognized by less than 34%. (Q14) 43% of respondents stated that Honduras is an origin that they should consider more often. This represents a significant market opportunity in North America that may be being overlooked.

In the vendor survey, respondents convincingly express a desire to learn about the Asian market (54%) and the US market (27%). Only 15% of vendors listed North America as a market they would prioritize when exploring new sales. Suppliers may have the misperception that the US market is saturated with Honduran coffee.

1.1. Relevant questions:

1.1.1. In a strict market volume opportunity, how does the market volume for coffee exported to North America compared to current market volumes from Europe or Asia?

1.1.2. Are there advantages and efficiencies to further penetration of the North American market over seeking markets in the EU and Asia? (Language(s)? Trade law? Trade influence?)

1.1.3. How can Honduran coffee further penetrate the North American specialty coffee market and reach virgin buyers?

1.1.4. Are there sub-regions, including in North America, where there is less exposure to Honduran coffee?

1.2. Potential Development Strategies:

1.2.1. Participation in trade fairs; participation in regional fairs in North America (Coffee Fest).

1.2.2. Regional Tastings in Destination Markets.

1.2.3. Encourage new buyers to visit Honduras.

1.2.4. Industry trade media exposure.

2. Buyer motivations:

2.1. Traceable coffee and direct trade relationships are the most motivating factors for buyers: (Q15) The main motivator for buyers to buy (more) Honduran coffee is if there were more direct trade opportunities. 84% of buyers rated traceability as "Very important" for their coffee purchases (Q12). Currently, 60% of buyers buy through importers (Q4) and only 25% from producers. This confirms an unsatisfied desire in the market for more traceability and direct trade.

In the Supplier Survey 1/3 of exporters HAVE NO CONTACT with roasters, an essential component to sell coffees at premium prices. 16% HAVE NO CONTACT with importers! It is very restricted to be a coffee exporter without alliances with importers. Q13: 1/3 of the small exporters declared they had no contact with roasters.

The market clearly wants traceability and greater interaction with the origin. In some way, providers must participate in this process.

2.1.1. Relevant questions:

2.1.1.1. How do buyers prefer to establish direct business relationships?

2.1.1.2. How to facilitate direct relations in Honduras?

2.1.1.3. What information is most important in terms of traceability? (Price transparency, Producer information, Processing information, Agronomic information...)

2.1.2. Potential Development Strategies:

2.1.2.1. Guided tours with the aim of developing direct business relationships.

2.2. Quality Motivates Buyers:

(Q15) 35% of shoppers would like to have access to more alternative processed coffees (natural, honey, anaerobic). 32% would like a more reliable quality of washed coffees. (Q10) Honduran coffee was ranked second in Central America after Guatemala.

This coincides with the desire of the providers and confirms the direction found in the provider survey. Exporters clearly want to look for specialty coffees and want to improve quality. They believe there is a shortage of specialty coffees. This provides a clear direction within the industry from a quality standpoint. There is also a perception that there is an inconsistent quality challenge from farmers, rather than a quality control issue. This may imply that there is a need for further quality assurance at the benefit level. 90% of the big exporters want to increase the specialty. Providers agree that improving quality is the number one value improvement intervention.

Buyers and suppliers agree that higher quality, unique specialty coffees will generate additional sales volume and/or higher sales value.

Relevant questions:

2.2.1.1. Is there anything that Honduras can do to close the perceived quality gap versus Guatemala?

2.2.1.2. Alternative processing is an opportunity, but also a threat if executed poorly. Is there a national plan to help controlled alternative processing? How can we develop such a plan?

2.2.1.3. Production of quality coffees already exists, but is probably being "mixed" due to lack of market connections? How can we develop a quality diagnosis/discovery?

2.2.2. Potential Development Strategies:

2.2.2.1. Quality survey organized to identify and subsequently promote supplies of undiscovered premium and specialty coffees.

2.2.2.2. Develop and promote Best Practices for Controlled Alternative Processing Routes.

2.2.2.3. Organized quality survey to identify quality deficiencies and subsequently develop an awareness and correction plan at the level of coffee growers, processors, and coffee mills. The goal would be to identify and eliminate and/or segregate defects as early as possible in the supply chain.

