

Which trends offer opportunities or pose threats on the European cocoa market?

The popularity of specialty chocolate is growing in Europe. Demand for high-quality fine flavour cocoa and single-origin and single-estate chocolates is getting stronger.

Multinationals increasingly find ways to grow their influence in this specialty market. At the same time, sustainability is becoming more important in the European chocolate market, affecting both specialty and bulk cocoa. As such, sustainability programmes have become commonplace among cocoa trading companies. European consumers want to know more about the context of cocoa production and the impact of their purchases.

Due to the impact of the COVID-19 pandemic on the cocoa and chocolate markets, some of these trends may have changed in the short to medium-term, as highlighted in our article [The bittersweet impact of COVID-19 on the cocoa and chocolate market](#). While this study addresses some of these changes, it mainly focuses on long-term trends and prospects.

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1. A growing focus on origin of cocoa and chocolate

The market for specialty cocoa is growing in Europe, as highlighted in our [study on statistics and outlook in the European cocoa market](#). As customers seek higher-quality chocolate products, they are also increasingly interested in their origins. Single-origin chocolate is becoming [more popular, attracting strong sales and high product satisfaction among consumers](#).

Bean-to-bar products are known for their single-origin products. Examples of bean-to-bar brands offering single-origin bars include [Utopick](#) (Spain), [Willie's Cacao](#) (United Kingdom), [Original Beans](#) (the Netherlands) and [Domori](#) (Italy).

Also, retailers have started to offer a wide variety of single-origin chocolates. Examples include the Dutch Albert Heijn's private label brand [Delicata](#), which offers chocolates from Uganda, Peru, Costa Rica and Tanzania, and the French [E-Leclerc's L'origine du goût](#) chocolate collection, made from Nicaraguan single-origin cocoa.

The growing importance of origin and quality is also seen in cocoa competitions, such as the International Cocoa Awards (ICA) of the [Cocoa of Excellence \(CoEx\)](#) Programme and the [Origin Chocolate Event](#), which reward flavour, quality and diversity of different origins.

This trend is expected to continue growing in the long term, as European consumers have been increasingly looking for premium products, paying attention to the origin of the chocolate product, the agro-climatic features of production areas, and the story of producers and their communities. However, the [specialty cocoa and chocolate markets suffered the most immediate effects of the COVID-19 pandemic](#), since speciality shops,

restaurants and other service channels using high-quality chocolate remained closed during lockdowns. With the re-opening of these establishments in Europe, and the normalisation of market demand, this segment is expected to recover gradually.

Tips:

Know and maintain the genetics of your cocoa trees, which distinguish your unique flavour profile. Link up with existing research projects in your region related to cocoa germplasm mapping and biodiversity conservation, such as [the International Centre for Tropical Agriculture \(CIAT\)](#) in Colombia.

Investigate whether you qualify for industry awards, such as the International Cocoa Awards of the [Cocoa of Excellence](#). This can be an interesting way to profile yourself in the European market for fine flavour cocoa.

Explore the possibility of adding value to your product by designating the origins of different types of cocoa that are specific to your area or to your farm (single-estate cocoa). This will make your product more attractive for specialised buyers. In addition, explore the possibility of obtaining legally protected geographical indications for these varieties. This can be an important element in your storytelling.

2. Storytelling increasingly important on the cocoa and chocolate market

Storytelling has been listed as a [top trend in the food market for 2020](#). Consumers want to know the story behind a product. This is also linked to the growing importance of origin of cocoa, which should be supported with stories and traceability. In general, a good story helps you to market your product to cocoa traders. Cocoa importers and chocolate makers will in turn use your stories in their own communication with their consumers. By telling an appealing story, they are able to connect consumers to the cocoa's origin and the producers, adding value to the final chocolate product.

Make sure to share your stories for a larger audience, for instance through social media and/or your website. The information presented on your website must be accurate, up to date, clear and appealing. When talking about your mission and the history of the farm or cooperative, give the story a face, by providing good-quality photos of the plantations, the farmers and their families.

Examples of exporting companies sharing appealing stories about their company and history include [Xoco Gourmet](#) (Honduras), [Rizek Cacao](#) (Dominican Republic) and [Ingemann](#) (Nicaragua).

Tips:

Develop and express your unique selling points as a supplier of cocoa beans. Think about factors which set you apart from your competitors and create your marketing story around these factors. For example, they can be related to the origin of your cocoa beans, the agro-climatic characteristics of the producing region, the culture of the producing communities, the unique quality of your product, your post-harvest techniques or a combination of these aspects.

