

# 10 tips for doing business with European cocoa buyers

Last updated:

14 December 2022

European buyers are constantly looking for ways to secure supplies of good-quality cocoa. Here are some tips for doing business with European cocoa buyers. As the cocoa trade is a people's business, it is important to invest in personal partnerships and be aware of the differences in business culture. It is always key to meet buyer requirements and expectations. In addition, it is crucial for you to know what you have to offer and how your products are profiled in the market.

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## 1. Be ready to provide information on your product offer

Buyers in Europe will expect you to be able to provide up-to-date and reliable data on your farm(s) and/or the farmers that are producing your cocoa beans. Make sure to include detailed information on the following:

- Cocoa varieties, genetics
- Characteristics and figures of the producing region, including its agro-climatic context
- Characteristics and organisational chart of the producing cooperative(s), if relevant
- The number of farmers
- The size of the farm(s)
- How many kg or tonnes of cocoa are produced annually
- How many kg or tonnes of cocoa can be supplied annually, per quality grade
- How many kg or tonnes are available for exports
- Characteristics of the post-harvest protocols, including fermentation and drying
- Existing certifications and the up-to-date certificates
- A laboratory analysis of cadmium levels in your cocoa beans. If you do not have this ready, you should at least be prepared to provide your buyer with such documentation.

Cadmium levels are regulated in final consumer products, not in the cocoa beans. However, buyers will also establish their own limits as part of their risk management system. Although this may vary per buyer and end-user, European importers in general consider <0.5 ppm of cadmium in cocoa beans an acceptable level. Up to

0.8 ppm may still be accepted, but acceptance above 0.8 ppm will depend on the content of cocoa in the finished chocolate. If the level rises above 1 ppm, buyers will either reject the product altogether or blend the cocoa with other cocoa with lower cadmium content.

### **Tips:**

Always be transparent and honest. The cocoa market is small, so negative experiences with suppliers travel fast. Be clear and open about your own track record, your supply capacities and your cocoa varieties.

Refer to this article on [Cadmium in cacao](#) to learn more about European cadmium regulations and mitigation strategies.

It is recommended to proactively and periodically obtain certificates of analysis for the cocoa beans you produce and export, preferably from an EU-accredited laboratory such as [Eurofins](#) or [Tüv](#).

## **2. Maintain high quality and steady volumes**

European buyers are looking for suppliers who can provide a continuous supply of high-quality cocoa in steady volumes. This means you need to ensure that you can meet the quality requirements your buyer is asking for. Remember to only make promises you can fulfil.

Regularly inform your buyers on the status of their orders, as well as your expected volume availability. If you have any problems meeting certain quality requirements or volumes, you need to discuss this with your buyers in advance. Do not wait until the last minute to share bad news. Give yourself and your buyer enough time to work out a suitable solution.

The quality of your cocoa beans is linked to your pre-harvest, harvest, post-harvest, processing and storage methods, as well as the agro-climatic conditions around the cocoa production area. In summary, producing high-quality cocoa beans requires good trees (genetics), good agricultural practices, harvesting the right beans at the right time, dedicated fermenting and drying, good storage and adequate transportation.

When it comes to post-harvest handling, European chocolate manufacturers and chocolate makers are looking for suppliers that can guarantee good-quality fermentation and drying protocols. Some European chocolate companies are experimenting with these techniques themselves, and may be willing to involve you in this part of product development. If you communicate that you are open to change and willing to invest time in additional processing to meet their specific requirements, this can give you a competitive advantage.

### **Tips:**

For more information about quality requirements and standards, see [our study about European buyer requirements in the cocoa sector](#).

Refer to industry guidelines such as [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.

Consider inviting buyers to visit your farm, and discuss trying out new post-harvest techniques. Work together to test the fermentation process, drying techniques and other types of processing.