3. New business. Development Preferences: Samples and Face-to-face Meetings in Honduras (Q18).

The #1-way (58% of buyers) buyers prefer to be introduced to new suppliers is by tasting their coffee. This reinforces that quality improvement is a fundamental variable to buy more Honduran coffee. Face-to-face meetings in Honduras were the second preference for starting new supplier relationships (42%). The premium coffee and specialty coffee business remains a traditional trade and relationship-oriented business. Sellers asked "How do we access the market?"; Buyers have clearly responded with samples and face-to-face meetings in Honduras. This is reinforced by the motivations of the buyers discussed above in point 2. Likewise, the digital content preference of the buyers (Q17) is to receive regular updates with news and information on the quality and volume of production.

These two preferences, samples, and face-to-face presentations at origin reveal a potential mismatch of suppliers understanding that they need to "know more" about the market, when in reality what the market wants is to "Know More about Honduras". Perhaps more than the specific Marketing PUSH of the companies and the country, it is necessary to design the opportunity for the "discovery" of the market.

3.1. Relevant questions:

3.1.1. How can we launch pilot programs to bring coffees from Honduras closer to buyers through well-coordinated sampling programs, virtual and personal visits?

3.1.2. Through which channel do buyers prefer to receive samples? Importer, Direct from the exporter/coffee farmer?

3.1.3. How can we develop a new country promotion program?

3.1.4. How can we significantly facilitate more face-to-face visits by coffee buyers?

3.2. Potential Development Strategies:

3.2.1. Bring Honduran coffees closer to buyers through well-coordinated sampling programs, virtual and personal visits.

3.2.1.1. Regional quality contests

3.2.1.2. Tested Sample Packs

3.2.2. Guided Tours to Honduras – Direct Trade Discovery.

4. Good value for the price perception:

40% of buyers' main motivation for buying Honduran coffee is that it is a "good value for the price" (P9). Only 10% think that the Honduran coffee is a good substitute for Colombia or Peru. (Q11) It was also said that Honduras offers the best value for money compared to Guatemala, Colombia, Peru,

Nicaragua, and El Salvador. In fact, it was rated 13% above Guatemala and 20% above Peru in value for money. 46% of buyers also state that Honduran coffee has a "competitive price" (Q14).

4.1. Relevant questions:

4.1.1. Is coffee from Honduras selling for less than its potential value?

4.1.2. What can Honduras do to increase its value to Guatemalan or Colombian values?

4.2. Potential Development Strategies:

4.2.1. Promotion of the National Industry in all fairs.

4.2.2. Quality showcase for targeted influencer buyers.

5. Climate Resilience Initiatives Interest:

(Q19) 80% of buyers are interested in supporting climate resilience initiatives. (Q13) 65% of buyers currently buy organic coffee (not necessarily from Honduras), 49% Fair Trade: 29% RFA, 27% without certificates, 23% Women's Hands, 4% 4 C.

In the Supplier Survey The identified 91% of the exporters identified Climate Change as a Present Threat for Coffee from Honduras. This was the most unified response of all the questions in the provider survey. Buyers and suppliers are aligned in the desire to act within the coffee supply chain to combat the threats of climate change.

5.1. Relevant questions:

5.1.1. How can buyers be educated and support climate-smart supply chains beyond current certified coffees?

5.1.2. Perhaps shade-grown coffees and carbon credits? (56% of suppliers said yes to carbon credits)

5.1.3. How can we build momentum towards climate-resilient low-input farms?

5.2. Potential Development Strategies:

5.2.1. Incorporate messages in national coffee promotional events and social networks.

5.2.2. Organize events promoting certified organic, RFA, or environmentally sustainable coffees.

5.2.3. Support the development of Carbon Credit mechanisms within coffee production.

6. Social Impact Motivation:

(Q8) 63% of buyers describe their green coffee purchasing approach as having a "sustainable social/human impact". 44% of buyers pay premiums for social inclusion of women and young people. 49% of buyers buy Fair Trade; 29% Female Hands, and 4% 4C (Q13).

In the supplier survey, exporters classified women and young people in 91% of a Social Inclusion theme. (Q21) There was a consistent response that exports believe they should tell the story of women and youth supply chains/in initiatives on adoption verification models. In general, large exporters tend to think that there is a sufficient supply of certified coffees and smaller exporters think that there is insufficient supply (P10). Q16 There is a consistent desire to sell more Fair-Trade Certified coffees. The exporters agreed that there is a sub-supply of "Manos de Mujer" coffee.