Never make claims that you cannot support, for instance on the quality or production volumes of your cocoa.

Have a look at the website of trader [Uncommon Cacao](#), and see how they tell the story about the cocoa producers they buy from.

3. Demand for bean-to-bar chocolate on the rise

The focus on origin has also spurred a [steep increase in the number of European bean-to-bar makers in recent years](#). Bean to bar means that the maker controls every step of the production process, from buying the cocoa beans to the creation of the chocolate bar. There are many examples of European companies making bean-to-bar and single-origin chocolate products, often using fine flavour cocoa beans. You can find them on this [list of bean-to-bar producers worldwide](#).

For cocoa producers, the bean-to-bar concept involves different methods of production, packaging and direct shipping or sales to high-end outlets. Bean-to-bar enables a small number of producers to add significant amounts of value to their cocoa production. This value addition for cocoa producers is mainly done through quality branding and packaging, and by offering superior cocoa qualities.

These high-quality products are mainly sold through specialised channels, such as the web shops [Chocoladeverkopers](#) (the Netherlands) and [Cocoa Runners](#) (the United Kingdom) or the web shops of bean-to-bar makers themselves. Specialised retail shops such as organic supermarkets also have some bean-to-bar products in their assortment, such as [Ekoplaza](#) (the Netherlands). Since 2018, there has also been an increased [effort to promote bean-to-bar products \(under private label\) in mainstream retail channels](#). If this trend is picked up widely by retailers, it will definitely further drive up the demand for bean-to-bar chocolates in Europe.

Tips:

Check out this article describing [some of the best chocolate shops in Europe](#) to learn more about the European high-end chocolate market.

Read this [blog entry about the global market and the state of bean-to-bar chocolate makers](#) by the Fine Cacao and Chocolate Institute.

Discuss with your buyer about the possibility of developing limited and special editions for top-quality cocoa that is produced in small quantities or micro lots. Make sure to understand the buyer's expectations and requirements regarding what kind of samples they require, including quantities, packaging, labelling and accompanying documentation.

4. Direct trade is shortening the cocoa chain

There is a growing number of direct trade relationships in the specialty cocoa market. These relationships are between producers and small and medium-sized chocolate makers. The idea of direct trade is that it maintains long-term, honest and strong relationships between cocoa producers or producer cooperatives and chocolate makers. This requires good trust, commitment and clear communication. Eventually, these relationships can lead to optimisation of quality, transfer of know-how and better price prospects for you as a farmer or exporter.

However, connecting directly to producers is not always feasible for chocolate makers. Dealing with logistics, contracts, customs documentation, and cases of non-compliance can be very complicated for smaller buyers. As such, there is a growing trend of European importers trying to create better connections between chocolate makers and producers, and still act as service providers in the value chain. Examples of such traders are [Silva](#) (Belgium), [Uncommon Cacao](#) (United States, with a warehouse in the Netherlands), [Gaia Cacao](#) (the Netherlands) and [Cocoanect](#) (the Netherlands), which connect producers and chocolate makers. Examples of producers and cooperatives supplying buyers directly are [Kokoa Kamili](#) (Tanzania), [El Ceibo](#) (Bolivia) and [Grupo Conacado](#) (the Dominican Republic).

It is important to note that more direct trading allows producers to also supply tailored, semi-finished cocoa products to chocolate makers. This subject is covered in our study [about the European market for semi-finished cocoa products](#).

Tips:

Find buyers who match your business ethics and export capacities (in terms of quality, volume, certifications). In your target market, check out the websites of big and small chocolate makers, importers and cocoa processors. Their company websites will provide some initial information on where they buy their cocoa and what kind of cocoa they use. For instance, see the website of the Dutch trading company [Cocoanect](#) to read more about their cocoa suppliers' profiles.

Read our study on [finding buyers on the European cocoa market](#) for more tips on finding the right buyer.

See [our study on doing business with European buyers of cocoa](#) for tips on how to establish long-term relationships with your buyer.

5. Health and wellness increasingly influence chocolate consumers

Demand for high-quality cocoa is stimulated by a growing consumer interest in healthy living. European consumers are increasingly concerned about the impact of food on their health and wellness. The COVID-19 crisis has made [consumers even more quality and health conscious](#), driving up the demand for healthy and organic foods. It is expected that this increasing demand will continue after the crisis is over.