### 3. Prepare cocoa samples in the right way

Offer to send interested buyers a sample of your product. This sample should represent the overall quality of your cocoa (known as representative samples). Your potential buyers will assess both the physical and sensory quality of your cocoa. If a buyer is interested in receiving a sample, agree on what kind of sample and the delivery date. Also, make agreements on quantities, packaging (example: it is quite common to send the samples in a simple plastic bag or zip lock), labelling and accompanying documentation.

Regarding the documentation, samples are often sent together with a fact sheet providing information such as variety, altitude, soils, average rainfall, location, annual production by grade of cocoa, harvest season, harvest and post-harvest practices, warehousing, distance to port and shipping options. Samples include a label containing basic information, such as weight, moisture and ferment percentages, dates of collection, drying and entry into the warehouse, as shown in the following figure.

Figure 1: Example of a cocoa sample



Source: Maurits de Koning - Buro del Rey

As a general rule, you should offer samples of about 1 kg. With this amount, interested buyers will have enough beans to conduct tests. Also, keep a 1-kg sample for yourself and document well which sample you send to which company.

When suppliers and buyers enter into direct trade relations, this is usually upon approval of a pre-shipment sample. Buyers tend to include the right of refusal on delivery (with the 'replace clause'), meaning that a new pre-shipment sample has to be offered in place of the rejected one.

Be aware of stricter requirements for consumer packaging in Europe. In 2019, the European Commission launched the [European Green Deal \(EGD\)](#). The EGD is a package of actions to reduce greenhouse gas emissions; one of the action plans is that all consumer packaging should be reusable or recyclable by 2030. In addition, [European consumers are demanding packaging that uses recyclable materials](#). These regulations and concerns might impact your decision on the packaging material you use for your samples.

#### Tips:

Always be honest and transparent about your samples and the quality of your cocoa. If you cannot match any particular aspect of the sample quality, tell the interested buyer as soon as possible.

If you have lot sizes exceeding 1 tonne of cocoa, read the [guidelines for sampling of bagged and bulk cocoa beans](#) from the International Standards for the Assessment of Cocoa Quality and Flavour (ISCOF). Note that, before you can download any files, you should first register on the website.

Send samples with a reliable courier by registered mail to ensure that your samples arrive in time and in good shape. This is relatively expensive, so make sure to budget for these necessary costs.

See the CBI study '[The EU Green Deal - How will it impact my business?](#)' for more information on the EU Green Deal and its implications.

## 4. Invest in personal partnerships

Direct trade in cocoa is very important, and can provide interesting opportunities to create closer relationships with buyers. Your buyers will appreciate dealing with you personally. Buyers value personal business relationships, particularly in the speciality segment, as the cocoa sector is very much a people's market and business.

The following list suggests several ways of making your buyers feel valued, with which you can emphasise the importance of your relationship:

- Invite potential buyers for a personal visit to your producing region.
- Offer them samples of micro lots they can test themselves.
- Demonstrate knowledge and control of your value chain to your potential buyer, as traceability is increasingly important in the European cocoa market.
- If you are part of a cooperative, designate buyers to their "own" farmers. This will improve consistency in product quality and help nurture a positive business relationship between all parties.
- Make sure to answer emails and phone calls promptly, preferably within 1-2 days. If you are out of the office and cannot answer for a few days, leave an out-of-office automatic reply.
- Be ambitious and show commitment by responding quickly to questions after the visit and delivering on your promises.
- Be aware of the cultural differences in Europe, and communicate with your buyer accordingly.

### Tips:

Find out which is the best language to communicate in. If you have not mastered the English language well enough to communicate with your potential buyers, communicate in your native language if you know that the buyer speaks your language (such as French or Spanish). Alternatively, consider hiring an interpreter or translator. This will help avoid miscommunication.

Get to know your partners and their expectations. Ask buyers if they have a supplier questionnaire that they use when assessing a new supplier, which can be a useful source of information for you.

Provide your buyers with regular information and forecasts about the cocoa in your specific area, for instance, by sending personalised emails four times a year.

