

# A guide to product development for cocoa exporters

Last updated:  
27 June 2018

The European cocoa and chocolate market offers limited value-addition possibilities to suppliers in producing countries. However, strategic partnerships with European chocolate makers can open up possibilities for value addition through joint product development. Not only can this contribute to adding flexibility to the supply chain, but it will also bring benefits to producing areas. Here you can find a few guidelines on how you can develop your product, engage with potential European partners, and consolidate yourself on the European market.

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## 1. Introduction

This document looks at the future of the cocoa sector, envisioning a Business-to-Business (B2B) market structure where suppliers in producing countries cooperate with specialty chocolate makers (or high-quality cocoa processors) in Europe. Such cooperation would result in a joint product development at origin: high-quality couvertures made of fine flavour and traceable cocoa beans. These couvertures would then be used to make high-quality chocolate in Europe, thus connecting consumers directly to the source and bringing incomes to producing communities.

The opportunity to develop a product together with a chocolate maker has already been seized by a few players in the cocoa value chain (see for example, [the case of Chocolate del Caribe, in Honduras](#)). However, it is a business model which could inspire other suppliers and break paradigms within the sector. It will, however, remain a niche opportunity for small batches (ranging between around 500 kg to 10 tonnes) of high-quality cocoa and/or micro-lots. Speciality chocolate makers engaging in this kind of cooperation will normally have a genuine interest in the origin of the cocoa and its unique qualities.

## 2. Why is value addition limited in cocoa-producing countries?

The European cocoa and chocolate industry traditionally imports dried and fermented cocoa beans as a raw material. This happens both on the bulk as well as the specialty cocoa market. Further processing or value addition activities at origin remain limited.

Changing the traditional structure of the market has proven to be difficult because:

- The European chocolate industry has a consolidated structure composed of specific players and tasks, such as cocoa bean-importing activities, cocoa grinding and further processing, quality control and food safety

systems, chocolate industry associations and other lobbying organisations.

- Chocolate makers, especially bean-to-bar makers, prefer to keep (creative) control over the production of their products from A to Z, including couvertures.
- Most of the processes in chocolate production, such as roasting, refining and conching, are adapted to the consumer market where the chocolate maker operates. The chocolate “recipe” needs to remain consistent to the taste of the consumer. Any inconsistencies can pose a risk to the chocolate maker’s reputation and brand.

These market characteristics limit the access of cocoa-producing countries to the market for value-added products (in terms of further processing). Value addition at origin is usually achieved by producing a better quality of the bean, and focusing on better harvest techniques, as well as pre and post-harvest ones, and not traditionally through processing. Cocoa processing at origin (remarkably in West Africa) usually entails a vertical integration process involving large multinationals such as Cargill, OLAM, ADM and Barry Callebaut. This prevents the exporters in cocoa-producing countries further down the value chain from making any progress in this respect. In turn, this restricts their access to higher profit margins and opportunities for more income for local market players and their producing communities.

In our study on semi-finished cocoa products in Europe, we reviewed the European market for cocoa beans which are further processed at origin into cocoa nibs, paste/liquor, powder, butter or couverture. That document provided a few market entry strategies and options for suppliers in developing countries to optimise the existing opportunities on the market. However, it covered both conventional and specialty cocoa, and addressed opportunities in various industries and food industries, including chocolate. The focus of this document is on the specialty chocolate market.

### **3. How can both suppliers and European buyers benefit from such cooperation?**

Joint product development results from (long-term) partnerships between producers and buyers. Visits to the production area and processing facilities will be common, as well as frequent contact and feedback rounds. It combines proven quality, commitment and trust, where the two ends of the value chain exercise their strengths and achieve mutual benefits:

- For a chocolate maker or trader of fine flavour/specialty cocoa products, being able to buy couverture from origin (combined with their own production), could add flexibility to chocolate production. Regular chocolate production (bean to bar) can take up to eight days, whereas making chocolate from couverture can be reduced to a single day. In this way, sourcing couverture from origin could increase efficiency, and potentially lower production costs. Processing cocoa at origin can also increase the shelf life of the cocoa, which adds further flexibility to the production and distribution of chocolate products to the market.
- In addition, they are able to access the best raw material available at origin (e.g. micro-lots) and develop it together with the supplier to optimise its profile.
- For a supplier in the cocoa-producing country, supplying a high-quality couverture to the European market means moving up the value chain. A stronger market position can enhance value addition possibilities at origin, thus providing benefits to local market players and producing communities. Joint product development with a chocolate maker is also entails knowledge transfer, which can bring further benefits to local and regional chocolate industries in production areas.

