

FINE CHOCOLATES IN INDIA – AN INTRODUCTION AND THE CHALLENGES THAT EXIST!

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In every chocolate/cocoa conference I attend anywhere in the world, it is spoken that India is going to be the largest consumer market for chocolates. India is certainly an interesting country for the chocolate industry. India is perhaps the only country that grows cocoa and consumes chocolates in large quantities. However, till date, India is not exposed to fine chocolates. We have been growing in the mass market segment and strict import regulations have proven to be a hurdle for imports of chocolates. To make matters worse, compound chocolates, also called as fake chocolates in Europe, have a price advantage and are a mass favorite. Further, the high import duties, increase the price of chocolates to an extent that even regular mass chocolates of Germany, UK and other countries become premium priced when imported into India and sold in retail. The market dynamics in the chocolate industry is very interesting. Fine chocolates is even more interesting as it caters to a smaller demand but is rapidly growing as a category!

Let us first understand what is fine chocolates. Certain chocolates are categorized as "Fine" based on the raw materials and processes that are used to prepare the chocolate and they justify a premium price due to the flavor profile and overall experience that a fine chocolate is supposed to deliver. The Cocoa fruit is considered the healthiest fruit ever grown! They contain beans that are packed between a white pulp/paste (much like custard apple). The pulp is high in sugar and are edible but is not usually consumed. They aid fermentation and flavor development when they are left to dry in a wooden case. Chocolates are then made by grinding fermented and dried cocoa beans into a

paste (called mass/liquor) and adding sugar. Fine chocolates are more delicately prepared and additional ingredients are added in minimalistic quantities. With fine chocolates, "less is more". Most fine chocolates would have only 3 ingredients, Cocoa mass/Liquor (which contains naturally occurring Cocoa solids and Cocoa butter), sugar and a less than 1% emulsifier. No oil is added to the chocolate. However, it is important to understand that fat is present in its true form (Cocoa butter) which comes directly from the cocoa beans. The flavor profiles (Fruity, Citrus, Berries, Flowery, Tobacco, Earthy, Woody, Caramel, Nutty etc) evolve during the process of chocolate making and are derived from the beans itself. Fine chocolate makers, at times do add certain flavors and other natural ingredients like fruits and nuts to further enhance the overall experience.

In India most large chocolate companies do not produce very high quality chocolates. This reason can be because they are trying to cater to a mass segment. The perception is that Indians are price conscious. However, with the positive forward trend we are seeing towards organic products, I am made to believe (and we must all be confident) that an Indian consumer values quality more than we imagine. They might buy a lot of Chinese products but certainly reject any product that is of low quality when it comes to food. Further they are certainly willing to invest in good quality foods. Chocolates is no exception. I hosted a stall at an artisanal market in Chennai recently and the response and the bee line customers made for artisanal & good quality chocolates was not surprising (atleast not to me!) The only thing I did in addition to displaying it well was to host a tasting opportunity for each of

the chocolates. In comparison to the coffee industry where single origin coffees are now being appreciated across all segments, chocolates are yet to reach that position. However, with education I believe that it is easily possible and Indian cacao can get more recognition. Cocotrait, my initiative to educate customers about fine chocolates in India, started with that aim and has achieved reasonable amount of success. My encouragement comes from consumers who care about that they are consuming and want to take advantage of the goodness of Cacao as a food. While artisanal chocolates cannot be sold like a piece of art (though i seriously consider chocolatiers as artists!), they need to be treated with care and given due respect. A chocolatier invests a lot of effort to come up with his creations.