Read more about [European business cultures](#) and adopt a few of these tips when communicating with a buyer or potential buyer.

Read [our finding buyers study](#) to find out more about how and where you can find European buyers for your cocoa beans.

## 5. Distinguish yourself from your competition

The best way to attract a buyer's attention is by setting yourself apart from your competition. To do so, you need to define your differentiating factor, your Unique Selling Point (USP). When you have found your USP, you should actively promote it. Storytelling is very important, as both buyers and consumers love to see the story behind a product.

One aspect that plays a big role in the cocoa sector is origin. It is therefore a good idea to invest in online marketing to share the story of the origin of your cocoa beans. For example, build a website or create an Instagram account, where you tell your buyers all about the uniqueness of your cocoa varieties, the history of your farm and the terroir (soil) where your farm is situated. Furthermore, give your story a face by providing good-quality photos of the farmers, their families (ask for authorisation!) and the plantations.

[Ingemann](#) (Nicaragua) is a good example of a cocoa company that communicates this message well. Its website includes information about all aspects of production, cocoa varieties and producing communities. The websites of [Kokoa Kamili](#) (Tanzania), [Xoco Gourmet](#) (Honduras) and [Balmed](#) (Sierra Leone) are other good examples.

Cocoa traders and chocolate makers will also use your stories in their own communication. For instance, chocolate makers will use your story to help market their products to consumers. It is increasingly important for them to sell their chocolates to consumers as an experience.

Giving regular updates about your cocoa farm and/or cocoa products on social media also serves to strengthen your position. For example, you could use [Twitter](#), [Facebook](#), [LinkedIn](#), [YouTube](#) and [Instagram](#) to share your story. Note that you can also connect your social media pages to your own website. Buyers use these online social media platforms regularly, as do consumers.

### Tips:

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

Investigate whether you qualify for industry awards like the International Cocoa Awards ([Cocoa of Excellence](#)). This can be an interesting way to profile yourself on the European market for specialty cocoa.

Websites can be simple, but need to be accurate, relevant and up to date. Always include company information, product data and contact details.

## 6. Meet buyer requirements and implement traceability

The European Union's requirements for food safety are strict and apply as much to the cocoa sector as to any other sector. Cocoa buyers will look for suppliers that can comply fully with the established regulations. Having certifications which show the implementation of your food quality and safety management systems will tell your buyers that you are a reliable supplier, concerned with quality control.

Buyers also value certification for social and ecological sustainability. The main certification schemes in the cocoa sector are Rainforest Alliance, Fairtrade and organic. Be sure to check your potential buyer's website to find out what their expectations are, and talk to them directly about this – especially if you have questions on how to comply with requirements. Many larger European companies publish their own sustainability claims and policies on their websites. This is a good indicator of what you can expect. For example, Mondelez has set its own standard for cocoa called [Cocoa Life](#).

Traceability is a strong trend in cocoa products in Europe, and an increasing number of chocolate companies mention the origin of their cocoa on the product wrapping. Besides periodic visits to origin countries, European chocolate companies have very little to no control over the quality of the production, process and exports of cocoa beans. In many cases, these buyers just accept or select the offer of cocoa beans through importers, traders, agents or dealers.

Besides the existing European regulation, there are emerging laws. In November 2021, The [European Union proposed a ban on the import of commodities that can be related to deforestation](#). European buyers of cocoa, coffee, soy, beef, palm oil and wood need to specify the origin of these products to national regulators to prove that their products are deforestation-free. Negotiations about the final law are expected at the end of 2022. This

new regulation will put pressure on implementing traceability systems in international value chains.

As such, if you manage a farm or belong to an association or cooperative of smallholdings, it is very important to show the degree of control that you have over the production. If you manage to implement full traceability in your supply chain, this will give you a competitive advantage.

### Tips:

Read our [study about cocoa buyer requirements](#) in Europe and carry out the necessary actions to comply with these requirements.

