CBI Product Factsheet:

Cocoa in the United Kingdom
Introduction

The United Kingdom (UK) is the seventh largest importer of cocoa beans in Europe, with 99% of all cocoa bean imports coming from two developing countries, Ivory Coast and Ghana. The UK has a large bulk bean processing industry for well-known brands, such as Cadbury, Mars and Nestle. However, there is also a relatively large and quick growing market for fine flavour cocoa and/or Fairtrade and organic certified cocoa products. Direct trade is the most promising trade channel with, for example, smaller traders, specialty chocolate stores, coffee houses, chocolatiers and bakeries.

Product description

The cocoa tree (Theobroma Cocoa) grows in tropical areas between 15 and 20 degrees latitude north and south of the equator. The primary cocoa growing regions are Africa, Asia, and Latin America. After extraction from the pod, cocoa seeds are fermented and sun-dried. A cocoa producing tree can deliver on average 0.5 to 2 kg of dried seeds per year.

Statistical product classification

Harmonised System (HS) codes are used to classify products and to calculate international trade statistics, such as imports and exports. The statistical analysis in this document is based on the HS codes in Table 1. Cocoa beans (HS 1801) are the largest product group for developing countries in terms of demand.

Table 1: HS codes for cocoa beans

<table>
<thead>
<tr>
<th>Code</th>
<th>Official product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1801</td>
<td>Cocoa beans, whole or broken, raw or roasted</td>
</tr>
<tr>
<td>1803</td>
<td>Cocoa paste, whether or not defatted</td>
</tr>
<tr>
<td>1804</td>
<td>Cocoa butter, fat and oil</td>
</tr>
<tr>
<td>1805</td>
<td>Cocoa powder, not containing added sugar or sweetening matter</td>
</tr>
<tr>
<td>1806</td>
<td>Chocolate and other food preparations containing cocoa</td>
</tr>
</tbody>
</table>

Product specifications

Varieties

The cocoa market distinguishes three types of cocoa beans:

1. High-grade: Criollo cocoa (original cocoa tree)  
   Criollo was originally grown in Venezuela, Central America and Mexico, but is now also grown in Ecuador, Colombia, Peru, Bolivia, Nicaragua, Honduras, Guatemala and Sri Lanka. Criollo makes up 5 to 10% of global cocoa production. The beans have a delicately bitter, aromatic flavour and are easily processed.

2. Common grade: Forastero cocoa  
   Forastero was originally grown in the high Amazon region and is now the predominant cocoa variety cultivated mainly in Africa, accounting for around 80% of global cocoa production. The beans have a flatter flavour than the more fruity and citric Criollo and Trinitario beans.

3. High-grade, Trinitario cocoa  
   Trinitario was originally grown in Trinidad, but is now also grown in Venezuela, Ecuador, Honduras, Nicaragua, El Salvador, Costa Rica, Cameroon, Samoa, Sri Lanka, Indonesia and Papua New Guinea. This variety makes up between 10 and 15% of global cocoa production. The beans are a hybrid of the Criollo and Forastero trees.

Quality

High-grade (fine flavour) cocoa beans are generally of higher quality than common grade cocoa beans because of their more pronounced organoleptic properties. Their distinctive flavour is sought by manufacturers of high-quality chocolate. Fine flavour beans are usually produced from trees that contain the genetics of Criollo and/or Trinitario cocoa-tree varieties, while common grade (bulk) cocoa beans for mass production are genetically derived from Forastero trees. However, harvesting (ripe fruits) and processing techniques (homogeneous fermentation and especially drying) are also important in harnessing the 'fine' qualities of fine flavour cocoa beans. These beans fetch higher prices than bulk cocoa beans because of their intrinsic quality but arguably also because of more niche marketing, for example richer stories and more transparency.
Grading/fermentation

To moderate the initially bitter cocoa flavour and to develop the typical cocoa flavour, the beans are fermented. Cocoa grading differs across producing and consuming countries, but standard practices have been set by the international cocoa trade associations.

The Federation of Cocoa Commerce Ltd (FCC) distinguishes two grades:

1. Well fermented cocoa beans: less than 5% mould, less than 5% slate and less than 1.5% foreign matter.
2. Fairly fermented cocoa beans: less than 10% mould, less than 10% slate and less than 1.5% foreign matter.

