

Chocolate Confectionery - UK - April 2011

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What is this report about?

The hot topic in chocolate confectionery is the escalation of cocoa prices and how manufacturers are responding by lowering product weights and/or increasing prices. Chocolate has escaped the worst of the recession due to its affordability, relative to other treats, and to lifestyle trends, however this threatens to reposition chocolate as a luxury in the current environment. Mintel's research reveals that less than a third of chocolate buyers would keep buying their favourite chocolate bar if the price went up.

What have we found out?

- Chocolate's position as an 'affordable treat' has cushioned it from the recessionary cutbacks, but price sensitivity is likely to affect brand choices in future as pack sizes reduce and prices go up.
- Market dynamics suggest that chocolate consumers are choosing lighter alternatives, smaller, portion control packs and the now ubiquitous bagged sharing packs, which allow consumers to share the calorie load if they choose to do so, or reseal the pack and dip into it later.
- Even chocolate lovers may occasionally substitute chocolate with other snacks such as crisps, yogurts, cereal bars etc (see Competitive Context section). The appeal of bagged sharing packs has been successful in tapping into the 'nights in – DVD at home' occasion, where chocolate is now better positioned to steal share from popcorn or ice-cream due to its mainstream appeal and better value packs.
- One of the challenges facing fair trade is the fact that it is mainly an ethical choice rather than a taste preference, with only 14% believe fair trade chocolate is better quality and only one in ten prefer the taste of fair trade chocolate. The fair trade market is well established and in the interests of maintaining UK consumer demand, it may be time for the emphasis to turn to quality and taste rather than focusing 100% on the source.
- Price increases and size reductions are more noticeable in the impulse and everyday sector, and countlines will inevitably continue to suffer the consequences. Chocolate confectionery is of course not the only category to have reduced pack sizes while the price has remained the same or even increased.
- Chocolate has a strong seasonal advantage on other snacks – even bakery and sugar confectionery – allowing limited editions and novelty packs to create fresh sales impetus throughout the year. Other categories are increasing their seasonal offers in an attempt to tap into this lucrative opportunity.

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