For more information about certification standards on sustainability and/or social responsibility and their importance in various European countries, check our [fact sheet about exporting certified cocoa to Europe](#).

Be transparent and protect the origin of your cocoa bean supplies. This means that you will have to keep batches separate along the chain and document their identity by developing an [Identity Preservation \(IP\)](#) system. Refer to the [ISO standards for Sustainable and Traceable Cocoa](#) to learn more about traceability standards.

## 7. Be aware of the differences in business culture

European buyers appreciate suppliers' reliability, transparency and good communication. Good communication means involving your buyers in your considerations and providing them with clear and prompt information, especially regarding price, contract, quality and transportation. Poor communication can seriously put your business at risk. Transparency means developing an open relationship to jointly share, discuss and address risks appropriately. In all cases, keep your promises, be punctual and recognise the value of a contract.

Contact exporters from your own country, and perhaps from other producing countries, and exchange experiences about doing business with European buyers. Learn from them and get some tips on dos and don'ts when exporting to Europe.

In your communication, also be aware of the differences in business cultures. Cultural awareness is key to success as an exporter. Some points to consider:

- The international business language is English, but many cocoa buyers may speak Spanish and French.
- Always keep your promises, be punctual and recognise the value of a contract.
- Be honest at all times in your conversations with buyers.

### Tips:

Read this overview for [insights into the different business cultures across Europe](#).

Watch our [webinar with specialty cocoa importers](#), which discusses how cocoa exporters could approach buyers in Europe, what to communicate and how to build long-term business relationships.

## 8. Be well informed on prices and flexible on financing

Prices and financing are two important areas to research when doing business in Europe. The price of cocoa usually depends on the prices determined in the futures market, the marketplace where traders agree on a set commodity price and delivery date through futures contracts. You can [check the daily prices for bulk cocoa on the London and New York futures market](#) on the website of the International Cocoa Organisation. Remember that exchange rates fluctuate, which may influence the price you get. Cover this risk by including a clause on currency risk in your contracts.

Specialty cocoa usually fetches higher prices than bulk cocoa, as chocolate makers are willing to pay a premium for good quality and a unique product. For specialty cocoa, the premiums paid can go as high as €500 to €5,000 per tonne (above the London or New York stock market). Generally, prices are determined in relation to the quality, uniqueness, scarcity and origin of the particular cocoa.

In order to establish a selling price, it is important to know your production costs. Calculating your production costs and thinking about the margin you want to make helps you make informed business decisions, such as when to sell how much and for what price.

Remember that quotations include information about your prices, but should include more than just that. See the table below for examples of what information you can include in your quotation.

Table 1: Example of information to include in your quotation

Grade and variety of cocoa beans	Grade 1, Forastero
Quality	Min 60% fermented, cadmium <0,75 ppm
Origin	Uganda
Price	US\$ 4,500 per tonne
Terms	FOB ( <i>Mention port in Uganda</i> )
Weight	200 jute bags / Net weight: 12,500 kg / Gross weight: 12,700 kg
Certifications	EU Organic, certified by ECOCERT ( <i>Attach a copy of valid certification</i> )
Packaging	jute bags
Terms of payment	Net Cash by means of SWIFT or TELEX transfer against documents
Delivery	Shipment May 2023
Expiry date of the offer	( <i>Put end date to your offer</i> )

Source: ProFound, 2022

In terms of financing, it is a good idea to look into the different options for export financing. Look at the options offered by local and international banks or social lenders, for example. Note that social lenders do not provide credit to farmers directly, but more commonly finance cooperatives and SMEs. See [Alterfin](#), [Oikocredit](#), [Impact Finance](#), [Rabo Rural Fund](#), [responsAbility](#) and [Root Capital](#) for examples of export financing. Some buyers also offer pre-financing/advance payments, but you will need to agree these terms at the start of your negotiations.