Cocoa beans should be shipped shortly after harvest because extended storage (> 6 months) may result in losses due to the relatively high humidity in tropical environments.

Packaging

Cocoa beans are traditionally shipped in jute bags, weighing between 60 to 65 kg. However, more recently, bulk shipment of cocoa beans has increased because of lower handling costs. Loose cocoa beans are loaded either in shipping containers or directly into the ship’s hold. This mega bulk method is often adopted by larger cocoa processors. However, cocoa beans are still commonly shipped in bags, especially for the fine flavour segment.
Demand for cocoa in the United Kingdom

Cocoa grinding

How much cocoa is ground in the United Kingdom?

**Figure 1A. Quantity of cocoa beans ground in the United Kingdom, 2010 to 2015 (thousand tonnes)***

**Figure 1B. Share of cocoa beans ground in the EU + Switzerland, 2012-2015 (%)**

*2013/2014 are estimates, 2014/2015 are forecasts
Source: Eurostat 2014

Seventh largest cocoa grinder in Europe

The United Kingdom is the seventh largest cocoa grinder in the EU + Switzerland area, after Belgium and Italy, but before Switzerland (Figure 1B). However, the volumes are relatively low (5% of all grinding in Europe). Cocoa grinding in the United Kingdom has decreased slightly (Figure 1A) because bean-producing countries, especially in West Africa, are grinding the beans before export, thus adding more value to exports. The largest cocoa grinding company by far in the United Kingdom is Cadbury. Many cocoa bean traders are located in the United Kingdom, such as ETCO, Super Nutrients and Twin.

Tips:
- Check whether there is a competitive bean grinding industry in your country. Discuss with potential buyers/traders in the UK about opportunities for local cocoa grinding and processing and the required product specifications.
- There is a move towards more exclusive chocolate confectionery, with opportunities for fine flavour cocoa and other high-quality cocoa from a specific origin, for example. Another interesting option is the focus on premium, specialty, and fine flavour cocoa. Even with bulk beans you may be able to achieve the desired quality for the premium market, for example through tailor-made fermentation. See Confectionerynews for an example.
- For insights into the latest developments in the chocolate confectionery market in the United Kingdom, see Food and Drink Federation.

Cocoa consumption

How much cocoa is consumed in the United Kingdom?

High per capita consumption

The per capita consumption of chocolate in the United Kingdom is high, at 7.5 kg in 2014, according to Confectionery News. This makes the United Kingdom the fifth largest chocolate consuming nation, after Ireland (7.5 kg) and Austria (7.8 kg). Research by the Mintel group revealed that only 5% of people in the United Kingdom never eat chocolate. Plain milk chocolate is the favourite, eaten by 73% of consumers. Filled chocolate is also popular, eaten by 49% of consumers. Dark chocolate is still a relative niche market, eaten by 37%, which is comparable with plain white chocolate consumption.
(30%). Flavours, such as orange, ginger and added nuts or raisins, are consumed by 47%. Another trend is sustainable chocolate. For more information see Trends below.

New opportunities lie in the growing demand for higher-quality dark chocolates, for which mainly fine flavour cocoa beans are required. Dark chocolate sales increased significantly between 2011 and 2014, in some years by 130% (Source, Mintel).

**Cocoa imports**
How much cocoa is imported into the United Kingdom?

**Figure 2A: Volume of imported cocoa beans to the United Kingdom, 2010-2014 (thousand tonnes)**

**Figure 2B: Volume of cocoa imports to the United Kingdom per product group, 2010-2014 (thousand tonnes)**

- Developing Countries
- Intra-EU trade
- Rest of the world
- Chocolate
- Cocoa beans
- Cocoa butter, fat and oil
- Cocoa powder
- Cocoa paste

Source: ITC Trade Map, 2015

**Seventh largest importer of cocoa beans in Europe**
With a market share of 3.5%, the United Kingdom is the seventh largest importer of cocoa beans in Europe, after Italy (5.4%). More than 60,000 tonnes were imported in 2014 at a value of more than €134 million. Chocolate import is the highest of all 5 cocoa product groups, and has increased annually to a volume of more than 390,000 tonnes in 2014 (Figure 2A).

