

Chocolate Industry Analysis 2014 - Cost & Trends Chocolate Industry in 2014 at a Glance

The chocolate industry offers a wide variety of opportunities for the small business owner, weathers economic recession well and is growing despite increased health-consciousness and calorie counting. Growth will be driven by population growth as well as expansion into new markets, product innovation and rising disposable income levels leading to greater purchasing of premium offerings.

Chocolate is wildly popular for individual consumption, gift giving and cooking. Due to the dominance of large-scale production dynasties, franchises and small businesses tend to focus on unique or specialty items or services. Unique chocolates may be from a region famous for a particular technique, baked on-site or offer a different take on tradition, while specialty services tend to focus on gift-packaging or delivery.

Chocolate Leads the Way

One of the primary demand drivers for chocolate and other sweets is consumer taste, and consumers continue to love chocolate! Long a beloved treat in the western world, a recent study in Great Britain showed that 91% of females and 87% of males consume chocolate products. But the taste for chocolate is now expanding into highly populated nations with a growing middle class, such as China and India. Rising disposable incomes and changing tastes will continue to drive growth in the industry overseas, just as improving domestic economic conditions increase sales at home.

The candy and confection industry remained strong through the recent recession, with the chocolate industry in particular having strong sales despite belt tightening. Considered a luxury, chocolate surprised many industry observers with continued sales strength over the last several years. Though people spent less on big ticket items like vacations, consumers refused to give up the little ways they spoil themselves at home. **A chocolate bar is often considered an “affordable luxury.”**

Profitability for large confection and candy producers is derived from manufacturing and supply chain efficiency, as well as effective marketing. Smaller companies look to offer premium or specialty products. For all companies involved in the chocolate industry, however, rising commodity prices can be cause for concern. Cocoa prices can be exceedingly variable as it is largely grown in developing nations with often unstable political situations. Recent turmoil in the Ivory Coast, the largest producer of cocoa, has caused prices to skyrocket for the beans. Lack of access to modern insecticides and fertilizers also makes production less predictable. Large producers of cocoa manage and absorb much of this risk, but will begin to pass on higher prices beyond a certain point.

Industry Trends

There are a number of trends within the chocolate industry that are driving growth; and product innovation in **2010 brought a 16% increase in new product releases over 2009.** Increasing disposable incomes as well as changing public sentiments regarding health

and our global community are the driving forces behind this growth in innovation.

Premium and specialty items have shown strong growth over the long-term. During the recession, there had been a shift away from premium items, but as the economy has continued to recover, sales of premium items have taken the lead again. High-end varieties can be baked on the premises, come from a renowned region or have a hidden secret recipe. Seasonal and boxed assorted chocolates have been experiencing the fastest growth, and sales are expected to expand 13% between 2010 and 2015. Holidays, birthdays, retirement parties and more, chocolate is a versatile gift for many occasions.

Over the last several decades there has been increased understanding of what constitutes a healthy diet, and there has been a dramatic increase in sales of sugar free, reduced fat and reduced calorie offerings. Dark chocolate is known to lower both blood pressure and cholesterol, and has nearly 8 times the number of antioxidants as found in strawberries. A recent survey found that 35% of respondents believe dark chocolate to be healthier, and it shows: sales grew 9% in 2009 versus 3.6% for the chocolate industry as a whole.

Fair-trade certified chocolate is another fast growing segment of the market, where consumers pay a premium to ensure goods are produced in an ethical manner. As our global community grows smaller with the communication revolution, it becomes glaringly obvious that goods produced in developing countries are often subject to horrible labor conditions or controlled by dominant industry participants. Fair Trade is a social movement aimed to promote sustainability in developing countries, and generally requires a higher price but conforms to higher social and environmental standards.

Chocolate Industry Franchise Opportunities

[Chocolate Industry Analysis 2014 - Cost & Trends](#)

<https://www.franchisehelp.com/industry-reports/chocolate-indus...>

Gift-Giving	Like flower shops, these businesses often focus on themed chocolates and c
Bulk Candy	Offering a wide assortment of candies of all types (including non-chocolate stores often charge by the pound...or half pound!
Premium or Unique	High-end, specialty items, imports from areas with historical processes
On-Site Baking	That smell....advertising in the air!
Ethical	Free trade or other, quality products produced, process and delivered in a c ethical and/or environmental manner.