### **4. How can suppliers in cocoa-producing countries get started?**

Engaging in product development partnerships with European chocolate makers will not happen overnight. It is up to the supplier to take the first steps and to develop an attractive product offer, and later on fine-tune it according to the requirements of their buyers and end market. Consider these seven recommendations to make your approach to the European market smoother:

#### **1. Know your cocoa beans**

The intrinsic quality of the cocoa beans is an essential element to produce high-quality couvertures (blocks and

droplets). It is the first point of attention for cocoa suppliers in attaining partnerships.

Chocolate makers in the speciality segment will only be interested in fine flavour cocoa products that:

- are of very high quality
- have a specific and outstanding flavours (perhaps from micro-lots or small batches)
- are traceable.

It is important that you know your cocoa beans fully, in terms of:

- their genetic profile and variety, and potential supply volumes (usually, these are *Trinitario* or *Criollo* varieties or are hybrids)
- their agro-climatic context, and any risks such as high cadmium content
- their sensory parameters, assessed by using a consistent method and verified by external experts
- existing awards won such as the [International Cocoa Awards](#) or feedback from current buyers.

### Tips:

- Articulate your cocoa beans' unique selling point (USP) in terms its genetic profile and variety. See, for example, how [Nicaragua-based company Ingemann presents its cocoa varieties](#). It highlights the flavour characteristics obtained by both genetics and post-harvest treatment (fermentation and drying). [Honduras-based company Xoco Gourmet also brings attention to its varieties, origins and production process](#), from the selection of cocoa bean varieties, to harvest and post-harvest treatment.
- Use a consistent method to assess the flavour profile of your cocoa beans. [Currently, there is no international standard to assess the flavour of different cocoa varieties](#). However, there are existing tools such as [flavour wheels](#) (see also page 92 of the [Cocoa Beans: Chocolate & Cocoa Industry Quality Requirements](#)). This is based on [flavour descriptors](#) and their scoring. The International Cocoa Organization (ICCO) has [information on its website](#).
- Visit the websites of the [Cocoa of Excellence](#) and [Heirloom Cacao Preservation Initiative](#) to learn more about industry initiatives and awards related to cocoa diversity and excellence.

## 2. Handle your cocoa beans correctly

The maintenance of your cocoa bean quality through the production chain is linked to your pre-harvest, harvest, post-harvest and processing methods. The proper handling of the raw material is essential to bringing out the best out of the cocoa beans' intrinsic quality. These initial steps will define the quality of the couverture as an end product, and will make it or break it.

You can develop and document basic protocols regarding these steps and, upon consultation with your potential buyer, fine-tune these according to market requirements. The publication entitled [Cocoa Beans: Chocolate & Cocoa Industry Quality Requirements](#) gives detailed guidelines on each of these steps; some important points of attention are:

### **Pre-harvest**

- Monitor environmental aspects such as rainfall and ambient temperature.
- Apply adequate methods of cultivation with regard to planting material, pest and disease control, and cadmium uptake mitigation.

### **Harvest**

- Harvest cocoa pods at the right ripening time. Beans from immature, overripe or damaged/diseased pods may lead to food safety issues during fermentation and drying (post-harvest).
- Open cocoa pods correctly and store them in hygienic conditions, also during transport and storage.

## **Post-harvest**

- Establish physical parameters for fermentation (5–7 days in wooden boxes), drying and defects.
- Ensure that the fermentation method is appropriate to the variety, climate, quantity of beans and locally available technology. It is possible to experiment with different fermentation methods and fine-tune them upon feedback and cooperation with partnering chocolate makers.
- Use correct methods for drying cocoa beans. Drying is ideally be done in panels, using natural sunlight and avoiding contamination by smoke or fumes. The moisture content of the beans should be kept low (<8%), with a minimum drying time of six days and protection from rain and dew.

## **Processing**

In terms of further processing, it is important to consider which business model best suits you. Processing cocoa at origin entails two options:

1. Acquiring and using your own processing equipment, if the cost structure of these operations is indeed profitable.
2. Using the facilities of an external processor in the region. Cocoa-processing facilities often operate under their full capacity, so could accommodate extra batches. Processing costs can be negotiated as a fee per kg. In the long run, the supplier might prefer to acquire their own processing equipment.

The main equipment required for the processing of cocoa into couverture are cleaning gear (screening and washing), drum roaster, willowing machine, roller mill, hydraulic press, kneaders and mixers. A chocolate droplet casting machine is also indispensable when making couvertures in the form of droplets.