**Decline in bean imports**
The total volume of imports of cocoa beans to the United Kingdom decreased on average by 18% per year between 2010 and 2014. On the contrary, import of cocoa powder increased by 19% over the same time frame, and chocolate imports grew by 6.9% (Figure 2B). This can be explained by the increase in cocoa grinding in the countries of origin, especially in West Africa. In terms of production costs, developing countries offer a significant advantage over intra-European supplies. Importing semi-processed products from developing countries also allows traders to work with smaller quantities of certain specialties and varieties.

**Two main suppliers**
Almost 99% of cocoa beans imports to the UK are from Ivory Coast (57%) and Ghana (42%). Belgium and Peru are the third and fourth supplier with less than 1% each (516 and 121 tonnes, respectively) (Source: ITC Trademap 2015).

**Tip:**
- Although most trade in cocoa goes through developing countries, UK buyers might be interested in sourcing cocoa beans directly from your country.

**Exports**

*How much cocoa is exported from the United Kingdom?*
Small cocoa beans exporter

The UK is a small exporter of cocoa beans, with 862 tonnes exported in 2014 at a value of € 674,000 (Figure 3A). This is only 1.4% of the imported volume to the UK, indicating that almost all imported beans are processed in country and confirming its position as a key grinder and consumption nation.

Almost all bean exports are to European countries (Figure 3B). Belgium was the main export destination in 2014, accounting for 75%, and followed by Germany (10%) and the Netherlands (5%).

Figure 4: Cocoa export volumes from the United Kingdom by product group, 2010-2014 (thousand tonnes)

Large chocolate exporter

The United Kingdom is the seventh largest chocolate exporter in the EU, exporting almost 150,000 tonnes in 2014 at a value of € 704 million (Figure 4). The high export volumes can be attributed to large chocolate manufacturers in the country including Cadbury, Nestle and Mars.

Tip:
- For more information on trade statistics in the European cocoa market, see CBI Trade Statistics for Cocoa and ITC Trade Map.
Trends offering opportunities in the United Kingdom

Private label chocolate is growing

Private label chocolate accounts for a third of all new releases of chocolate products. Many private label initiatives are premium, higher-quality dark chocolates. The growing UK demand is attributed to health benefits of chocolate with a higher cocoa content. Sales are rising of premium products, such as specialty and fine flavour chocolate. Between 2010 and 2015, dark chocolate sales increased significantly, in some years even by 130%.

Tips:
- Focus on the premium, specialty, and fine flavour cocoa market. Access to the premium cocoa market is only possible for cocoa of high-quality standards, so make sure that you are able to deliver high-quality cocoa beans.
- Market preferences, such as flavour and origin, differ between countries in Europe. Find out about the flavour profiles of your potential trade partners in the UK. See the website Cocoa Runners for examples of high-quality chocolates sold in the UK.
- Try to establish direct trade relationships with smaller traders and chocolate makers in the UK because they are the preferred trade channels for premium cocoa. For more information, see ‘trade channels and cocoa market segments in the United Kingdom’.

Increasing share of sustainable cocoa

The proportion of cocoa products with social sustainable labels grew by 120% in 2013. In the same year, Fairtrade sales increased by 52% on the 2012 level to reach a value of €1,162,000. This trend is expected to keep increasing rapidly over the next few years even though the UK has not set a deadline for 100% sustainable cocoa. (The Netherlands has pledged 100% certified sustainable cocoa by 2025). Furthermore, of all new chocolate products launched, the share carrying ethical claims increased from just 4% in 2010 to 17% in 2013.

Tips:
- See the Cocoa Research Group about the potential to increase production of sustainable cocoa in your country. The website is also a value source of information on cocoa production.
- If you are considering exporting certified beans, check with potential buyers about the preferred sustainability label. Fairtrade is the main certification scheme for the UK market. For more information on organic certification, see section ‘Requirements for cocoa for the UK market’.

Increased demand for transparency

UK consumers and chocolate makers are increasingly demanding transparency in the cocoa supply chain. They want to know where the chocolate comes from, the stories behind the cocoa beans, and who earns what in the supply chain. Transparency comes with improved traceability, which is easier to manage in certified supply chains and in direct trade relations.

Tip:
- Know and share the story about your cocoa beans. For example, tell how your farmers live and how they produce their beans. Use visuals, such as photos and videos, to enhance your story.

For more information on trends in the European cocoa market in general, refer to CBI Trends for Cocoa.

Requirements for cocoa imports to the UK market

What legal and non-legal requirements must my product comply with?

