

20 16 CATEGORY INSIGHT REPORT



CHOCOLATE CONFECTIONERY

Are you part of the 75% of women and 68% of men who indulge in chocolate treats?

It's a hard taste for many people to pass up! Chocolate is a classic flavor found across a variety of categories, but in this report we'll focus just on the chocolate confectionery market. We'll take a look at some facts behind the 30% global growth and the near 30% decline in North America (2012-2015). We'll examine flavors, claims and how companies are trying to woo adult consumers to reach for chocolate treats more often.

FLAVOR

TOP 10 GLOBAL FLAVORS (Jan. 2012-Dec. 2015)

- | | | | |
|----|------------------|-----|------------|
| 1. | Unflavored/Plain | 6. | Strawberry |
| 2. | Hazelnut | 7. | Coconut |
| 3. | Caramel | 8. | Mint |
| 4. | Almond | 9. | Coffee |
| 5. | Orange | 10. | Peanut |

GREATEST GROWTH IN FLAVORS

Hazelnut is where we see the most growth since 2012 with a nearly 50% increase in launches (411 to 606). Looking at the start to 2016, the growth appears to be continuing with 110 launches already tallied by the second week of February. Coffee flavor is the second highest percent of increase at 40% growth and Coconut and Caramel both pushing 30% growth in product launches over this time period.



Kaiser White Cocoa Balls with Hazelnut come in a four-pack and are also available in Cocoa flavor. Taiwan



Barú Milk Chocolate with Coffee & Cream Wrapped Marshmallow is an all-natural product that has been handmade in Belgium. Germany



Harald Unique Sabores Chocolate ao Leite com Coco Queimado (Milk Chocolate with Burnt Coconut) contains 35% cocoa, made using a blend of fine cocoa almonds grown in the best farms of Pará and Bahia, in Brazil. Brazil

PRODUCTS OF NOTE - NORTH AMERICA

Blanxart chocolate bars from Spain are now available in the U.S. and offer an array of interesting flavors



TOP 10 NORTH AMERICAN FLAVORS

(Jan. 2012-Dec. 2015)

- | | | | |
|----|------------------|-----|------------|
| 1. | Unflavored/Plain | 6. | Mint |
| 2. | Caramel | 7. | Peppermint |
| 3. | Almond | 8. | Raspberry |
| 4. | Peanut Butter | 9. | Orange |
| 5. | Hazelnut | 10. | Coconut |



CLAIMS

TOP 10 GLOBAL CLAIMS (Jan. 2012-Dec. 2015)

- | | |
|---|--|
| 1. Seasonal +21% | 6. Vegetarian +68% |
| 2. Ethical-human +300% | 7. Gluten Free +207% |
| 3. Ethical – Environmentally Friendly Product +846% | 8. Ethical- Environmentally Friendly Package +100% |
| 4. Low/No/Reduced Allergen +195% | 9. Organic +101% |
| 5. Kosher +36% | 10. Premium +62% |



Hands Off My Chocolate Seriously Dark Chocolate is 85% cacao chocolate with no artificial colors or flavors. The manufacturer is claimed to support the Quality Cacao for a Better Life Program that helps farmers to grow cocoa in a more sustainable way and improves family livelihoods. Netherlands



Lotte Ghana Fresh Truffle Chocolate is claimed to be a high quality chocolate made of cacao beans produced in shaded cacao plantations, which implement standards for the conservation of natural resources. South Korea



Montezuma's Eco Egg Organic Milk Chocolate with Butterscotch is created in "balmy West Sussex with only the finest ingredients." The vegetarian product is free from colorings, gluten and preservatives. The packaging is made of just two parts: a sturdy biodegradable paper outer shell/sleeve and foil wrapping, which makes this product the "most eco-friendly Easter egg around." UK

RECONNECTING ADULTS WITH CHOCOLATE

Mintel data shows older consumers have the lowest engagement with chocolate confectionery, reflecting their greater interest in healthy eating. Here's a look at three ways companies are trying to regain adult customers: alcohol flavors, organic ingredients and premium positioning.

ALCOHOL FLAVORS

An obvious place to turn for adult flavors is the liquor cabinet. We see recent launches featuring Limoncello and dark chocolate in Italy, chocolates filled with the sweet herbal Liqueur Beirao in Portugal, and dark chocolate and truffles flavored with Merlot, Pink Champagne and Pinot Noir in the U.S. We also see beer giant Guinness featured in two new products launched in the UK and Spain: caramel-filled chocolates and dark chocolate truffles.

PRODUCT OF NOTE - JAPAN

Nestle Japan recently launched a Sake-flavored white chocolate KitKat containing 0.8% alcohol. The product targets adults and tourists, as part of a regional flavor campaign that has sold KitKats flavored with Japanese ingredients only in the region where the flavor is based.