You should process the cocoa beans in small quantities (usually 500 kg, but possibly starting at 50 kg) to allow for:

- Better selection beans and better checks at purchase points
- Less damage due to storage / transport
- Direct, continuous contact with farmers and producing communities
- Optimisation and close control of roasting of cocoa beans/ conching
- More transparency and possibilities to implement traceability systems.

### **Tips:**

- Fully implement pre-harvest, harvest and post-harvest protocols to safeguard the quality of your cocoa beans. The guidelines given in the publication entitled [Cocoa Beans: Chocolate & Cocoa Industry Quality Requirements](#) provide an excellent reference point, which can be adapted to your context.
- Make sure you do not mix different cocoa bean varieties at post-harvest and during processing. This may affect the consistency of your products, and consequently your possibilities on the international and/or European market.
- Investigate local and regional requirements related to food safety of your cocoa-processing premises (e.g. application of standards related to Good Manufacturing Practices), and the available certificates that will substantiate compliance. Make sure they are always up to date and valid.
- Use the feedback from your European partner to define your fermentation and roasting levels, as well as other processing steps.

## **3. Know the European market for cocoa and chocolate**

Knowing your market means that you are aware of your opportunities on international markets. It also means that you know which markets match your product offer in terms of cocoa variety, origin, taste profile, cocoa content, etc. This knowledge can increase your chances to find good partners to develop your products with. Initiate your search among bean-to-bar makers; those are the buyers with a genuine interest in developing high-

quality couvertures from fine flavour and traceable cocoa beans at origin. If you are already exporting fine flavour cocoa beans, start talking to the buyers in your network about possible partnerships.

### Tips:

- Study the European cocoa market by accessing [our own Market Intelligence platform for the cocoa sector](#).
- Take a close look at our country studies to learn more about the specialty cocoa segment in those markets, as well as specific bean-to-bar makers, for example [the United Kingdom](#), [Germany](#), [the Netherlands](#), [Switzerland](#), [France](#) and [Belgium](#).
- Take advantage of existing direct trade platforms in the cocoa sector, such as [Direct Cacao](#) and [Cocoanect](#). Companies engaged in direct trade are more likely to be interested in joint product development ventures. In essence, direct trade promotes shorter value chains, as well as more direct links between chocolate makers and origin countries. You can also try to use the matchmaking services of [Cocoaconnect](#).
- Expand your mapping of the fine flavour cocoa sector by identifying bean-to-bar makers, their product profiles and sourcing practices, as well as their location. Websites such as [Bean&Bar](#) provide elaborate lists of chocolate companies operating in this niche market, as well as their websites.

## 4. Implement full traceability in your supply chain

Safeguarding the traceability of cocoa beans can be one of your strong contributions as a supplier and processor at origin. If you are also a small or medium-sized producer, manage a farm or belong to a smallholder association or cooperative, it is highly relevant to show the degree of control that you have over the production since its beginning.

To European chocolate makers, one of the attractive aspects in developing a product at origin is having more control over the cocoa supply chain. Traceability is a common bottleneck in cocoa and other commodities, and not easily solved from a distance. In order to source couverture from the origin country, the chocolate maker would have to guarantee that there is no mixing of beans at origin.

Besides periodic visits to origin countries, European chocolate makers have no direct control or have little 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. Even bean-to-bar makers dealing directly with producers and producer cooperatives may have difficulties in managing and tracing all their cocoa bean supplies.

### Tips:

- 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](#).
- Show your European partner pictures or videos that demonstrate knowledge and control of your value chain, from sourcing of raw materials to the formulation of products. Organise periodical visits where buyers can see these elements with their own eyes. For example, see how [members of Mesocacao \(Central America\) show their involvement at each step of the value chain](#) in producing their couvertures.
- Show that you have solid relationships along your value chain. Communicate the aspects in your relationship with the cocoa farmers. What is your role in the control and follow-up of the product and the quality? What is your role in the community? What are the prices you are paying to the farmers? What projects do you have together?

- Remember that quality should guide an integrated process, not just ex-post controls. Engage in active education, training and ex-ante controls.
- Put yourself in a buyer's shoes. Say you were an importer of European wines, for example. What would you like to know? Consider information such as the origin of the product itself, terroir, exact place of production, agro-climatic conditions, methods, people, culture, local benefits for the producers, tradition, artisanal quality, labour involved, seasonality, etc.

