Discussing chocolate market trends

KEYWORDS: market size, growth, consumption, flavours, “bean to bar”, packaging

Abstract This paper discusses the global chocolate confectionery market, including market size (both in terms volume and value), value growth, consumption per capita and consumption growth. It briefly covers the key issues the sector is facing, such as rising cocoa prices and increases in obesity, and marketing claims. The main focus of the paper is on global trends, including “better cocoa” and “better-for-you chocolate”, innovative ingredients, production methods, and packaging. The paper concludes with some ideas about what the future holds for the chocolate confectionery sector.

MARKET SIZE

Value
According to data from MarketsandMarkets, global chocolate market will be worth USD98.3 billion by 2016 (1). Mintel’s Global Market Navigator (GMN) data (2) indicates that the USA is the market leader in chocolate confectionery, with a market worth USD20.08bn in 2013 (Figure 1). This is followed by Russia, which is worth USD9.98bn; Germany, France and the UK, which have markets valued between USD6-7bn per country; and Brazil and China at just over USD4bn each. The Italian market is estimated to be worth USD2bn; and even some of the smaller markets, such as Mexico, India and Spain, were each valued at over USD1bn in 2013.

Volume
According to Mintel’s GMN, the USA leads the way in terms of volume too, with 1.7m tonnes of chocolate produced in 2013. Russian production is estimated at 0.95m tonnes, whilst Germany produced 682,000 tonnes (Figure 2).

Value growth
Table 1 below shows actual value growth of the global chocolate market for 2012 and 2013, as well as estimated value growth for 2014-2016; the green shaded fields depict strong growth, whilst the red shaded fields show weak growth or decline. The percentages are calculated by Leatherhead from actual figures listed by Mintel’s GMN. India has shown the strongest growth in recent years (between 22 percent and 23 percent per year) and this trend is set to continue for the next several years. Other markets showing a strong, double-digit growth are Brazil and China; Mexico, Russia and Spain have also shown notable growth, particularly in 2012 but have slowed down a little since then.

At the other end of the scale, some European markets have shown slow growth or decline, in particular Italy in 2013 with
a negative growth of -2.2 percent. The UK and USA growth is slow but steady at 2-3 percent per year.

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Table 1. Percentage of Annual Value Growth for Selected Countries.

Growth per capita
According to Mintel’s GMN, global average consumption of chocolate per capita is estimated at 3.41kg for 2014. This figure is up from 3.31kg in 2012 and 3.33kg in 2013. The top three countries in terms of consumption are Switzerland, Germany and Austria, with 9.29kg, 8.44kg and 7.71kg per capita per year, respectively. At the other end of the scale, countries with the lowest consumption per capita are Vietnam, India and Thailand with an average consumption of 40-120g of chocolate in 2014.

The strongest consumption growth has been recorded for countries such as Indonesia, India and China – between 7-10 percent – whilst some European countries have experienced a decline in consumption, most notably Italy (-2.58 percent), Germany (-1.87 percent) and the UK (-1.82 percent).

Key issues
There are two particular key issues affecting the chocolate industry:
- Increasing obesity levels – particularly amongst North American and Western European consumers and especially the younger population. This has therefore prompted health considerations of chocolate confectionery, which is by definition high in fat and sugar.
- Rising cocoa prices – as a result of this, there is a requirement for some creative solutions in manufacturing processes such as aerated chocolates, inclusion of fruits, nuts and other ‘fillers’, as well as clever pricing strategies such as raising the prices, while reducing the size of chocolate bars.

GLOBAL NEW PRODUCT LAUNCHES

New product launches
According to Mintel’s Global New Product Database (GNPD), the number of new launches within the chocolate confectionery category has been estimated at around 10,000 new products per year for the past couple of years. For comparison, in 2005 there were just 5,412 new product launches (NPLs) recorded in the database [3].

Marketing claims
One way of looking at the trends within the new products launched on the market is to analyse the claims manufacturers are making on the packaging and in their advertising of products.

The most popular claims by far on chocolate confectionery products launched in 2014 were “Seasonal”, for example Christmas, Easter, Valentine’s Day, Mothers’ Day related. This is perhaps not surprising, as many existing chocolate recipes can be re-shaped, re-moulded and re-packaged to suit a particular occasion without too much innovation or resources needed. Other claims featuring quite strongly are those relating to the packaging, including environmentally friendly and convenient (recyclable, re-sealable etc.) packaging. “Premium” and “Limited Edition” claims have also increased in recent years, with many everyday brands developing a premium line of chocolates, usually in smaller packs and with premium quality or unusual ingredients. This segment of the market will be discussed in more detail later in the article. Claims relating to dietary or religious requirements have also increased in presence. Many chocolates are bearing “Suitable for” “Kosher,” “Halal,” “Vegetarian,” “Vegan” and other claims. As part of the overall trend for healthier, ‘better for you’ products, chocolate manufacturers are also looking into making their products with no additives or preservatives, removing allergens and lowering fat and sugar contents; as a result, there is an increase in on-pack claims relating to these issues.