Cocoa contains flavonoids, which are associated with health benefits such as lower blood pressure, improved blood vessel health and improvement in cholesterol levels. Health benefits are highest for dark chocolate due to its higher percentage of cocoa. Good quality cocoa means that less sugar is needed.

This focus on dark chocolate due to its high flavonoid content is not new. However, chocolate brands are currently adding extra flavonoids to their bars to optimise their health qualities. One example is [the development of FlavaBars by Barry Callebaut and FlavaNaturals](#). [Consumption of cocoa nibs is also growing](#), which can also be attributed to its associated health benefits.

The chocolate industry is increasingly adding natural ingredients to their chocolate products. Real fruit, vegetables or nuts are added to cocoa products as these are perceived as healthy by the consumer. For instance, the [product line Brut of Côte d'Or](#) consists of chocolate bars containing orange, cranberries, almonds and pecan nuts. There is also a growing demand for sugar-free chocolate bars, or chocolates with alternative sweeteners like stevia and coconut sugar. Chocolate makers [Stella Bernrain](#) (Switzerland) and [KlingeLe Chokolade](#) (Belgium) are examples of chocolate makers offering chocolate products without added sugar.

Vegan chocolates are also growing in popularity, because of dairy allergies, lactose intolerance or consumers who are opting to live a vegan lifestyle. [Barry Callebaut, for example, expanded their dairy-free chocolate product portfolio in May 2018](#). There is also an increasing demand for protein-fortified chocolates.

Tips:

Improve the quality of your cocoa beans to cater for the specialty segment. Refer to industry guidelines such as the [Cocoa Beans: A Guide to Chocolate & Cocoa Industry Quality Requirements](#) to learn more about the factors determining the quality of cocoa beans and how to address them.

Reaching high-quality cocoa beans requires harvesting the right beans at the right time, dedicated fermenting and drying, good storage and appropriate transportation.

To learn more about why chocolate is perceived as a healthy food, read [this article by Vox](#).

6. EU regulation on cadmium in effect

The European Union has strengthened its regulation on cadmium in chocolate and derived products. Intake of high levels of cadmium is primarily toxic to the kidney. [The new cadmium regulation became effective as of January 2019](#). Cadmium is found naturally in the soil, but pesticides and chemical fertilisers containing cadmium are also sources of contamination. The maximum permitted levels of cadmium relate to finished chocolate products, but controls of cocoa beans have become important as well.

The presence of cadmium is a particular problem for cocoa from some Latin American countries, which suffer from high soil contamination from volcanic activity, forest fires and other factors. European chocolate makers test cocoa from Latin America and other origins for cadmium. Currently, chocolate makers are looking into new cocoa supplier destinations to differentiate their sourcing origins. For instance, countries like DR Congo and Sierra Leone attract greater interest from buyers as alternative sources of organic cocoa beans, with low incidence of cadmium contamination when compared to Latin America.

If cadmium levels in cocoa beans are too high (usually [levels of >0.8 parts per million and above](#)), chocolate makers will either reject the product altogether or will blend the cocoa with other cocoa with lower cadmium content.

Producing countries warn of adverse impacts on livelihoods of smallholder cocoa farmers. Several producing countries therefore [lobbied the European Union via the World Trade Organisation to delay or prevent the enforcement of the cadmium legislation](#). As a reaction, the [International Cocoa Organization \(ICCO\)](#) started a [project in 2018 to develop a regional strategy for handling cadmium contamination in cocoa beans](#) in Colombia, Ecuador, Peru and Trinidad and Tobago. This project was sponsored by the European Union. In 2020, the cadmium issue is still ongoing and continues to be investigated in order [to understand how to mitigate cadmium levels in Latin American cocoa](#).

Tips:

Be ready to provide your buyer with a laboratory analysis of cadmium levels in your cocoa beans, when requested. This analysis should be done by an accredited laboratory, and will probably be repeated by your direct buyer. All stakeholders in the industry, including importers and chocolate makers, are implementing strict actions to comply with the [new maximum levels of cadmium in food products](#) (Regulation EU 488/2014).

Learn more about [options for cadmium mitigation](#) on the website of the World Cocoa Foundation. Or visit the website of ICCO for [recommendations on how to reduce cadmium levels in cocoa beans](#).

Familiarise yourself with the requirements for [methods of sampling and analysis for the official control of cadmium and other heavy metals](#), as this will help you to ensure compliance.

Access the online [Choco SAFE](#) tool, created by the International Center for Tropical Agriculture (CIAT), to calculate the safe EU limit for cadmium in different cocoa and chocolate products.