## 5. Make an initial product

Even if your end goal is to develop a product together with a European chocolate maker, you will most likely have to present an initial product portfolio to the market. This product portfolio can be based on a wide range of 10 to 20 different couvertures with various cocoa content levels. You can also experiment with different blends and taste profiles (based on different roasting times and temperatures, and fermentation days, for example).

See, for example, [how Colombian company Cacao Pacifico presents its wide product offer](#): its couvertures range from dark (50–70%) to milk (38%) and white (34%) couvertures. The product offer also includes cocoa beans, paste/liquor, butter and powder, directed to different markets and applications.

Only after you have engaged in a partnership with a chocolate maker (recommendation 6) will your portfolio be fine-tuned to their market. It will all boil down to the creative control of chocolate maker. When a product is directed to their end use, they prefer to have absolute control over the process and take full responsibility from A to Z. Once the protocols are defined (fermentation, drying, roasting, conching, cocoa content, addition to other ingredients, etc.), they must remain stable.

Smaller-scale chocolate and bonbon makers will normally require couvertures to be produced in the form of droplets, which will make them easier to melt and process further into chocolate products. These droplets are usually packed in plastic bags (1, 2.5, 5 or 10 kg), which are then transported in cardboard boxes. Sometimes couvertures are also packed in laminates (see e.g. the [packaging of Chocolates El Rey](#) or [Chocolat Madagascar](#)), but usually when directly sold to the end market.

Chocolate makers operating with larger volumes will normally require couvertures in blocks (e.g. 5, 10 or 20 kg), packaged in foil or plastic, transported in cardboard boxes.

### Tips:

- Explore your options: by-products of your production process such as cocoa paste, butter and liquor could also be interesting to buyers in your export market. Make arrangements which will allow you to consolidate a container with various cocoa products, so as to make transportation more cost-effective. Read [our study on semi-finished cocoa products in Europe](#) to learn more about the potential markets and applications for these cocoa products.
- Do not add or mix ingredients which will affect the quality of your product. For example, the substitution of cocoa butter with vegetable oils, such as sunflower oil or palm oil, [is not tolerated in the European high-quality chocolate industry](#); lecithin or vanilla additives will also decrease the quality of the couverture.
- Develop single origin couvertures (according to specific country, area, valley), and only then work on your blends. Search for balance in your portfolio; for example, make a *Criollo* a bit less fruity by blending it with an earthy *Trinitario*.
- Define and document clear protocols in the formulation of your “recipes”, and adapt them according to the feedback of your European or other international partner.
- Consider that your European or other international partner might have specific standards and specifications, such as organic certification. Not only will this have implications for your cocoa beans, but also on added ingredients such as milk and sugar.

## 6. Find a buyer by promoting your product and its origin

### *Trade fairs and other industry events*

Trade fairs are still the best way to actively promote your products, get market exposure and ultimately search for product development partnerships. If you do not have the means to exhibit as a participant, you can also consider attending events such as [Salon du Chocolat](#) (France), [Chocoa](#) (Netherlands) or [Origin Chocolate](#) (Netherlands) as a visitor. Your physical presence will be much more effective than email or telephone communication, especially when it comes to first impressions.

Participating in awards and competitions during these events and trade fairs (such as the [International Cocoa Awards](#)) can be a way to demonstrate the quality of your cocoa beans and couverture. You can also use industry events to invite potential buyers to visit your processing facilities and the cocoa-producing areas where you source your beans from.

Exhibiting at, or visiting a trade fair can be combined with strategic visits to chocolate makers and/or potential partners in Europe. Bear in mind that appointments should be made months in advance and have a clear purpose.

Besides chocolate makers, traders and/or processors in fine flavour cocoa products (e.g. [Daarnhouwer](#), in the Netherlands) might be interested in joint product development. This would bring in a pool of clients such as chocolate makers, chocolatiers and even shop owners. Such buyers like to purchase small quantities with quick deliveries, which makes the role of a trader essential.

### **Website and other promotional materials**

As a cocoa processor at origin, your initial interest in having a professional website might be to attract the attention of potential partners. As such, your website must be factual and accurate, and relevant to a Business-to-Business (B2B) approach. Your product presentation must be clear and provide as much technical data as possible (see e.g. [the product offer of Cacao Pacifico – Colombia](#)).

However, do not forget that your credibility is also affected by the story you tell. In the context of the cocoa sector, it is important that the website is inspiring and appeals to the senses. This is especially relevant in the context of origin processing, where there is a clear social mission through value addition activities. A clear mention to joint ventures with a European chocolate maker can contribute to educating the consumer on this kind of initiatives as well. See, for example, [how Xoco Gourmet presents its story in a clear and coherent way](#).