“Organic” and “All Natural” claims are still present on chocolate confectionery products but looking at GNPD data, there are some indications that these peaked several years ago and are now somewhat less prominent.

TRENDS

Focus on ‘better cocoa’ and ‘better for you chocolate’
Notable trends in chocolate confectionery in recent years have been those relating to ‘better cocoa’ and ‘better for you chocolate’. Within that, cocoa’s country of origin is being highlighted and we have seen the emergence of single-origin bars. Production of chocolate marketed as ‘raw’ has also increased, although legislation on what this term means and what criteria has to be satisfied in order to class a certain chocolate as ‘raw’ is yet to follow. Dark chocolate has been seen as a healthier option for a while and, with that, we can see an ever higher percentage of cocoa in chocolate, to the point that there are now some 100 percent cocoa bars, such as Italian Venchi’s “Biologico 100 percent Cacao”.

‘Added goodness’ is another trend worth mentioning; we are witnessing an explosion of chocolates including super fruits, seeds, vitamins, calcium, friendly bacteria and so on. With increasingly publicised negative effects of sugar-rich diets, it comes as no surprise that many manufacturers are now turning to sugar replacements in their chocolate confectionery formulation. These include sweeteners such as stevia, agave syrup and blossom nectar.

‘Hot’ fruits, nuts and spices
It seems that chocolate manufacturers, especially smaller, independent chocolate makers, aim to take their consumers on a journey, taking their taste buds on an adventure with every square of chocolate they taste. Several African chocolate makers, such as Madécasse and Menakao, have included a combination of tangy combava fruit (type of citrus) with spicy pink peppercorns into their chocolate creations.
Recently, there has been an emergence of Inca berries (also known as physalis or golden berries) in chocolate. For example, they have been used in British Pascha Chocolate products that are allergen free, nut-free and soy-free, as well as Lovechock (a Dutch-based raw chocolate manufacturer).

The Eden Project from Cornwall (UK) has created a range of chocolate bars using baobab combined with either mint, vanilla, watermelon, mango or lemon. Chilli has been paired with chocolate for a while now. However, manufacturers are taking this trend further by using specific sorts of chilli, for example Antton Chocolatier’s dark chocolates with espelette chilli pepper from Basque Country in Spain. Spanish chocolate makers Blanxart have launched 60 percent dark chocolate with pieces of olives, appearing to give a nod to their Mediterranean background. Similarly, Italian Amedei’s Toscano Blond Chocolate Bar features extra bitter chocolate with espelette chilli pepper from the island of Madagascar. The company markets itself as "to give the product rich flavour".

Vosges, an American company famous for pioneering bacon chocolate, expanded its range in 2014 with Mo’s Cinnamon Sugar Bacon Bar. The chocolate is made with sulphite-free hickory bacon, Ceylon cinnamon sugar and 62 percent dark chocolate.

The Mushroom Garden from the UK, not originally a chocolate manufacturer, has combined its umami seasoning (containing seaweed, salt and dried shiitake mushrooms) with dark chocolate to create umami chocolate mushrooms. Spanish Hifas Da Terra is combining various dried and caramelised mushrooms with 56 percent or 73 percent cocoa chocolates and sweetening them with agave nectar.

Spanish Cacao Sampaka made individual chocolates with parmesan, while Lillie Belle Farms from Southern Oregon (USA) launched chocolate bars with blue cheese.

**Bean to bar**

While some major manufacturers have been ‘bean to bar’ for decades (4), without explicitly marketing this, some new independents are picking up this trend and taking it further.

London-based master chocolatier Paul A Young has made Europe’s first whole-bean chocolate bars, grinding shells as well as the beans. The two whole bean chocolate bars (73 percent and 64 percent) use a blend of Criollo, Trinitario and Foresteri beans from Menakao in Madagascar. Madécasse, mentioned above for use of innovative flavours, produces a range of chocolate bars and vanilla products, all of which are grown, made and packaged on the island of Madagascar. The company markets itself as being “bean to bar made in Africa”.

Lillie Belle Farms says that its bars are “50 percent Bean to Bar”. The brand is also interesting in that it attempts to pair their chocolates with drinks, for example Stella Blue, a dark milk chocolate made with the Rogue Creamery’s Powdered Blue Heaven Cheese, is marketed as a perfect accompaniment to a good wine.

British Forever Cacao makes “Stone-Ground, Single Origin, Handmade Raw Chocolate”. The bars are minimally processed at low temperatures and handmade using only three ingredients: organic raw Criollo cacao liquor, organic coconut sugar, and organic cacao butter, unless a flavour is added.