### Tips:

If you export large quantities, consider hedging against falling prices to protect yourself from risks due to market price fluctuations. Hedging is a trading operation that allows a trader to turn a less acceptable risk into a more acceptable one. Read more about [how you can hedge against falling cocoa prices](#) on The Options Guide.

Calculate your production costs. Knowing your production costs gives you a better idea of the minimum price for which you want to sell your cocoa beans. [This online tool](#) from the Cyprus Agricultural Research Institute is a good way to help you calculate your production costs.

Read our study to learn more about how best [to organise your cocoa bean export to Europe](#).

Follow the contract rules for cocoa beans provided by the Federation of Cocoa Commerce (FCC). Before you can download any files, you must first [register on the website](#).

Read about the role of social lenders in supporting the cocoa sector in producing countries, and research how to engage with them; for example, read about [how Oikocredit supports small-scale producers in West Africa](#).

Do not default on a contract so you can deliver the goods to a different buyer offering a better price. This can have a significant impact on your reputation as an exporter in the market and will jeopardise future business opportunities. Always meet contractual and financial requirements as agreed upon with your buyer.

## 9. Prepare well for a visit from (potential) buyers to your farm

Buyers of specialty cocoa increasingly prefer to visit farmer communities and cocoa plantations they work with. They are usually interested in investing in social relationships with farmer communities, discussing drying and fermentation techniques and/or finding interesting new sourcing destinations and unique cocoas. These visits will eventually strengthen your relationship with them, which lowers the business risks for both you and the buyer.

Before accepting a request from or inviting a buyer to visit, assess your production volumes and quality, and see when would be the best time for a visit. Buyers are most likely to be interested in visiting your farm during the harvesting season, as this gives them a direct opportunity to test your cocoa and possibly discuss post-harvest techniques. Be ready to answer questions about production volumes and to negotiate pricing if the interest in a trade deal is mutual.

During the COVID-19 pandemic, some exporters offered virtual tours of their farms. Think about tours of your production sites, an introduction to your cocoa growers and/or your cocoa processing facilities (while obeying food safety protocols). You can combine these tours with an option of a live video conference in which you can discuss or answer questions from interested buyers. As an example, have a look at the virtual tour offered by [Maui Ku'ia Estate](#) (Hawaii).



## Tips:

Once you have an incoming buyer visiting your producing region, make a clear agenda and programme for the visit, detailing specific locations and time blocks. Consult the buyer on what they would like to see and experience, and shape the programme accordingly. Include factors such as nursery/seedlings, production, farming communities, cooperative staff, post-harvest and warehousing infrastructure, and other interesting elements in which the buyer might be interested.

Have the main facts and figures of your cocoa production practices at hand. Buyers will ask you questions about this.

## 10. Contact trade promotion agencies

There are several governmental and non-governmental organisations that promote imports from developing countries. They do so by offering support to small and medium-sized enterprises (SMEs) and/or business support organisations (BSOs) in selected partner countries. Besides us, the [Centre for the Promotion of Imports from developing countries](#) (CBI), there are other organisations, such as:

- the [International Trade Center](#) (ITC);
- the [Belgian Trade for Development Centre](#) (TDC);
- the [Swiss Import Promotion Programme](#) (SIPPO);
- the German [Import Promotion Desk](#) (IPD);
- the Finnish [Finnpartnership](#);
- [Open Trade Gate Sweden](#) (OTGS).

Check which organisations specifically target your country, and check which export programmes they offer. These programmes can help you understand the market and become export ready, and also offer matchmaking services and support for exhibiting at trade fairs, for example.

## Tips:


Check out the courses offered by [ITC Trade Academy](#). They have a series of online courses, free and paid, and provide access to educational material on a range of trade-related topics.


Consider contacting trade promotion organisations and business support organisations in your own country. For instance, trade promotion agency [PromPerú](#) offers trade promotion initiatives, like support for Peruvian companies to participate in European trade fairs.


This study was conducted on behalf of CBI by [ProFound – Advisers In Development](#).

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