“Although the market has proven resilient in past difficulties, the economic downturn triggered by the COVID-19 outbreak will coincide with new challenges such as the heightened spotlight on health and existing sugar reduction targets. There are opportunities in reduced sugar variants, flavour innovation and for brands to position themselves as accessible luxuries.”

– Angharad Goode, Research Analyst

This report looks at the following areas:

- The impact of COVID-19 on consumer behaviour and market dynamics in the chocolate confectionery market.
- How the market will fare post-COVID-19.
- The value of main segments and leading brands’ performance in 2019.
- The key new product development trends in the market.
- Attributes that would prompt shoppers to buy a new chocolate product.
- Consumer behaviour and attitudes towards chocolate confectionery.

A new flavour is the top factor that would tempt buyers to a new chocolate product. This makes investment in new product development (NPD) an imperative for chocolate brands, even as they face a severe economic downturn and a pressing need to cut costs.

The disruption caused by the COVID-19 outbreak has hit the high-value seasonal and assortment segments and impulse formats in the first half of 2020, expected to continue in the second half. The volume loss is estimated to be largely offset by an uplift in at-home snacking. This shift and discounting are dragging down average prices. The market is estimated to post volume growth of just 0.3% in 2020 to 526m kg, with value sales falling by 0.3% to £5.4bn.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.
Table of Contents

Overview
What you need to know
Key issues covered in this Report
Products covered in this Report
COVID-19: Market context
Economic and other assumptions

Executive Summary
The market
Impact of COVID-19 on Chocolate
Following 2019 uplift, chocolate volumes expected to stagnate in 2020
COVID-19 fuels emphasis on healthy eating
Income squeeze will sharpen focus on price
Chocolate confectionery extends its lead in the market

Companies and brands
Cadbury Dairy Milk posts strong growth
Spotlight on plastic waste sees brands explore sustainable packaging
Various brands explore new channels to market
Adspend stands at £98m in 2019

The consumer
15% of people eat chocolate at least daily
Scope to associate with relaxing moments and activities
New flavours tempt almost half of chocolate buyers
Taste is at the heart of product choice
Premium chocolate maintains ‘affordable luxury’ image
Almost half prefer taste of standard over lower-sugar chocolate

What we think

The Impact of COVID-19 on Chocolate Confectionery

BUY THIS REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533  |  Brazil 0800 095 9094
Americas +1 (312) 943 5250  |  China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
EMAIL: reports@mintel.com
The market
Chocolate volumes expected to stagnate in 2020
2008-10 learnings bode well for chocolate to grow spend
The consumer
COVID-19 fuels emphasis on healthy eating
Income squeeze will sharpen focus on price
Mood-boost and affordable-luxury connotations will support chocolate
COVID-19’s link to planetary health puts spotlight on sustainability
Companies and brands
Large players are better placed to weather disruption from COVID-19
Learnings from 2009-10 signal own-label is well placed to gain share
With impulse occasions being hit, chocolate must win in weekly shop

Issues and Insights
COVID-19 sharply heightens the focus on health
The facts
The implications
Flavour innovation is imperative
The facts
The implications

The Market – What You Need to Know
Following 2019 uplift, chocolate volumes expected to stagnate in 2020
2008-10 learnings bode well for chocolate to grow spend
Chocolate confectionery extends its lead in the market
Brexit deal will impact import prices
Fewer 25-34s and slowing growth of children poses a challenge

Market Size and Forecast
Impact of COVID-19 on Chocolate
Figure 11: Expected impact of COVID-19 on chocolate, short, medium and long term, 8 July 2020
Following 2019 uplift, market expected to stagnate in 2020
Figure 12: UK retail value and volume sales of chocolate (COVID-19 adjusted forecast), 2015-25
2008-10 learnings bode well for chocolate to maintain spend
Figure 13: UK retail value sales of chocolate (COVID-19 adjusted forecast), 2015-25
A lasting shift in work patterns and continued evenings in put more focus on at-home occasions
Spotlight on health from COVID-19 expected to dent volume growth
Brexit injects further uncertainty to outlook
Figure 14: UK retail volume sales of chocolate (COVID-19 adjusted forecast), 2015-25

Market Segmentation
Chocolate confectionery extends its lead in the market
Seasonal chocolate and assortments feel the disruption acutely in spring 2020
Figure 15: UK retail value and volume sales of chocolate, by segment, 2017-20

