BTC TRADE FOR DEVELOPMENT

SUSTAINABLE COCOA

THE AVAILABILITY OF SUSTAINABLE COCOA PRODUCTS IN THE ASSORTMENTS OF BELGIAN SUPERMARKETS

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INTRODUCTION

Objective

This study aims to give an overview of the current and future availability of sustainable cocoa products in the assortments of major Belgian supermarkets.

Definitions

Cocoa has been divided into 3 product groups:

Cocoa powder
This study focuses on cocoa powder in packages of 250 to 1000 grams.

Chocolate spread
This study focuses on chocolate spread in jars of 200 to 1000 grams.

Chocolate bars
This study focuses on chocolate bars in packages of 75 to 200 grams, in the flavours dark and milk chocolate without additional ingredients and flavours. It also excludes praline variations of chocolate bars.

Each different package or brand is included, including different packages from the same brand.

Sustainable
The word 'sustainable' can be interpreted in various ways. In this study we include all of the above cocoa products that carry a sustainable label, such as UTZ, Rainforest Alliance, Max Havelaar/Fairtrade, or a bio label such as EU organic, Agriculture Biologique (AB) or EKO.

Product classification

For statistical purposes, the following statistical HS codes have been included in the research:

HS code	Definition
1801	Cocoa beans, whole or broken, raw or roasted
1803	Cocoa paste, whether or not defatted
1804	Cocoa butter, fat and oil
1805	Cocoa powder, not containing added sugar or other sweetening matter
1806	Chocolate and other food preparations containing cocoa

The HS codes are used to calculate international trade statistics such as imports and exports. For this purpose, ITC Trade Map figures have been used. However, as a result of high levels of transit trade in the EU and the fact that EU companies are usually not obliged to declare imports/exports below €100 thousand if the goods stay within the EU, these figures must be interpreted very carefully and should only be used as an indication of the market and its developments.

Research methodology

A major part of the research consisted of store visits to 1 or 2 branches of the twelve major Belgian supermarket chains, conducted in the period November 22-24, 2011.

During these store visits, the availability of cocoa products with a sustainable label in the assortment of each supermarket was calculated by counting how many of the available cocoa brands carried a sustainable label. All supermarket chains have received the results of the store visits. The majority of the supermarkets have responded to the results and confirmed them.

Furthermore, this report is the result of:
- Desk research.
- Primary research such as:
  - Interviews with store managers and buyers from Belgian supermarkets.
  - Interviews with certification bodies, such as Rainforest Alliance and Max Havelaar/Fairtrade.
  - Interviews with other experts in the field of cocoa and sustainability, such as the European Cocoa Association.

Source: Carrefour (November 2011)

1. COCOA IN BELGIUM

1.1 Consumption

Belgian people are one of the largest chocolate consumers in the world. Cocoa consumption in 2010 was more than 61 thousand tonnes[1].

Belgians consumed 6 kilos of chocolate confectionery per head in 2009. The volume of the market has stabilised over the past three years, but the value of the consumer market is going up. This indicates that the price per unit has increased[2].

1.2 Imports

Belgium is the sixth largest cocoa importer in the world. This high ranking is due to the importance of Antwerp as one of Europe's main ports with one of the largest transhipment facilities. In addition, Belgium is home to a large cocoa processing industry.

In 2010, the value of Belgian cocoa imports was around €1.3 million, or a volume of 423 thousand tonnes. For more information, refer to Table I.

Table I World cocoa imports, per country, 2007-2010, in

Country	Import value 2007	Import value 2008	Import value 2009	Import value 2010
USA	2,033	2,334	2,576	3,325
Germany	1,944	2,138	2,426	2,891
Netherlands	1,609	1,915	2,234	2,407
France	1,830	1,967	1,982	2,185
UK	1,462	1,441	1,542	1,638
Belgium	**1,123**	**1,153**	**1,167**	**1,306**
Russia	618	735	705	965
Canada	660	739	760	904

€ million

Source: ITC Trade Map (2011)

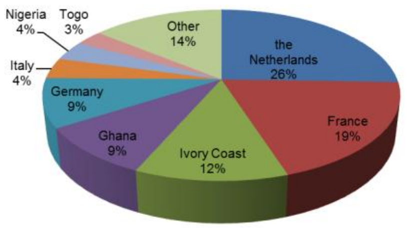
Imports from developing countries accounted for around one-third of total Belgian cocoa imports. Total cocoa imports between 2006 and 2010 increased by 31%. Within the same timeframe, imports from developing countries increased by 60%[3].