WE TRIED IT: RAAKA BOURBON CASK AGED DARK CHOCOLATE BAR

Undoubtedly targeting adult palates, this is an intense 82% cacao fair trade chocolate bar featuring cocoa beans aged in Berkshire Mountain Distilling bourbon barrels for four weeks. It's a serious chocolate with bold and bitter wood and bourbon notes and a slightly fruity ending. (That was the story our taste buds told, anyhow. The official word from Raaka is that you'll get vanilla and caramel notes, too.)

This interesting flavor is the result of Raaka doing something unique: they aren't roasting the cocoa beans. The company says this process allows "bolder, more fruity flavors to stay intact," bringing people "closer to the bean" through a more pure flavor experience. They have dubbed it "virgin chocolate," saying "in the culinary sense...the word communicates a higher level of purity and quality."

Even the packaging is luxurious. Raaka wraps all their bars in artistically designed, crisp and textured recycled paper.



ORGANIC

Consumers perceive organic foods to be healthier and are turning to organic confections for a more permissible indulgence. Although in the U.S. this claim has dropped between 2012 and 2015, we see a steady rise globally from 351 launches to 705 (+101%). Seven percent of chocolate confection launches currently carry the organic claim. Sea Salt, Peanut Butter and Cinnamon are the top three growing flavors over the past year in the organic chocolate confection market. (Q4 2014-Q4 2015)



Arctic Choc Hunajamurska Maitosuklaa (Organic Honey Crunch Milk Chocolate) is handmade in Finland and has a 35% cocoa content. It's said to be made without any harmful additives or preservatives, by using only the best organic ingredients.



Theo Red Hot Cinnamon Crunch Dark Chocolate is a product of the United States released for Valentine's Day 2016. Described as spicy and sweet, it comprises red hot crunch of cinnamon brittle in smooth rich 70% dark chocolate. This chocolate bar is made with only the finest organic and Fair Trade ingredients and suitable for vegans.



Harald Unique Sabores Chocolate Amargo com Gengibre (Amazon Dark Chocolate with Ginger) is made with 70% fine organic cocoa from the Transamazonian and Lower Xingu regions in a sustainable manner. It is a chocolate with high level of cocoa, where the aroma and flavor presents dense and hot notes, combined with ginger to promote a strong and spicy flavor. Brazil

PREMIUM

Global chocolate confection premium claims have risen 50% since 2013. From Q1 2014 to Q1 2016, coconut is the fastest growing flavor in this space, with a 500% increase. Here is a look at the other five:

Coconut +500.00%

Sea Salt +350.00%

Lemon +200.00%

Yogurt +200.00%

Salt/Salted +150.00%

Roasted/Toasted +150.00%

3 INGREDIENTS MAKING AN APPEARANCE FOR THE FIRST TIME IN THE PAST 12 MONTHS:

BUTTER FLAVOR, PINEAPPLE POWDER, ROSE EXTRACT, SPINACH

In addition to flavor selection, ingredient origin is another way brands are giving a premium positioning to their chocolates. One example of this is Hexx craft chocolate, which is made in the U.S. and based at the Paris Las Vegas Hotel where guests can watch the chocolates being made. Hexx products showcase the “flavorful varieties of different regions and growers.” Flavors include: Tanzania Milk 47%, Venezuela Dark 70%, Ecuador Dark 73%, Madagascar Milk 47%. We tried Tanzania Dark Chocolate 70% and found the package’s flavor descriptors (bright, with hints of cherry, coffee and lemon) to be spot on.



Lula's Chocolates Dark Aloha Rocky Road is handmade in California with artisan marshmallows, house-roasted macadamia nuts from Hawaii and premium dark chocolate.



Choceur Swiss Mountain Bar Orange Infused Milk Chocolate is a premium Swiss milk chocolate infused with orange flavor and honey almond nougat inclusions in easy breakaway bite size pieces. Australia



The Tea Room Chocolate Fusion Lapsang Souchong Smoky Tea Organic Dark Chocolate is described as a flavorful experience of premium semi-sweet dark chocolate, pine smoked black tea from Fujian and a touch of Himalayan salt. Germany

FUTURE OPPORTUNITIES

FONA CAN HELP!

The consumer's interest in chocolate confections will not fade away any time soon. Let FONA's experts translate these trends into ideas for your brand. We can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market. Our flavorists and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on these consumer trends. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here every step of the way. Contact our Sales Service Department at 630.578.8600 to request a flavor sample or visit www.fona.com.

SOURCES

GNPD

Mintel Food & Drink

Mintel Category Insight: Chocolate Confectionery May 2015

<http://www.raakachocolate.com/products/bourbon-cask-aged>

<http://www.foodnavigator-usa.com/Manufacturers/Raaka-s-virgin-chocolate-tests-the-limits-of-confection>

<http://www.confectionerynews.com/Markets/Nestle-debuts-alcohol-inspired-sake-KitKat-in-Japan>



1900 Averill Road, Geneva, IL 60134
630.578.8600 | www.fona.com