Manufacturers tasked with cutting sugar
COVID-19 heightens focus on health
Figure 16: Changes in eating healthily being seen as a priority since the COVID-19 outbreak, by gender and age, 7-14 May 2020
Fewer 25-34s and slowing growth of children poses a challenge
Over-65s warrant attention
Figure 17: Trends in the age structure of the UK population, 2014-19 and 2019-24
Income squeeze will sharpen focus on price
Figure 18: Cutting back on non-essential spending, by gender, 25 June-1 July 2020
Mood-boost connotations and evenings in will support chocolate
Figure 19: Extent to which consumers feel comfortable doing selected out-of-home activities, 25 June-1 July 2020
Lockdown and expected rise in remote working will hamper impulse occasions
Figure 20: Changes in selected behaviours since the start of the COVID-19 outbreak, by gender, 25 June-1 July 2020
COVID-19 linked to human impact on the environment
Figure 21: Changes in the environment being seen as a priority since the COVID-19 outbreak, by gender and age, 7-14 May 2020
Palm oil was on people’s radars pre-COVID-19, vegan diets gain appeal
New legislation will require supply-chain due diligence
Brexit deal will impact import prices
Impact of COVID-19 on cocoa supply remains uncertain

Companies and Brands – What You Need to Know

Cadbury Dairy Milk posts strong growth
Learnings from 2009-10 signal own-label is well placed to gain share
Cadbury reveals first brand identity overhaul in 50 years
Spotlight on plastic waste sees brands explore sustainable packaging
Various brands explore new channels to market
Adspend stands at £98m in 2019

Market Share

Cadbury Dairy Milk posts strong growth
Darkmilk and Freddo Treasures boost Mondelez
Figure 22: Leading brands’ sales and shares in the UK retail chocolate confectionery market, by value and volume, 2017/18-2019/20
Aero leaps ahead
Mixed performances for assortments brands
Multinational conglomerates dominate the market
Figure 23: Leading manufacturers’ sales and shares in the UK retail chocolate confectionery market, by value and volume, 2017/18-2019/20
Large players are better placed to weather disruption from COVID-19
Learnings from 2009-10 signal own-label is well placed to gain share
Launch Activity and Innovation

Cadbury reveals first brand identity overhaul in 50 years
Figure 24: Share of chocolate launches with selected ethical claims, 2015-20*

Co-op calls out the tangible impact of Fairtrade, Cox & Co claims a ‘fully sustainable’ Easter egg
Figure 25: Examples of chocolate launches spotlighting ethical commitments, 2020

Spotlight on plastic waste sees brands explore sustainable packaging
Figure 26: Percentage of chocolate launches with ethical packaging claims, 2015- May 2020

Nestlé links with TerraCycle, launches Smarties in recyclable paper wrapper

Vegan Galaxy uses compostable film, Asda redesigns its Easter eggs to reduce packaging

Montezuma redesigns for sustainability, some brands adopt recycled plastic
Figure 27: Examples of products with sustainable packaging claims, 2019-20

Vegan claims leap ahead
Figure 28: Percentage of chocolate launches with allergen-free and vegan claims, 2015-20*

Mars introduces vegan Galaxy, Barry Callebaut launches new vegan ‘milk’ chocolate
Figure 29: Examples of chocolate launches with vegan claims, 2019-20

Lower-sugar and high-protein launches still niche
Figure 30: Percentage of chocolate launches with a low/no sugar, high/added protein or high/added fibre claim, 2015-20*

Cadbury releases Dairy Milk 30% Less Sugar range and pledges 100-calorie cap for kids’ treats

Nestlé creates new chocolate with no refined sugar...
...and launches ‘More’ range
Figure 31: Examples of reduced sugar or portion-controlled launches, 2019

Brands extend into new flavours and formats
Figure 32: Share of chocolate launches by launch type, 2015-20*

Cadbury launches crowdsourced Dairy Milk flavours
Figure 33: Established brands continue flavour innovation, 2019-20

M&M’s launches blocks, Quality Street and Galaxy explore truffles
Figure 34: Established brands explore new formats, 2019-20

Seasonal launches gain share of NPD
Figure 35: Share of seasonal chocolate launches of all chocolate launches, 2015-20*