On reading this, you may ask, "what are the fine chocolate brands available in India?" The answer to this may actually surprise you! The fine chocolate market is in the segment of Rs 250- Rs 400. With the exit of players like Lindt after pleasing the Indian chocolate enthusiast for 5 years, there is a clear gap in the fine chocolate offering in the Rs 300 per bar range in India. No reputed imported chocolate brand has managed to match Lindt in distribution reach. With challenges in imports becoming more predictable (and less regular), a new breed of artisan chocolate makers in India are seizing an opportunity to fill up this gap in the premium chocolate market pretty easily. They have an advantage of making/ finishing the chocolates locally. Some artisan chocolatiers start their process of chocolate making from cocoa beans grown in India while some of them use ready to use bulk belgian chocolates then also add natural ingredients to finish their chocolates. Bean to bar makers like Mason & Co, Earth Loaf and Indah Chocolates and other brands like Bean Therapy, Vivanda Chocolate Co etc lead this effort of providing the Indian chocolate enthusiast with delicious fine chocolate experience with a lot of diversity in their offerings.

Earth Loaf : Bean to Bar chocolate Maker, Raw Chocolate (from the Raw food revolution retaining the highest antioxidants), Organic, Uses Low GI Palmyra Sugar, Made in Mysore (close to the world renowned Yoga institute) by a South African chocolatier. He uses only local ingredients and offers 4 varieties of bars and 2 bon bons along with Cocoa tea and Nibs. Their bars are priced at 270 for a 72 Gram bar.

Indah Chocolates: The only Bean to Bar chocolate maker outside of South India. Made in Pune by a young and enterprising chocolatier who has trained in cocoa farms and chocolate making units in Asia. He offers 3 milk and 3 dark cocoa bars made from Indian Cocoa beans priced at Rs 90 for a 40 Gram bar. Though this does not belong to this price segment, their exclusivity does not justify a comparison with the mass market players. They also offer Drinking and Hot chocolate. This can be considered as serious competition to the well established players.

Mason & Co: Bean to Bar Organic, Small Batch, Made in Pondicherry by a French/Australian Couple who have lead the ban to bar revolution in India. They offer their range of 6 dark chocolate bars in 80 Grams and priced at xxx. They also offer cocoa nibs.

Bean Therapy: A chef turned chocolatier having practised in Newzealand uses his expertise to mix traditional indian delights into fine Belgian chocolates that make for an interesting offering. Their range of 7 dark chocolate bars also weigh 80 grams each and are priced at Rs 270.

Vivanda Chocolate: A mumbai based chocolatier, uses only the most exclusive single origin chocolates to offer chocolates in the 40 grams pack size at Rs 150 per bar. They currently offer 4 origins and also a sugar free option.

Chokriti: A dentist turned chocolatier, having practised in NYC, she delivers the best of world flavours and is hugely calorie conscious! She offers more than 10 flavours to choose from and uses fine French and Belgian chocolates to create magic! Her bars are priced at Rs 250 for 40 grams.

Having said all of the above, there are many challenges in the entire chocolate value chain. The challenges can be grouped into Sourcing, Education, Promotion, Packaging, Innovation, Placement and Infrastructure. Let us understand each in a bit more detail:

Sourcing – Sourcing of cocoa beans or bulk fine chocolates are both a challenge in India. For the bean to bar makers, sustainable supply of cocoa beans is a challenge. For the others, sourcing of Bulk chocolates is a continuous struggle. The other ingredients used as inclusions in chocolates are also sourced very carefully and chocolatiers are always in the look out for newer ingredients.

Education - Fine chocolates like fine wines need to be appreciated in order to be enjoyed better. They are not supposed to be eaten/munched away! It would be disrespect to the chocolatier in my opinion. This is a challenge, the challenge of educating the audiences, that chocolatiers and retailers have to address. Chocolate Tasting and appreciation sessions will help a great deal. Chocolate pairing sessions are going to take this effort to the next level and bring chocolates at the levels of wine appreciation. Its a pity wines will never be gifted as easily as chocolates (thanks to the regulations, availability and taboo related issues in India!). We should not undermine the role of social media to create awareness and use it effectively to reach out to a larger audience.