Relevant questions:

6.1.1. How can the Honduran industry strengthen and grow its Fair-Trade supply chains?

6.2. Potential Development Strategies:

6.2.1. Organize events and activities to promote Fair Trade or Socially Sustainable certified coffee.

6.2.2. Assist women coffee producers in the development of their production and promotion.

ANNEX 4: interviews with coffee buyers

INTERVIEWS WITH ASIAN SPECIALTY COFFEE BUYERS

Sherry Lin, founder of OnTheUp Coffee Importers, Taipeh, Taiwan
https://www.ontheup.com.tw
OnTheUp is a leading specialty coffee importer into Asia and distributes specialty coffee in Taiwan and in other Asian coffee origins.

I don't really know much about Honduras. We need information about the producers and farms in Honduras. The market in Taiwan is more focused on Panama, Costa Rica, Guatemala. Honduras is a bit of a mystery to me. In the history of our importing company, we haven't been focusing on Honduras. Partially because we haven't been educated about the country.

Jin Guo, Gee Coffee Roasters, Shenzhen, China
IG: @geecoffeeroasters
Gee Coffee Roasters is a chain of luxury specialty coffee cafés and retail stores in the city of Shenzhen in China. The company currently has 8 cafés & retail stores and is expanding rapidly.

I think that Honduras has a big potential for the specialty coffee market. I've visited Honduras once for the Cup of Excellence. It's a beautiful country and the coffee producers respect the environment. The coffees have beautiful flavor profiles. The traditional varieties in

Honduras are excellent. Honduras is one of the coffee-producing countries I know with the highest potential. The flavor profiles of Honduras taste fruitier compared to coffee origins like Guatemala and Nicaragua. It is not very easy to find suppliers of Honduras coffee. One of my suppliers I found through the Cup of Excellence auction. Honduras coffee is not easy to market and promote because many clients haven't heard about Honduras as a coffee-producing origin. This also represents an opportunity to Chinese clients because they don't have preset ideas about Honduras.

Penny Lin, founder of HWC Coffee, Taiwan & Malaysia
https://en.hwcroasters.com
HWC Coffee Roasters is a franchise chain of specialty coffee cafés with more than 70 cafés and retail stores throughout Taiwan and in Malaysia.

Honduras coffee is nice coffee, but I haven't used or roasted Honduras coffee before. It is difficult to find Honduras coffee. I visited Honduras about 6 years ago and at that moment I didn't find good quality coffees. I have heard that the processing styles in Honduras improved significantly. Personally, I'm very interested in washed coffee because of the pure flavors. My customers like honey-processed and anaerobic processed coffees. I'm also very interested in coffees produced by women. To consider buying coffee from Honduras, it is important that Honduras makes more promotion for its coffees.

Shih-Pan (James) Chuang, founder of Pebble Coffee Importers, Taiwan
IG: @pebblecoffee
Pebble Coffee is a leading specialty coffee importer and distributor of green coffee beans from countries around the world. Some of Pebble's prominent origins are countries like Ethiopia, Panama, Costa Rica, and Peru.

Honduras coffee tastes in general very balanced and sweet, like a conventional classic Central American coffee. We've started offering coffees from Honduras during the past years: Parainema, Caturra, honey, and natural processed coffees. I do see that Honduran coffees seem to enjoy more popularity in the USA and in Australia, not so much in Asia. The reason why Honduras coffees are not as popular as coffees from Guatemala and El Salvador is because it seems that the Honduras industry is less organized. Right now, we work with one exporter only. From a quality perspective, I don't see any problems compared to other origins. Honduras must do much more marketing work. Panama, Guatemala, and Nicaragua are much better organized from a marketing perspective.

Weihong Zhang, Blendin Coffee Roasters, Houston, TX, US
https://blendincoffeeclub.com/contact/
Blendin Coffee Roasters is a specialty coffee roastery, café and training campus located near Houston, TX, USA.

I perceive Honduras coffee as a clean washed mild coffee with general cupping scores of 82 to 84 points. Most importers in the USA don't take the effort to carry Honduras coffee options that score higher than 84 points. For us, establishing direct relationships is key to consider a coffee origin. In Guatemala and Nicaragua, we have such relationships. It is challenging to connect with Honduran coffee farmers; they seem to be engaged much less through social media.

Jason Kew, Kew Specialty Coffee Traders (doing business in Australia, China and Malaysia)
IG: @jasonkew
Jason Kew is a specialty coffee importer focusing on the emerging market for specialty coffees in fast growing coffee markets like China, Malaysia, and South Korea. His preferred origins are countries like Ethiopia, Panama, Costa Rica, and El Salvador. He has been a prominent buyer at coffee auctions organized by the Specialty Coffee Association of Panama.