Cocoa exported to the UK must comply with the legal requirements set by the European Union (EU) with regard to food safety, food contaminants and labelling. There are no additional legal requirements applicable for cocoa exports to the UK.
Are there any additional buyer requirements?

Some buyers have requirements that go beyond those under EU legislation. The main categories are food safety, environmental and social requirements. In general, Western and Northern European buyers, including UK buyers, have stricter additional requirements and are more active in sustainability than Southern and Eastern European buyers.

**Tips:**
- See CBI [Buyer requirements for Cocoa](#) for an overview of the key legal, non-legal and additional requirements for the European cocoa market. These requirements are also applicable to UK buyers.
- Buyers may have preferences for a certain food safety management system or sustainability label. Find out which ones are preferred by potential buyers in your target segment. In general, HACCP-based food safety management systems, such as the International Food Standard, are the most commonly required systems by UK retailers. The most popular sustainability label in the UK is Fairtrade and there are others, such as Rainforest Alliance, UTZ Certified and Organic.

What are the requirements for niche markets?

**Fairtrade certification**

The UK is the largest market for Fairtrade chocolate, mainly driven by the increasing number of retailers and manufacturers committed to selling and processing Fairtrade cocoa. In 2014, more than a fifth of all chocolate sold in the UK carried the Fairtrade mark. Fairtrade certification is even more important in cocoa niche markets.

**Tips:**
- If you want to focus on the UK market, consider applying for Fairtrade certification.
- If you offer fine flavour cocoa, consider applying for organic and/or Fairtrade certification. Demand for fine flavour cocoa with certification is a rapidly growing niche market.

Who are your competitors on the UK cocoa market?

Competition on the UK cocoa market is based on the same aspects as competition on the European cocoa market. See CBI [Competition for Cocoa](#) for more insights and CBI [Top 10 Tips for Doing Business with Buyers in Europe](#). These are tips on preparing for your first contacts with European buyers and on improving relationships with European buyers and gain a competitive edge.

What are the trade channels and cocoa market segments in the UK?

**Cocoa grinding/processing**

The UK is the seventh largest cocoa grinder in Europe, after the Netherlands. Cocoa grinders and processors in the UK include Cargill, ADM, Cadbury and Nestle, sourcing beans directly from exporting countries.

**Confectionery industry**

The UK is home to several large international companies, such as Cadbury, Nestle, Mars, ADM and Cargill. Three companies dominate chocolate manufacture in the United Kingdom: Cadbury (the largest), Nestle and Mars. Most of these multinational companies import cocoa beans directly from developing countries, but direct trade with them is difficult for small and medium-sized suppliers. There are also a large number of small chocolate companies in the UK, such as Hotel Chocolat, Montezuma’s and Willie’s Cacao, in the organic fine flavour chocolate market.

**Sales channels**

**Supermarkets**

The main sales channels for chocolate in the UK are supermarkets and convenience stores. They are especially important for mass products of big brands, although large supermarket chains are also increasingly offering premium chocolate products. Supermarkets are also increasingly important as online sales channel.
Specialty stores
The main sales channels for premium, specialty, and fine flavour cocoa are specialty stores, such as chocolate gourmet stores, organic supermarkets and Fairtrade stores.

Coffee houses
Other potential trade channels for premium, specialty, and fine flavour cocoa are coffee houses. The UK has many independent coffee houses that serve high-quality coffee, tea and pastries and often also sell coffee, tea and chocolate for home consumption. They attract wealthier consumers who are prepared to pay for a quality product with a story about its origin. More mainstream coffee houses, such as Starbucks, are also focusing on specialty chocolates.

Chocolatiers
Chocolatiers and pâtissiers may be interesting sales channels because they use cocoa mass, powder, butter or couverture for pastries, bonbons, chocolate bars and seasonal chocolates.

Specialty stores, coffee houses and chocolatiers and pâtissiers generally buy from importers/traders.