**Seasonal tastes**

Swiss-based Lindt has popularised an old French sweet to create a chocolate with chestnut cream, playing on a typical autumnal treat of roasted chestnuts. Belgian Laurent Gerbaud has launched Esprit de Noël, a 75 percent dark chocolate, combined with a blend of gingerbread, cinnamon, cardamom, and orange “for a taste that will evoke Christmas memories during any season”.

**Vegetables, mushrooms, bacon, cheese**

Over the last several years it seems that we have seen an inclusion of more and more unusual, previously unimaginable, ingredients in chocolates. Anecdotal evidence shows that chocolate manufacturers from the Far East used to lead the way in quirky flavour innovation (Edamame Soybean Kit Kat was launched in Japan), but
Milk
When talking about the milk content of chocolate, it used to be almost a given that this would refer to cow’s milk (powder). However, things are starting to change and chocolate including goat, sheep, camel, buffalo and dairy replacement milks are appearing on the market. Perhaps the primary reasons for this are that it is: a) addressing growing allergies and intolerances and b) exploring taste experimentation.
Aside from being ‘bean to bar’ and using single origin cocoa, Austrian Zotter’s Labooko brand is also on trend, using goat and sheep milk in some of its bars. British company Artisan du Chocolat is sourcing buffalo milk from Laverstoke Park Farm in Hampshire and claims that “any fan of buffalo mozzarella will love this bar”.
In addition, UK-based, Billy Goat Stuff use goat’s milk and a rice-based emulsifier as an alternative to the soya in its Billy Goat Stuff goats’ Milk Chocolate. The brand says that its target market is consumers with cow milk and soya intolerances or allergies.
Al Nassma from the United Arab Emirates (UAE) make its chocolate with camel milk. For one bar of chocolate, the company uses about one glass (150ml) of fresh and pasteurised camel milk. Camel milk is said to have five times more vitamin C than cow’s milk, as well as being rich in minerals and antimicrobials.

Packaging
Having discussed trends in terms of flavours, cocoa and milk, it seems logical to round up this trends paper with packaging. Packaging appears to be becoming an integral part of the chocolate consumption experience. In times when supermarket shelf space is at a premium and with ever increasing competition, it seems that every possible avenue to gain an edge over competitors is worth exploring. It is no surprise then that the packaging is becoming increasingly intricate, often ‘arty’ (see figure 3 for the examples discussed below).

Cocoa Hernando Discovers Syria is a chocolate bar that celebrates “the country & flavours of Syria” with its 70 percent Dark Chocolate with Damascan Rose, wrapped up in packaging depicting dancing dervishes. Other travel-inspired bars include Himalaya (pink salt) and Morocco (mint), amongst others, each with suitably picturesque packaging.

British Sweet Theatre’s flavours might not be all that revolutionary (for example honeycomb, mint and rose), its Shakespeare’s Leading Ladies packaging is certainly a work of art in itself.

Bombay Mix bars by Duke of Delhi (British born chocolate maker of Indian origin) are a great example of how packaging can tell a story and set consumers’ expectations before they even taste the bar; the packages have subtle India-inspired images and bright background reminiscent of Indian saris.

Icelandic Omnom’s packaging shows illustrated characters, both real and mythical, which were inspired by living and travelling in Iceland. Furthermore, once opened, the inside is painted like an iceberg’s tip, a further nod to the chocolate’s Icelandic background.

British Hotel Chocolat has created some striking Easter eggs and wrapped them up in equally striking packaging.

What does the future hold for the chocolate confectionery?
Market monitors, such as Mintel’s GMN, indicate that the moderate growth of recent years is set to continue. Leatherhead Food Research believes that the global demand for premium chocolate, together with continuous innovation, will help strengthen the growth, despite health concerns over chocolate confectionery consumption. Considering consumption growth, China, India, and Brazil appear to show the greatest potential for market expansion.

With greater demand for ‘healthier’ chocolates, some innovation will centre on shorter labels, less ingredients and overall ‘cleaner’ chocolate. Furthermore, we will potentially see more ‘raw’ chocolate on the market and more ‘bean to bar’ chocolate makers. With that in mind, more detailed regulations around these new terms are set to follow.
In terms of flavours, it appears as if some current market favourites are here to stay, whilst some smaller, niche chocolate makers will continue to innovate around flavours; thereby, introducing to the market more savoury and overall ‘experiential chocolates’. Packaging will need to be practical, recyclable, portionable, but will also become a marketing tool in itself, with more unusual, ‘arty’ images. Finally, social media will continue to play a part; its instant feedback feature is invaluable to the manufacturer and it might become even more useful perhaps even at the concept approval stage.

REFERENCES AND NOTES
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