The cocoa required by the Belgian chocolate industry is imported in four different forms: cocoa beans (58thousand tons), cocoa butter (70thousand tons), cocoa paste/liquor (30thousand tons) and cocoa powder/cake (14thousand tons)[4].

1.3 Supplying markets

The Netherlands, France and Ivory Coast are the leading suppliers of cocoa to Belgium. They account for 57% of Belgian cocoa imports. For more information refer to Figure I.

Figure I Supplying markets of cocoa to Belgium, 2010, in %



Source: ITC Trade Map (2011)

1.4 Exports

Belgium holds an important trading position. In 2010, Belgium exported €2 million worth of cocoa products. This value is almost twice as much as the value of imports. Belgium is a large producer of cocoa products and home to the largest cocoa processing factory in the world (Barry Callebaut). France (22%), Germany (20%) and the Netherlands (14%) were the most important importers of cocoa products from Belgium.

1.5 Trends

Sustainability is becoming a more important issue on the agenda of cocoa producing companies and the Belgian government. Initiatives are, however, limited compared to neighbouring countries (the Netherlands, Germany and the UK). Companies are mainly concerned about the poverty of the cocoa producing communities and bad labour (especially child labour) conditions in cocoa production[5].

Fairtrade is the best known sustainable certification label in Belgium (2010). In 2009, the volume of Fairtrade chocolate sold in Belgium was just below 400 tons. Oxfam Fairtrade, Delhaize and Lidl are the top three licenses for chocolate, representing 70% of the chocolate category in sales value. Most of this chocolate is sold in Worldshops.

2. COCOA IN BELGIAN SUPERMARKETS

2.1 Leading cocoa processors

The largest cocoa processing companies in Belgium are Barry Callebaut (http://www.barry-callebaut.com) and Kraft Foods (http://www.kraftfoodscompany.com). Other Belgian cocoa processing companies are:

- Cargill - http://www.cargill.be
- ADM - http://www.adm.com
- Belcolade - http://www.belcolade.com
- Ferrero - http://www.ferrero.be
- Guylian - http://www.guylian.com
- Godiva - http://www.godiva.be
- Neuhaus - http://www.neuhaus.be

2.2 Leading brands

Leading cocoa powder brands in Belgium are Nesquik, Ovo and le Chocolat. Leading brands in chocolate spread are Kwatta, Côte d'Or and Nutella. Leading brands in chocolate bars are Côte d'Or and Jacques.

2.3 Sustainable cocoa

Of all cocoa powder varieties sold in the supermarkets, around 5.0% had both the Fairtrade and the BIO label. 3.8% carried only the BIO label[6].

Of all chocolate spread varieties, the BIO label and Fairtrade label were the most common with each at more than 4.0% of the total share. Many of these packages also had another label such as AB, EKO or a combination of one or more of the above.

Of all chocolate bars, 7.5% had the Rainforest Alliance label, 2.3% carried the Oxfam label and 2.3% carried the Max Havelaar label. Other labels found were Bio and AB and/or a combination of the above.

The Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviour.

The Max Havelaar/Fairtrade label enables consumers to recognise products manufactured under good conditions. It ensures that producers in developing countries receive a minimum price for their products, allowing them to work in a sustainable way.

Bio/organic labels focus on the production and processing of agricultural products that provide a guarantee of adherence to organic standards. Organic products are products that come from farmers who do not use chemical products or pesticides.