7. Multinationals increase their influence on the global cocoa market

Multinationals are expanding their influence along the cocoa supply chain in mainstream and bulk markets. Many of these multinationals have their own buyers and processing facilities in cocoa-producing countries. For example, chocolate companies [Mondelēz](#) and [Barry Callebaut](#), as well as ingredient companies such as [Cargill](#) and [OLAM](#), work as both a cocoa processor and exporter in the country of origin and as an importer and manufacturer in Europe.

The ongoing concentration and vertical integration of the cocoa supply chain makes it increasingly difficult for small and medium-sized players to enter the market. On the supply side, there is also a growing concern on the availability of cocoa beans, which are absorbed by large companies operating in producing countries. While trading on the futures market is becoming more challenging, [margins in the physical trading may remain attractive and may offer opportunities for smaller trading companies](#).

The European chocolate market also sees the increasing involvement of [mainstream chocolate companies in the speciality segment](#). Chocolate giants increasingly adopt terms from the speciality market such as bean-to-bar and single origin. Another strategy is the acquisition of chocolate makers in the specialty segment, which, for instance explains [the acquisition of Smet by Cargill](#).

In recent years, there has also been a growing imbalance of bargaining power between retailers and food manufacturers. Retailers hold a powerful position in the cocoa value chain as they have the power to cut off margins, put pressure on prices and have the authority to decide what they sell. This allows retailers to set the terms under which they purchase cocoa beans. In addition, supermarkets take on increasing shares of the chocolate market because they are diversifying their private-label range to appeal to various consumer groups. Examples include [Hacendado of Mercadona \(Spain\)](#) and [Carrefour Sélection \(France\)](#).

Tips:

Stay away from the mainstream market if you have high-quality products. Our study [on finding buyers in the European cocoa market](#) gives you a few ideas on where to search and how to establish direct contact with buyers operating in the high-quality, fine flavour cocoa segment.

See our study on [buyer requirements for cocoa](#) to learn about which European market standards and requirements you need to comply with when supplying to multinationals in Europe.

See our study on [how to do business with European buyers](#) for more information about compliance with buyer requirements, how to send samples and how to draw up contracts.

8. Cocoa sustainability high on the international agenda

Sustainability in the cocoa sector remains critical worldwide, impacting policy makers in recent years.

Poverty reduction is a very important and urgent topic. Due to severe price drops in 2018, the earnings of cocoa producers decreased by about [30%](#) on average. In this scenario, child labour becomes a higher risk, as [more and more children drop out of school to work on the family farm](#). [Child labour](#) is a returning agenda item, since improvements are hardly visible and the levels remain very high in the cocoa sector, with [an estimated 2.1 million children working in cocoa fields in Ivory Coast and Ghana alone](#).

There is also great concern around [climate change and unsustainable farming practices](#). Research has shown

that the area suitable for cocoa production will [decrease significantly in the near future due to climate change](#). Cocoa farming is also a main driver of deforestation in [some producing countries like Ivory Coast](#), which contributes to climate change. Direct effects of climate change such as [less rain, longer dry seasons and the increase in pests and diseases](#) can negatively affect cocoa quality and yields. To tackle these challenges, it is increasingly important for farmers to adapt to more sustainable farming practices, such as using fewer synthetic fertilisers and conducting good water management.

Reaching a sustainable cocoa sector is a responsibility of all. In 2018, the [World Cocoa Berlin Declaration](#) was released, which recognises that a sustainable cocoa sector can only be achieved through collaboration. Currently, there are several international initiatives targeting the cocoa sector, such as [Cocoa Action](#). This is a sustainability strategy platform for large chocolate and cocoa companies to align projects and goals. Another example is the [Cocoa and Forests Initiative](#). This is a platform between industry, donors and the governments of Ghana and Ivory Coast against deforestation. In addition, the [first international standard for sustainable and traceable cocoa](#) was published in May 2019. This standard was developed by stakeholders from all levels of the cocoa industry.

In 2018, the [Cocoa Barometer](#) concluded that these programmes and initiatives have not yet led to significant impact when it comes to farmers' livelihoods or environmental impact. However, sustainability issues are pressing both for producers and buyers, and will remain high on the international agenda. The private sector is also engaging more closely with sustainability activities, as elaborated in the next section.

Tips:

Check the website of the [World Cocoa Foundation](#) to stay up to date on the main sustainability issues affecting the sector, as well as the main initiatives targeting those issues.