Tips:
- If you want to focus on the premium, specialty, and fine flavour cocoa market, direct trade is the preferred trade channel. Try to establish direct trade relationships with smaller importers in the UK, such as specialty stores, coffee houses, chocolatiers or bakeries. Some ‘bean to bar’ companies sourcing fine flavour cocoa directly from producing countries are Seed and Bean, Divine, http://www.hbingredients.co.uk, and Hotel Chocolat, which is setting up production facilities in St. Lucia.
- Attend cocoa/chocolate industry events in the UK to meet potential direct buyers, such as the Specialty Chocolate Fair. Attending such events can also give you more insights into buyer preferences, for instance on origin, flavour and sustainability certification.
- Use industry associations to find potential UK buyers, such as members of the Federation of Cocoa Commerce. Another source to find potential buyers is the Choclux, a database of UK chocolate manufacturers.

For more information on market channels and segments in the Europe, see CBI Market Channels and Segments for Cocoa. See CBI Finding Buyers for tips on locating buyers in the European market.

End market prices for cocoa

Consumer prices are rising
Consumer prices for cocoa are quite volatile especially because of the highly volatile prices for cocoa beans. Consumer prices in the UK have increased over the last five years, as indicated for different segments in Table 1. This is an indication as prices may fluctuate during the year.

Table 1: Indication of consumer prices of chocolate in the United Kingdom in November 2015

<table>
<thead>
<tr>
<th>Segment</th>
<th>Brand</th>
<th>Type</th>
<th>Price per 100 g</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper end</td>
<td>Mast Brothers</td>
<td>70% Dark Chocolate bar (Belize)</td>
<td>£15.94</td>
</tr>
<tr>
<td></td>
<td>Kiskadee</td>
<td>Dark &amp; Bold 85%</td>
<td>£11.72</td>
</tr>
<tr>
<td></td>
<td>Marou</td>
<td>Ben Tre from 78% (Vietnam)</td>
<td>£9.89</td>
</tr>
<tr>
<td></td>
<td>Chocolat Bonnat</td>
<td>Bar 75% (Ivory Coast)</td>
<td>£6.93</td>
</tr>
<tr>
<td></td>
<td>Pralus le 100%</td>
<td>Le 1005 Criollo (Madagascar)</td>
<td>£6.23</td>
</tr>
<tr>
<td>Middle range</td>
<td>Cote d'Or</td>
<td>Tablet Noir Intense 70%</td>
<td>£4.33</td>
</tr>
<tr>
<td></td>
<td>Schmerling</td>
<td>Finest Bittersweet Swiss (72%)</td>
<td>£3.46</td>
</tr>
<tr>
<td></td>
<td>Thornton</td>
<td>Diabetic dark chocolate</td>
<td>£3.03</td>
</tr>
<tr>
<td></td>
<td>Green&amp;Black</td>
<td>Organic Black Chocolate 70%</td>
<td>£2.82</td>
</tr>
<tr>
<td></td>
<td>Lindt</td>
<td>Tablet Lindt Excellence 70%</td>
<td>£2.67</td>
</tr>
<tr>
<td>Lower end</td>
<td>Cadbury</td>
<td>Dairy Milk Chocolate</td>
<td>£1.79</td>
</tr>
<tr>
<td></td>
<td>Galaxy</td>
<td>Smooth milk UTZ certified</td>
<td>£1.68</td>
</tr>
<tr>
<td></td>
<td>Snickers</td>
<td>Snickers Duo</td>
<td>£1.27</td>
</tr>
<tr>
<td></td>
<td>Sainsbury’s</td>
<td>Dark Chocolate Fairtrade</td>
<td>£0.96</td>
</tr>
<tr>
<td></td>
<td>Sainsbury’s</td>
<td>Dark Chocolate Basics</td>
<td>£0.49</td>
</tr>
</tbody>
</table>

Source: Websites of various retailers
Tips:
- Monitor end consumer prices of chocolate to get an idea on price ranges. Good sources for price information are the websites of supermarket chains, chocolate specialty stores and chocolate web shops, such as Chocolatiers, Cocoa Runners or Pittenweem.
- Monitor cocoa bean prices on international markets to stay up-to-date with current prices and future price prognoses. A useful source is the Monthly review of the Market published by the International Cocoa Organisation.
- Margins for actors in the cocoa value chain in the UK do not differ significantly from Europe. For an overview of value distribution in the cocoa sector, see CBI Market Channels and Segments for Cocoa.

Useful sources
- European Cocoa Association - http://www.eurococoa.com - trade association that groups major companies in Europe including the UK in the cocoa bean trade and processing, warehousing and related logistic activities in Europe.

For all CBI cocoa-related market intelligence documents, see Market Intelligence Platform for Cocoa.