There are a wide variety of chocolate industry opportunities available for the franchisee, based on location, clientele, and affluence. Franchises exist in storefront or online variety and for shipping or hand delivery; specialty stores provide high-end treats and bulk candy stores offer large quantities of varying quality!

The chocolate industry has proven both resilient during the recession and innovative to meet changing consumer tastes and criteria. Growth will remain strong as chocolate gains in popularity in new markets and the global economy powers ahead. Healthier varieties are gaining market share and discerning consumers are willing to pay a premium for ethical production, but through it all, chocolate demand continues to grow.

Matt Sena is a co-founder of [FieldLens](#), a former portfolio manager, research analyst and trader. He holds the Chartered Financial Analyst designation and earned his MBA in Finance from Kellstadt Graduate School of Business while working at Goldman, Sachs & Co.

"one of the most useful sites for entrepreneurs" -

FRANCHISE BLOG

[Top 10 Franchises for 2015](#) [5 Hot Franchises for 2015](#) [Retired Army Engineer Joins the Barbecue Business with New Dickey's Barbecue Pit](#) [How the UPS Store Helps First-Timers Transition to Franchise Ownership](#) [Nampa Feeds Their Barbecue Cravings with New Dickey's Barbecue Pit](#)

FRANCHISE CATEGORIES

[Automotive Business](#) [Consulting Business](#) [Business Opportunity](#) [Business Services](#) [Children](#) [Cleaning](#) [Computer & Internet](#) [Education](#) [Fitness & Beauty](#) [Food For Veterans](#) [Healthcare & Senior Home Based](#) [Home Services](#) [Hotel & Travel](#) [International](#) [Low Cost](#) [Pet Photography](#) [Real Estate](#) [Retail](#) [Tax Preparation](#) [Vending](#) [Women's Master/Area Developer](#)

© Copyright 2015 FranchiseHelp Holdings LLC. All rights reserved.

[About Us](#) | [Advertise With Us](#) | [Privacy Policy](#) | [Franchise Disclosure Documents](#) | [Franchising A Business](#) | [Media Requests](#) | [Lead Generation Resource Center](#) | [Local Businesses For Sale](#)

2Request Free Information on 1 Franchise

 THE WALL STREET JOURNAL

Posted on December 31, 2012 by Dennis Kearney | [0 Comments](#) [Tweet 0](#)

-Original Post Date: 8/24/2008

Here is part of an article I found on the future market trends for gourmet chocolate-good news for all the chocolate lov

Specialty foods, whether gourmet, organic or all natural are the rage these days. Formerly available only through farm have gained far-reaching acceptance. Consumers only have to go to the local chain grocery and drug store to find their is currently valued at over \$42 billion and is expected to exceed \$62 billion by 2009. Americans might not need premi

Concerned with the high saturated fat and sugar content for decades, consumers have set aside premium chocolates for revealed the potential health benefits of chocolate to the public. More and more people are embracing chocolates, som daily routines. As a result, the premium chocolate market grew at an **annual rate of 10.5%** during the period between 2 chocolate candy sales. Premium chocolate is far and away the most exciting category in the confectionery segment.

DEMOGRAPHICS

Premium chocolate is an acquired taste. This is especially true in the case of the dark chocolate sub-segment that differ conventional confectionary fares. As such, children or teens do not represent the primary market for this category. A b market stays strong despite the dwindling percentage of U.S. households



1 of 4 11/25/14, 9:25 PM

Chocolate Trends | Coco Delice Fine Chocolates <http://www.cocodelice.com/blogs/coco-delice-blog/7105336-ch...>

with children, which threatens the sales prospects of the sugar confections industry as a whole.