Consider developing and implementing your own corporate social responsibility (CSR) policy or code of conduct. This is not always required by buyers, but may be a good way to show potential buyers your views on social and environmental responsibility. This may furthermore help you to stand out when your buyer has to choose between several suppliers. Some good practices are [Nahua](#) (Costa Rica), [CABRUC](#) (Brazil) and [Ingemann](#) (Nicaragua).

Ensure that the cocoa producers you source from have sustainable practices in place. Many social and environmental issues take place at farm level, which may not be a part of direct handling and processing activities. Examples of training materials you can use are [Cococonnect's training material](#) and [World Cocoa Foundation's Climate-Smart Agriculture Training Manual](#).

As a cocoa producer, apply crop diversification strategies, which are used as a long-term climate change mitigation and adaptation strategy.

9. Sustainability programmes become commonplace in the private sector

Consumer awareness about sustainable cocoa production has grown in the last decade. This has resulted in an increased demand for sustainably produced cocoa and chocolate, especially in northern and western Europe. Both the media and public awareness campaigns such as those targeting child labour and human trafficking have fuelled this trend.

Most importers, cocoa processors, chocolate makers and retailers have designed their own sustainability commitments over the years. Each company follows its own strategy in defining sustainability. Some use the certification schemes of the leading standard bodies (Rainforest Alliance-UTZ, Fairtrade, organic), some work

through their own projects, while others combine both approaches. Depending on the buyer and their enforcement actions, producers will need to comply or commit to comply with the required standards.

Some examples of corporate sustainability programmes include:

- Nestlé: [The Nestlé Cocoa Plan](#)
- Mars: [Cocoa for Generations](#)
- Mondelez: [Cocoa Life](#)
- Lindt & Sprüngli: [Farming Program](#)
- Barry Callebaut: [Forever Chocolate](#)
- Cargill: [Cocoa Promise](#)

Retailers cover their sustainability concerns and requirements in their codes of conduct. Look up on the websites of [REWE](#) (Germany), [Ahold Delhaize](#) (Netherlands) and [Carrefour](#) (France) for examples. Many European retailers also actively promote certified cocoa and increasingly source certified cocoa for their own private-label brands. For instance, Coop (Switzerland) requires all [chocolate products to be certified with Fairtrade standard Max Havelaar](#). Another example is [British supermarket Waitrose, which only sources Fairtrade cocoa for its private-label products since the end of 2019](#). Read more about the developments in certification in [our statistics and outlook study](#).

Some European countries have also set sustainability goals targeting their chocolate and confectionery industry. Companies increasingly adopt their practices to contribute to these targets, such as the endorsement of specific certification schemes or codes of conduct. Examples of countries that work on their own national platforms to achieve their sustainability targets are:

- [Swiss Platform for Sustainable Cocoa](#)
- [German Initiative on Sustainable Cocoa](#)
- [Dutch Initiative for Sustainable Cocoa \(DISCO\)](#)
- [Belgium's partnership for sustainable cocoa Beyond Chocolate](#)

In addition, governments' procurement policies in western Europe consistently focus on sustainability criteria for the purchase of products such as cocoa and chocolate. The Dutch government, for instance, has elaborated specific [sustainable procurement guidelines](#) which include cocoa. All Dutch public agencies have started to implement them, including imposing conditions in their public tenders.

As these commitments and programmes show, companies and governments recognise the need to reach a more sustainable cocoa sector. The focus on and importance of sustainability for companies active in the cocoa sector will only increase and intensify, broadening the focus to issues such as biodiversity and living incomes.

Tips:

Before engaging in any certification schemes, verify with your potential buyers whether a certification is required and whether it provides you with a competitive advantage over other suppliers to the European market. You could also discuss with your buyer if there are any possibilities of receiving assistance in obtaining your certifications.

Assess whether you will benefit from moving to sustainable production by using the Cocoa Farm Development Plan from the [international standards for sustainable and traceable cocoa production](#).

See our study on [buyer requirements for cocoa](#) for further information on European requirements for sustainability certifications.


Investigate the existing sustainability standards established by retailers and other stakeholders in the European market by approaching cocoa importers, supermarket category managers for chocolate and sector specialists. Check whether you can adhere to the guidelines laid down by these standards. They can be a good starting point if you want to supply cocoa beans to these companies.


See the [website of the European Commission](#) to learn more about green and sustainable public procurement in the EU. Procurements policies provide guidelines which help to ensure that goods, such as cocoa beans, are purchased in a sustainable way from its suppliers.


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