Supermarkets expand the Easter menagerie
Figure 36: Examples of novelty animal-shaped Easter products, 2019-20

Various brands explore new channels to market

Nestlé ties up with Deliveroo for home delivery...
...while KitKat offers DTC, personalised products

Quality Street festive pick-and-mix repeated, Lindt Lindor goes pick and mix at Sainsbury’s

Advertising and Marketing Activity

Adspend stands at £98m in 2019
Figure 37: Total above-the-line, online display and direct mail advertising expenditure on chocolate, by advertiser (ordered by 2019), 2019-20*
Figure 38: Total above-the-line, online display and direct mail advertising expenditure on chocolate, by media type (ordered by 2019), 2016-20*
Cadbury continues with "There's a glass and a half in everyone" campaign
Figure 39: Total above-the-line, online display and direct mail advertising expenditure on chocolate, by brand (ordered by 2019), 2019-20*

Cadbury Dairy Milk links with Age UK
Cadbury pushes visibility for its limited-edition Dairy Milk Inventor bars
Creme Egg goes VOD for 2020
Cadbury Heroes explores long-form in 2019
Galaxy targets busy, under-pressure women
M&M's launches TV and digital campaign to promote new bars...
...while Maltesers use AR for Easter bunny campaign
Nestlé partners with Now TV once again
Lindt debuts ad for Excellence range
KitKat takes the spotlight on TV

Brand Research

Brand map
Figure 40: Attitudes towards and usage of selected brands, May 2020

Key brand metrics
Figure 41: Key metrics for selected brands, May 2020

Brand attitudes: Lindt Lindor leads on being seen as worth paying more for
Figure 42: Attitudes, by brand, May 2020

Brand personality: Kinder and M&M’s are most widely seen as fun
Figure 43: Brand personality – macro image, May 2020

M&M’s has the strongest association with being cool
Figure 44: Brand personality – micro image, May 2020

Brand analysis

Cadbury Dairy Milk is the most widely eaten brand, most widely seen as accessible and trustworthy
Figure 45: User profile of Cadbury Dairy Milk, May 2020

Lindt Lindor leads the pack on perceptions of high quality and exclusivity
Figure 46: User profile of Lindt Lindor, May 2020

Galaxy holds its own on deliciousness, comfort and accessibility
Figure 47: User profile of Galaxy, May 2020

KitKat is widely seen as a family brand and a brand that offers good value
Figure 48: User profile of KitKat, May 2020

Ferrero Rocher seen widely as indulgent and special
Figure 49: User profile of Ferrero Rocher, May 2020

M&M’s leads on being seen as cool
Figure 50: User profile of M&M’s, May 2020

Kinder seen as the most fun and family orientated
Figure 51: User profile of Kinder, May 2020
The Consumer – What You Need to Know

15% of people eat chocolate at least daily
Young people are core users
Many want emotional fulfilment from chocolate
New flavours tempt almost half of chocolate buyers
Taste is at the heart of product choice
Over half have yet to try lower-sugar chocolate
Premium chocolate maintains ‘affordable luxury’ image
Almost half prefer taste of standard over lower-sugar chocolate

Frequency of Eating Chocolate

15% of people eat chocolate at least daily
Young people and families are core users

Types of Chocolate Eaten

Two thirds eat single-serve bars

Time of Day for Eating Chocolate

Majority eat chocolate after midday
Further potential for morning consumption

Reasons for Eating Chocolate

Many want emotional fulfilment from chocolate
Scope to associate with relaxing moments and activities
Maltesers supports Mental Health Awareness Week
Tie-ups can link with cheering up or to combat boredom
One in five reach for chocolate when hungry

Concepts of Interest

New flavours tempt almost half of chocolate buyers
Cadbury turns to crowdsourcing for new flavours
A fifth are drawn to recyclable packaging
Vegan ingredients appeal to one in ten
Taste is at the heart of product choice

Price matters to three in five

Healthy products are not a priority or widely available

Premium chocolate maintains ‘affordable luxury’ image

Recession heightens importance of accessibly priced products, points to opportunity for premium own-label

Over half have yet to try lower-sugar chocolate

Over a third willing to pay more for single-origin cocoa

Almost half prefer taste of standard over lower-sugar chocolate

Consumers are divided about gift packaging

Appendix – Data Sources, Abbreviations and Supporting Information

Appendix – Launch Activity and Innovation