Promotions - The proof is always in the pudding. Fine chocolates cannot be sold like a piece of art (though i seriously consider chocolatiers as artists!). They have to be promoted just like any other food products and the best way is simply by letting consumers get a piece on their palettes! Sampling of fine chocolates is certainly an expensive exercise. I agree. However, with personal experience, i can say that if sampling follows education, (in that order) a story around fine chocolates can very easily entice a passer and a window shopper to pull some bucks out of his pocket. We must remember a lot of chocolates are impulse purchase and so is the case with fine chocolates. The only difference being that they

just don't get picked up like any other candy bar! However, in respect to social media, I do believe that social media may NOT be a sales driver for fine chocolates.

Packaging - Packaging of the chocolate has to be aimed at providing the required amount of insulation. Apart from the packaging, the box used to give the customer to take the chocolate some has to be insulated and/or ice cooled. This is essential to ensure the right experience is delivered on the consumer's palette.

Innovation – Innovation in chocolate making techniques and also in introducing new range of chocolates with interesting/differentiated ingredients continuously is nothing short of running a marathon! The chocolatier has to do this several times a year. The same assortment and flavor infusions (except some classic flavors) experience customer fatigue over a period of time and needs to be continuously replaced.

Placement - As just mentioned, chocolates are impulsive. However, they cannot just be kept on the shelf in the chocolate category and expected to be picked up. They do need a prominence in the consumers mind share within the store. They need to be kept in the fine foods shelf and paired with (placed next to) wines, cheese, tea or coffee. This sets the right expectations and consumers start to get inquisitive about the offering. The right placement with a bit of sampling and education ensures that the chocolatier gets what he deserves!

Infrastructure - While the above 3 challenges are more easily addressable (where there is a will there is a way!), warehousing, transporting and handing chocolates in the store at the right temperature and humidity is the single biggest challenge in my opinion. Temperature and humidity shocks can cause fat and sugar bloom in chocolates and can take away a lot of the good looks and flavors of fine chocolates. The storage infrastructure needed is equal to that while storing wines (while controlling humidity). While transporting it, we need to ensure there are no shocks and humidity does not cause the packaging and texture to be effected. While

storing in the store, due to a possibility of handling by customers, we need to be a bit cautious about storing it at the right temperatures and humidity and away from foods whose smell can be picked up by these fine chocolates easily. Some of them have fillings and the fat/butter can change texture and easily ooze out and make the chocolate unsalable.

When we, as an industry, do address these above challenges related to fine chocolates and consumers savour them in moderation, artisanal chocolatiers in India would get their due and these very challenges would turn into clear opportunities. India needs more chocolatiers to take the fine chocolate revolution forward to satisfy our chocolate cravings. Bye Bye Sugar Cravings!

About the Author:

I have pleasure in introducing myself to you as L Nitin Chordia, a Retail/Chocolate business consultant and a sparring partner. I am a certified chocolate taster and recently at the grand jury of the International Chocolate Awards, (which is based in London). I work with people across the value chain for chocolates in India. This includes farmers, Chocolate Makers, Chocolatiers, Retailers and consumers. I have assisted in the set up the largest Gourmet Store chain in India in 2006 and have since then focused my attention to fine chocolates and the Indian market. I got

Amedei introduced to the Indian market in 2006 and as a result was the 1st importer to Amedei from Italy into India. Currently, I operate the only chocolate tasting club in India called Cocotrait. I currently have about 13000+ members/followers across our platforms and is set to grow incrementally in the coming quarters. A detailed introduction is as follows:

About Cocotrait:

Cocotrait is the 1st initiative in India to promote production of Fine Cocoa and also consumption of fine chocolates in India via awareness and education. Cocotrait operates the only one of its kind chocolate tasting club in India with an aim to be the foremost educational media for the indian fine chocolate industry. This is not a paid subscription and the members do not have to pay to become members. Cocotrait has built up a strong community of chocolate enthusiasts who follow the progress made in the chocolate industry very closely via our social channels/Website. Cocotrait also works with farmers and educates them about the need to produce better Cocoa and exposes them to the demand of fine flavor cocoa. Cocotrait has also represented India in international cocoa conferences/events and presents the India opportunity to the world and helps the audiences better understand India as a cocoa production and chocolate consumption market.

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