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Los Terrones, El Paraíso
25 y 26 de marzo, 2021

Honduras coffee has developed an image in China for the barrel aged coffee. We have never sold coffee from Honduras before. I have discovered the flavor profiles from Honduras to feature notes of chocolate with a full body, balanced sweetness, and a pleasant level of fruitiness. We have relationships with coffee producers in El Salvador, Nicaragua and especially in Costa Rica. It is extremely challenging to import Honduran coffee into China.

INTERVIEW WITH PROMINENT MIDDLE EASTERN SPECIALTY COFFEE BUYER

Ibrahim Almallouhi, founder of The Espresso Lab, Dubai
https://theespressolab.com
The Espresso Lab is one of the leading specialty coffee roasters and cafés in Dubai and is recognized throughout the Middle Eastern region as a coffee quality pioneer.

Personally, I'm a big fan of Honduras coffee. It has a lot of potential. One of the best coffees we sell at The Espresso Lab is from Honduras. When we discuss Central American coffees with our clients, then they indicate that they like Honduras coffee. One of the challenges we face; it is quite difficult to find good coffees from Honduras. We often must dig deep, and we must hunt for these good Honduran coffees. When it comes to flavor notes, very classical tropical fruit, stone fruit, and classic acidity.

A coffee that gives a high score in different preparation styles. It's a fast-moving coffee. Pricewise very affordable compared to coffees from Guatemala and Nicaragua. One of my challenges with Honduras is the security. Another challenge is communication; it is difficult to connect with coffee producers. There was a farmer we were working with but the communication with this farmer was extremely challenging.

INTERVIEWS WITH EXPERIENCED COMMERCIAL COFFEE BUYERS

Felipe Isaza, Coffee Resources Inc., Miami, FL

http://www.coffee-resources.com

Coffee Resources is a trading company specialized in commercial and specialty coffees from countries throughout Latin America, specifically Colombia.

Felipe has worked for 40 years in the coffee industry as a coffee trader.

I have dealt with commercial and specialty coffee producers from Honduras. We have purchased washed, natural and honey process coffees. In my experience, commercial grade, volume produced coffee from Honduras is some of the cheapest available washed mild or Central coffee in the market which makes it very attractive for larger roasters as a suitable blender. In that perspective, you must be very careful with the level of defects. Overall, it's a consistent and reliable source for blends. Until a couple of years ago it was sold at a discount. With the recent increase in differential pricing of Central Milds, the category of washed Brazil has become more competitive in pricing than Honduras coffee. Overall, Guatemala and to some degree Nicaragua, has a superior cupping profile with a better acidity and more body than Honduras.

Honduras is so successful as a blender because of its neutral flavor profile. It's difficult to find Honduran commercial coffees with good acidity unless you purchase the coffee from a single farm or from an exporter who selects the coffee by region from specific elevations. These extra requirements will increase the differential price of the coffee. In the commercial coffee trade (of Honduras and similar origins) there is hardly any reference to the cup profile, only to the maximum allowed level of defects. For generic, commercial coffee, I prefer to deal with private exporters from Honduras, but we always must be careful because of the potentially high defect levels.

Miguel Salazar, Agora Coffee Merchants, Red Bank, NJ

https://agoracoffeemerchants.com

Agora Coffee Merchants is a trading company focusing on commercial and specialty coffees from Brazil, Colombia, Honduras, Ethiopia, Mexico, and a few other origins.

Miguel has worked for more than 20 years in the coffee industry. Before founding Agora Coffee, Miguel worked with Rothfos, Sucafina and the Colombian Coffee Federation in different executive-level sales capacities.

During the past 10 years Honduras has been successful in improving their coffee industry and the perception that buyers have of Honduras as a coffee producing origin. Honduras still offers a quality range from SHG to stock lots that feature 1,000 defects. The country has been able to standardize the qualities they offer. In comparison to Colombia, Honduras has done a better job to standardize the quality of commercial lots. For example, in the case of Colombia the industry uses different standards for defects internally versus externally. This can become very confusing. In the case of Honduras, the industry has adopted consistent quality standards for commercial coffee internally and with international buyers.