Among the adult population, surveys show some overlapping with the general gourmet food industry. A few consumer groups stand out: **young adults (18-34 years old), the affluent (with household earnings of at least \$100,000), women, and Asians.** However, differences between segments are often small. Indulgences have become dear to the old and the young, low-and-high-income earners alike. Like most things that were once limited to only the wealthiest customers, premium chocolates have gone mainstream.

MARKET CONDITIONS

With margins tightening elsewhere in the confectionery segment, top-flight chocolates have become an increasingly important part of manufacturers' portfolios. As such, more and more mainstream marketers seek to move up-market, either through launching their

own premium lines or by acquiring small, yet established producers. Their presence, albeit still in the minority, can only lead to an even more dynamic and exciting industry.

The market as a whole has seen great strides in distribution reach. Once exclusively available at specialty & boutique shops, premium chocolate now generates 40% of total sales through food, drug, and mass channels. A large part of the expansion is due to the mainstream player's existing retail network and advertising muscle. One cannot ignore the exceptional branding and marketing done by others to make gourmet chocolate the ever-emerging phenomenon it is today.

CONSUMER TRENDS

As newly-released data indicates the level of concerns about serving foods that contain sugar to be the highest since 1994. The once-labeled "health fad" is not going away anytime soon. Hence consumption of chocolate, a product high in both fat and sugar, can hardly be considered guilt-free. Manufacturers have reacted by creating added value in the form of vitamins and healthy ingredients. The Hershey Company unveiled Whole Bean Chocolate which contains 7 grams of fiber in each serving. This product

is a part of the company's antioxidants-rich Goodness Chocolate portfolio, meant to be enjoyed in moderation as part of an active and healthy lifestyle.

Rising health concerns have led to the emergence of another gourmet segment, quipped by insiders as "the dark side of chocolate". Dark chocolate, which has high flavanoids content, saw its 2006 sales volume jump 43%. Also, as their palates evolve and deem sugary taste less desirable, consumers actively seek to "trade up" toward even darker chocolate. Indeed, the percent of cocoa content has become increasingly important to customers both as a measure of taste and of health benefits. Companies listened and started rolling out products with more than 70% cocoa. In 2005, Lindt introduced a 99% cocoa bar to the delight of chocolate connoisseurs around the world.

In comparison, milk chocolate features as little as 10 percent cocoa, and its milk content has been shown to dilute potential health benefits of antioxidants. Yet, consumers have not turned their backs on milk chocolate. Recent consumer research by a leading specialty food market research firm uncovered an indifference between milk and dark among premium chocolate lovers. For all the positive press heaved

2 of 4 11/25/14, 9:25 PM

Chocolate Trends | Coco Delice Fine Chocolates <http://www.cocodelice.com/blogs/cocodelice-blog/7105336-ch...>

upon dark chocolate, there might be a big untapped market where companies would gain from positioning their milk chocolates as premium.

Manufacturers are also going beyond the basic flavor notes to satisfy customers who seek

exotic fares. Vosges Haut-Chocolat's Barcelona Bar, for example, lists hickory-smoked almonds and fleur-de-sel gray sea salt among its ingredients. Products touting honey, chai tea, goji berries and pumpkin seed flavors are already on the market. Ice wine, goat cheese, olive oil, and malt are soon to come.

The world of chocolate has witnessed many other exciting trends. Thanks to the ever-growing organic foods craze, consumers' awareness has increased. Chocolatiers are becoming more ethically concerned about how and where certain goods are made. Single bean, or origin chocolate, and Fair Trade-certified bars have developed quite a following. Artisan chocolates, with their exclusive hand-crafted products, limited versions and endless flavor experiments have their own appeal.

ADVERTISING AND PACKAGING

Despite being in the world's largest confectionery market, U.S. consumers possess a somewhat less refined taste. As such, it is vital for companies to actively engage in "recruiting" chocolate lovers. Guerrilla-type sampling programs and tasting classes work wonders in unveiling chocolate's positive attributes to the public. Commercially produced chocolate has its root in Western Europe countries: Belgium, Switzerland, France, etc. In fact, many high-end chocolate gift boxes now come with instructional leaflets containing tasting notes and tips such as "Place your tongue on the roof of your mouth and swirl the melting chocolate all over." Readily available recipes and chocolate-related information, such as those on Lindt's website, are also effective educating tools. Mars launched a series of Ethel's Chocolate Lounges where customers can learn firsthand about the finer points of chocolate indulgence while getting their daily fixes.