2.4. Market share of Belgian supermarkets

To estimate the availability of sustainable cocoa products in major Belgian supermarkets, an indication is given of the share of sustainable cocoa products in the assortments of the twelve major supermarket chains in Belgium, which are:

- Colruyt
  Market share 22.8%
- Delhaize
  Market share 22.6%
- Carrefour
  Market share 19.8%
- Aldi
  Market share 11.2%

- Lidl
  Market share 5.6%
- Makro
  Market share 4.5%
- Cora
  Market share 3.0%
- Spar
  Market share 2.8%
- Champion
  Market share 2.2%
- Intermarché
  Market share 1.7%
- Match
  Market share 1.6%
- Smatch
  Market share <1%

Colruyt, Delhaize, Carrefour, Aldi and Lidl dominate the Belgian retail market, together holding a market share of around 76% in 2010[7].

2.5. Sustainable cocoa in Belgian supermarkets

Figure II gives an overview of the average availability of sustainable cocoa products in the assortment, per supermarket, divided into three products groups: cocoa powder, chocolate spread and chocolate bars[8].

Figure III gives an overview of the average availability of sustainable private label cocoa products in the assortment, per supermarket and per product group[9]. Please note that not all supermarket chains offer private label cocoa products.

The percentages in Figure II and III represent, per product group, the estimated share of cocoa products with a sustainable label within the assortments of the supermarkets.

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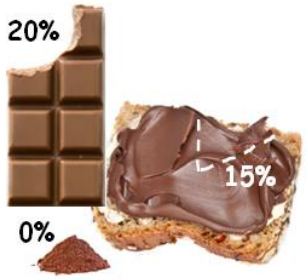
Figure II:

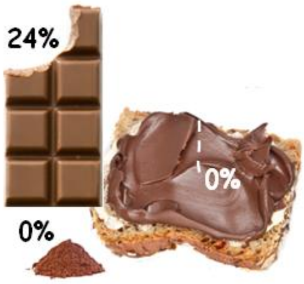
Share of cocoa products with a sustainable label, per product group, in the assortments of Belgian supermarkets, November 2011