Honduran exporters do a good job specifying the number of defects (for example in a sample of 300 grams) and as a trader you know what to expect. For example, in Guatemala, the standards are not nearly as clearly defined. The quality consistency (in the cup) of Honduras coffee has improved as well over the past 10 years. This is also related with the fact that the country has made investments in the infrastructure to dry the coffee. In the commercial world, Honduras is now regarded as a reliable and consistent coffee source. When buyers are looking for cheaper coffee options, then Brazil is one of the main competitors for Honduras HG (High Grown), specifically the category of semi-washed Brazil.

Multinational coffee trading company #1 with major presence in Honduras (name withheld on request of interviewee)

"There are 3 types of clients/buyers of Honduras coffees.

First: large volume buyers. In this segment, we specifically have large clients/buyers like JDE, Nestlé, Lavazza, and Folgers that are responsible for a major percentage of the coffee purchases in Honduras for their blends. These companies purchase Honduras coffee for the quality and intensity of the body, which is specifically important for espresso blends. On top of that, these companies purchase Honduras coffees for the relatively larger screen size. These high-volume buyers are also sensitive to the pricing of the coffee. Exporters and traders in this segment are companies like Cohonducafé, Neumann, Volcafé, Dreyfus, OFI.

Second: the middle-sized buyers who are located in either Europe or the USA. These buyers look for some added value in their buying practices. They look for specific qualities and for certified coffees. The roasters that purchase Honduran coffees for this purpose pay on average US$ 0.03 to US$ 0.04 more than the large buyers of the first segment.

The companies in both segments also look for an efficient purchasing process, including an efficient supply chain into the ports of the countries where these buyers are located. In the case of US clients, these companies can receive the coffee within seven days in their warehouses.

Honduras has succeeded to position itself as an efficient supplier with good customer service.

Third: the segment of specialty buyers who are supplied by Honduran exporters like Beneficio Santa Rosa, Comsa, Coffee Planet, San Vicente. These exporters have been able to develop direct relationships for the supply of specialty-grade coffee lots. In my opinion, the potential production and trading volume in this third segment hasn't been fully developed yet by these Honduran coffee exporters.

Compared to coffee producers like Colombia, Honduras is in general a cheaper supplier for Arabica coffees.

During the past ten years, the quality of Honduras coffee has improved significantly. Defects like over-fermented and moldy are much rarer nowadays versus ten years ago. The drying processes and protocols have significantly improved, which has benefited coffee quality tremendously."

Multinational coffee trading company #2 with major presence in Honduras and with trading

Offices around the world, specifically in the USA and Europe.

"We are a German-owned coffee trading company with trading offices in major markets like Germany and in the USA. We own the second largest Honduran commercial quality coffee exporting company. We also own specialty importing companies in the USA and Europe.

The investments and training programs facilitated by IHCAFE have had a major positive impact on the quality of Honduran commercial coffees. Previously, Honduran coffee producers would sell on average 60% wet parchment and 40% dry parchment. Nowadays, the balance has shifted towards 80% dry parchment and 20% wet parchment being traded between producers and intermediary buyers/millers. That represents a great improvement. The number of middlemen has shrunk, there's more focus on quality inspection, there are more trusted middlemen, and our company focuses on more direct connections and relationships with producers. Our export company in Honduras is also preparing the installation of a wet mill in Honduras. On the negative side, there are ongoing quality challenges because of the blending of coffee lots and because of the power of the middlemen in the Honduran coffee supply chain. They control the logistics and the financing of the coffee being produced.

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품질이 곧 시장점유 전략입니다.
Quality
Quality as a market strategy
COPAN
EL PARAISO
NATIONAL GEOGRAPHIC

More recently, the lack of available labor has become a major challenge. Financial remittances from the USA negatively impact the motivation of workers and disincentivize people to seek employment in the coffee sector.

The volume of coffee production might have grown too fast in Honduras to maintain quality consistently. The humid climate conditions for coffee storage in a city like San Pedro Sula are detrimental to coffee quality.

The success story of coffee in Honduras is partially driven by the fact that Honduras coffee can be an excellent replacement for the category of Colombian UGQ coffees, especially the coffees that are dried on patios or on drying beds. Additionally, Honduras coffees can feature the acidity and sweetness also found in origins like Peru, Nicaragua, Guatemala, or Brazil.

On the other side, Honduras is still a cheap origin for coffees that are roasted for commercial blends. As a result, Honduras coffees have also become popular for the internal consumption of coffee-producing countries like Colombia and Mexico.

Certified Honduran coffees are positioned in terms of pricing quite well versus Peruvian-certified coffees. The European ban on the import of coffees with glyphosate (herbicide) residues can currently be considered a challenge for the Honduran industry."

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