While brochures, catalogues and flyers could be relevant at a trade fair and other industry events, they have to be well-designed and display important information, such as contact details, a clear product portfolio with basic technical information (e.g. the cocoa content percentage), cocoa varieties and origins, etc. Keep in mind that consumer products sold at your local markets, such as drinking chocolate and sweets, will not be relevant to European chocolate makers.

#### **Tips:**

- If you're visiting a trade fair in Europe, make sure to check out the list of exhibitors in advance (see the websites of [Salon du Chocolat](#), [Chocoa](#) and [Origin Chocolate](#), for example). This will help you make appointments and navigate through the exhibition grounds strategically.
- When visiting or exhibiting at a trade fair, bring different blends (droplets), for your potential buyers to see and taste. The droplets should have subtle and extreme taste differences, but with a similar cocoa percentage, above 75%.
- If you are interested in contending for specific awards, such as the [International Cocoa Awards](#) (whose

winners are announced at Salon du Chocolat), make sure to plan in advance and [comply with the sampling and other protocols established by the organisation of this event](#).

- When inviting a potential partner to visit your cocoa-producing region and processing facilities, make sure to draw up an itinerary which allows them to follow your sourcing and production steps. Show elements which convey high quality, traceability and transparency, and do not forget to introduce them to the farmers and bring them to their farms.
- Invest in a well-maintained and up-to-date website, with a coherent story. See, for example, the website of [Cocoa Hunters \(Colombia\)](#), which describes the company's social impact, while also describing the profile of its cocoa varieties and commitment to quality.
- Discover more tips on finding cocoa buyers by reading [CBI's 11 tips for finding buyers on the European cacao market](#).

## 7. Expand your market and get representation in Europe

When developing a tailor-made product with and for a European chocolate maker, this relationship should be transparent and exclusive for that product. However, your portfolio should contain other couvertures and semi-finished cocoa products which might have market potential.

Your logistical burden will be lowered and risks diversified by considering a long-term expansion of your market opportunities in Europe for your other processed cocoa products, and engaging in broader business partnerships. As part of your long-term planning, consider switching (or complementing) strategies between market entry and consolidation, for example as follows.

### Market entry:

- Small volumes of high-quality couvertures
- Exclusive partnership with an European chocolate maker or trader of speciality cocoa products
- High prices, high transaction costs
- Couverture used in the formulation of high-quality chocolate products by one company.

### Market consolidation:

- Higher volumes (Full Container Loads) of various couvertures (including high-quality) and semi-finished cocoa products
- Use of an agent to handle storage, marketing and distribution
- Competitive prices, lower transaction costs
- Distribution to specialised chocolate shops, chocolate makers and other channels (including online shops).

In order to achieve market consolidation, you will probably need a Europe-based partner. Your partner is the person, unit or company devoted to the importing process: customs clearance, logistics, warehousing, orders, market representativeness, promotion, handling of information requests, marketing, sales, contracts and all the activities related to product reception, sales and post-sales services.

The person or team representing your product should know the product well, to be able to promptly respond to questions. In the case of couvertures or any other cocoa derivatives, your representative will have to be familiar with the European chocolate market, as well as with the origin of these products.

European representatives should be able to handle logistics while also opening up market linkages. Ideally, your representative will have a strong network of potential customers, such as retailers and online distribution channels.

### Tips:

- If you do not have a business partner who could represent you on the European market, consider

searching for a professional during trade fairs such as [Salon du Chocolat](#) and [Chocoa](#), and/or consult matchmaking databases, such as [Cocoaconnect](#), or more generic ones like [EU-Distributors](#).

- In case you do not have contacts on the European market, consider entering the market through a trader of speciality cocoa products. This will help you create an initial pool of clients and will facilitate the distribution of your product (with storage/stock possibilities). You can gradually transition to a more independent approach, with own storage/stock facilities, with a representative agent in Europe.
- Consider having a written and clear agreement with your Europe-based partner. Define payment responsibilities (“who is going to pay for what”). Pay special attention to promotion costs, break points and the key targets in terms of volume and number of customers.
- Consider WHAT IF situations. Determine who is going to carry out promotional and other activities related to the business, and under what conditions.
- Have a clear strategy and procedure on how to take care of your orders and deliver them as efficiently and quickly as possible. This will require a local base or distribution centre to work with.
- Receive and handle your orders with the same efficiency as a local player: confirm orders immediately and deliver promptly, without delays or disturbances.
- Request regular assessments on new products, developments, prices and market propositions from your representative.

Please review our [market information disclaimer](#).