Positioning itself in the premium category, gourmet chocolate would benefit from constant product differentiation. Labeling that plays up cocoa content, country of origin and health-related hints would go a long way toward achieving this goal. Chocolate is often an impulse purchase; hence displays, product placements and feature tie-ins can be a key sales driving factor. Also, for a premium market, gourmet chocolate lovers are a rather price-conscious crowd. Hershey's Cacao Reserve's disappointing launch is believed to have stemmed from the company's refusal to compete on prices and hold temporary discounts.

Candy Consumption of Kids and Households with Kids

Oct

31 2009

2014 Holiday Marketer Report

Illuminate your holiday marketing campaigns with insights from marketers worldwide.

[Get the report >>](#)

2015 Digital Marketer Survey

Share your marketing strategies and challenges in our survey and you'll get an exclusive peek at the results!

[Take the survey now >>](#)


Follow us

Follow [@experianmkt](#) 17.8K followers

Posted by John Fetto under Consumer insights [Like](#) 1

Trick-or-Treat

Tweet 0


With Halloween lurking around the corner, candy sales will surely rise. But before you purchase this year's trick- or-treat supply, first read the report Experian Simmons put together regarding the candy consumption of American adults and children.

The report will help you choose the candy to stock up on by identifying the brands kids like most. On the other hand, when you find out how many servings children eat in a typical month, you might just decide to forego the candy bars and give out apples instead.

Sweet Teeth

Seventy-five percent of all U.S. Adults say they eat chocolate or hard candy. Adults who live under the same roof with children under the age of 18 are slightly more likely to eat candy than those who don't live with kids (76 percent versus 74 percent). Likewise, adults living among children are more likely to eat 10 or more servings of candy per month than those living in childless households.

It's Only For the Kids?

Candy eating adults living amongst kids are more likely than those who don't have kids in the household to eat most types of candy from fun-size to king-size.

Candy Consumption of 6 – 11 Year Olds

Now we'll analyze the candy consumption of American children and determine if there is a candy consumption correlation between children their parents.

Data is from the Simmons Kids Study Spring 2009 Full Year.

3,266 people like this. Be the first of your friends.

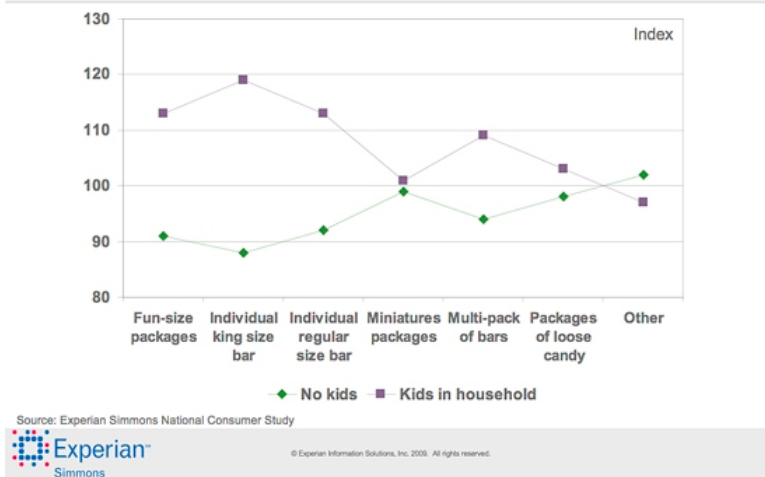
Like 2,922

YouTube 217

Topics of Interest

consumer research Simmons data quality webinar online behavior Cheetahmail report black friday search intelligence consumer data mobile marketing digital marketer

It's For the Kids?



email marketing holiday Hitwise

social media marketing CheetahMail consumer segmentation retail and ecommerce Experian QAS

Older Children Eat More Candy

