

FEATURES - MARKETING & BUSINESS BOOKS: Chocolatiers aim for the educated palate

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You drink a single malt whisky; sip wine from a vineyard that grows only one variety of grape; and consume coffee, presumably, from Colombia, Jamaica or some other source of pure bean. But what about your chocolate?

For years, food and drinks makers have sought high-margin niches to distinguish their products from the pack. Their marketing has played mercilessly on social identifiers such as education and travel, to broaden the demand for products that start life aimed only at professional customers.

The packaging is important, as well as the product. Expensive materials, complex descriptions and a general sense of *savoir-faire* on the part of the buyer have helped to justify hefty mark-ups.

Chocolate, however, has been different. Although it is based, like wine and coffee, on a fruit grown in dozens of varieties round the world, few consumers know much about its origins. Mass-market brands are based on unspecified blends of cocoa beans, their characteristics geared to regional preferences or price positioning. For many consumers, the toughest choice may be between plain or milk.

That may soon change. Lindt & Sprüngli, one of the world's best-known makers of premium chocolate, is planning to push further into upmarket chocolates identified exclusively by country of origin - so-called *chocolat d'origine* - after seeing a surge in demand for its existing limited range.

Barry Callebaut has even bolder ambitions. Although it may hardly be known to the consumer, the company is one of the world's biggest chocolate makers, selling to the food industry, hotels and restaurants as well as retailers for own-brand products.

Now Zurich-based, it was founded in Belgium and describes its main brand, Callebaut, as "the very emblem of Belgian chocolate". Its push into the consumer market with the acquisition of Germany's Stollwerck in 2002 was strengthened last year when it bought the US confectioner Brach's. Brach's produces nearly 200 varieties of confections including StarBrites mints and Milk Maid Caramels, while Stollwerck's brands include Sarotti and Van Houten.

Barry Callebaut plans to use its new presence in Germany and the US subsidiaries to spearhead a drive into *chocolat d'origine*.

"The proportion of quality-conscious consumers is rising dramatically", says Sylvia Kälin, Lindt & Sprüngli's head of communications.

Patrick de Maeseneire, Barry Callebaut's chief executive, agrees: "We believe the consumer is willing to pay a premium for chocolate of the highest quality from a clearly defined origin."

Barry Callebaut will use Stollwerck and Brach's to manufacture single-bean products alongside their current ranges.

The new products will differ from the chunky bars typically found on supermarket shelves in having a highly distinctive look. "The packaging will be crucial," says Mr de Maeseneire.

Barry Callebaut's design will probably emulate the bigger, thinner bars it sells on a limited basis to patissiers and chocolatiers in France - the world's biggest market for high-class, bitter plain chocolate.

The biggest change in packaging will be to make it transparent, using a specially developed mica film impervious to the ultraviolet light that can blemish chocolate's appearance. "It's essential buyers of this type of product see what they're getting," says Mr de Maeseneire.

The importance of packaging is illustrated by Valrhona, a French pioneer of chocolat d'origine. Playing on the wine traditions familiar from its base in the Rhône valley, its most expensive bars are based not just on beans from one country but from an individual estate and harvest, with the year of collection marked. Appropriately, the products, restricted to premium outlets, come packed in the same sort of wooden caskets used for vintage wines.

Distinctive packaging has been as essential for Lindt. The group already offers eight varieties of chocolat d'origine in France, where its upmarket Excellence brand was launched. A more limited range of three - Ghana, Trinidad and Ecuador - is also sold in Switzerland, Italy and Germany, the only other countries where the product is currently available.

In each case, instead of the standard, thick 100gm tablets, Excellence comes in a larger, thinner format designed to break into bigger pieces to maximise its superior taste on the tongue, says Ms Kälin.

Chocolat d'origine offers big advantages to a hard-pressed industry concerned about limited growth and the risk of a nutritional backlash from an increasingly health-conscious public. With annual growth rates of only 1-2 per cent, chocolate is a mature market, putting a premium on successful innovation.

Some manufacturers believe the emphasis on quality and purity in chocolat d'origine could also counter growing consumer concerns about obesity - let alone the potential threat of lawsuits.

Chocolate makers have, so far, avoided the legal challenges faced by the fast-food sector. But they are acutely aware of the risks, prompting some to project chocolat d'origine, based on cocoa bean contents of up to 70 per cent compared with the much lower levels in blends, as a "natural" and even healthy alternative.

Above all, chocolat d'origine offers unprecedented margins. Excellence, for example, sells for roughly 30 per cent more than its other brands. "Excellence has been a huge success," says Ms Kälin.

But there may be limits to the industry's new enthusiasm for chocolat d'origine, warns **James Amoroso**, food analyst at Pictet, the Swiss private bank. "It's all wishful thinking at the moment," he argues. "It is where the chocolate industry could be in a few decades."

His argument is that the market is currently dominated by brands and no multinational manufacturer, having spent millions on establishing a brand name around the world, is going to forsake that advantage to shift into chocolat d'origine.

"Moving from a brand to a product based on origin would just expose manufacturers to the sort of head-on competition they have invested millions in advertising to avoid," he notes.

But just as with wine or coffee, there is probably room for both branded and product-specific goods in the chocolate market of tomorrow. While growing consumer interest in freshly brewed coffee and specific bean varieties may have dented the mass market, Maxwell House and Nescafé soldier on.

Even if chocolat d'origine finds only a small niche near the main chocolate bars on the supermarket shelves, its manufacturers are already hoping it will prove a surprisingly tasty morsel.