Cora

Colruyt

Delhaize*



Intermarché*

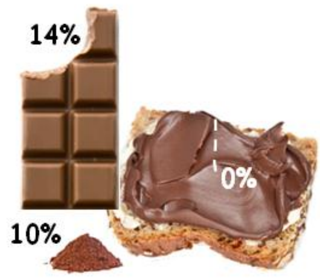
Champion*

Carrefour

Makro

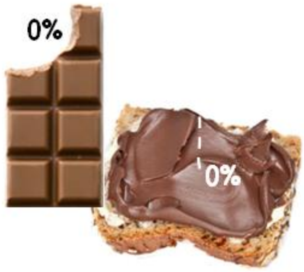
Smatch

Lidl*



Spar*

Match

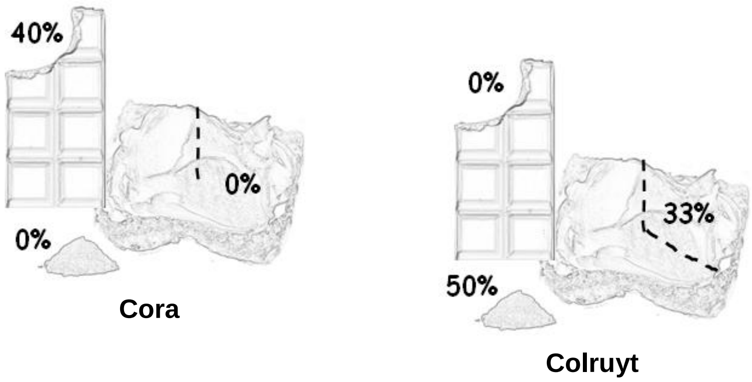


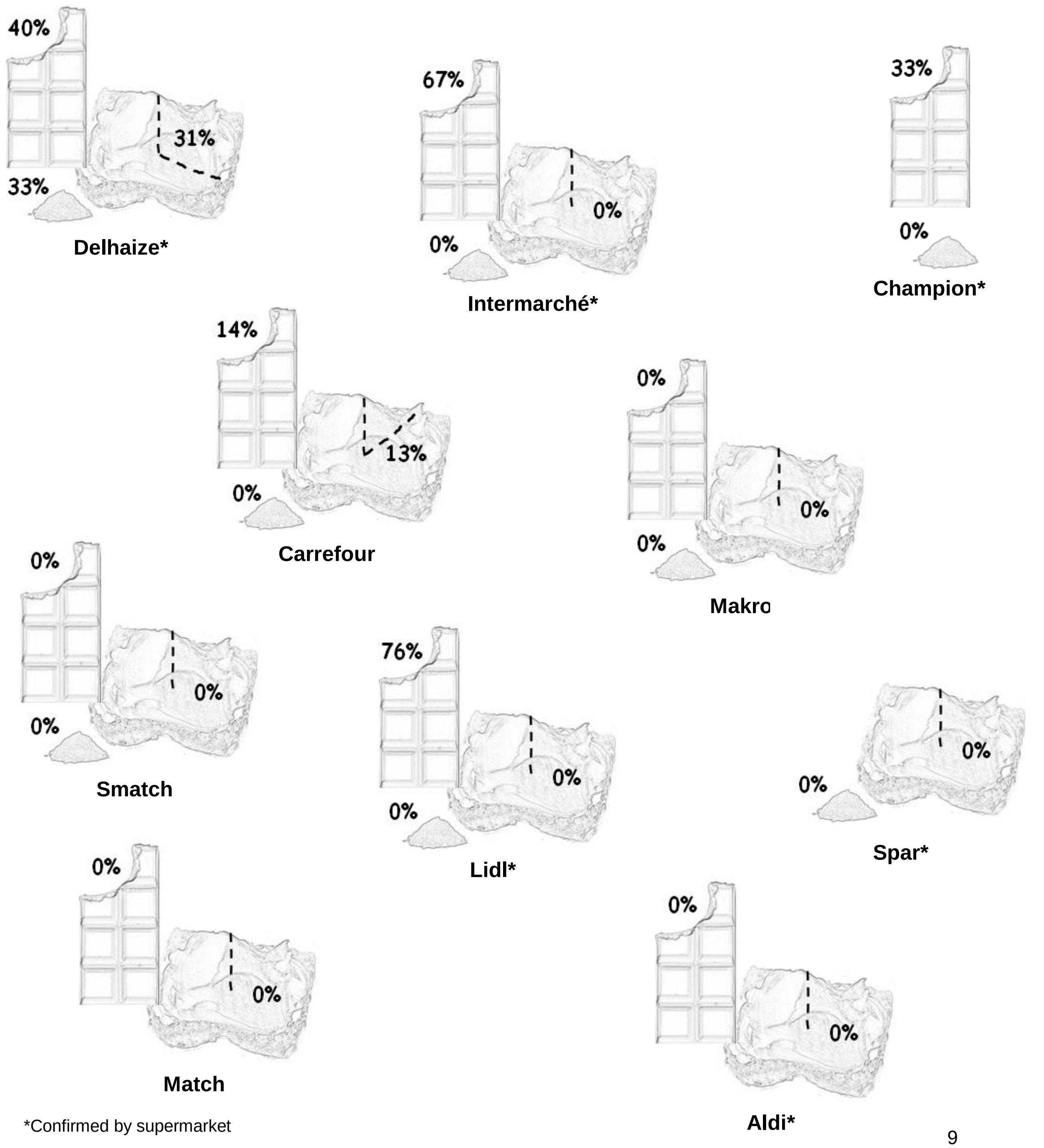
Aldi*

*Confirmed by supermarket

Figure III

Share of private label cocoa products with a sustainable label, per product group, in the assortments of Belgian supermarkets, November 2011





*Confirmed by supermarket

2.5.1 Share of sustainable cocoa products per supermarket

Cocoa powder

The average share of sustainable cocoa powder in the assortments of the major supermarkets in Belgium is 7.4%. The percentages vary greatly per supermarket. Lidl is the absolute number one; 50% of their cocoa powder is sustainable. Colruyt is in second place at 20%, closely followed by Spar at 10% and Delhaize at 8.7%. The other supermarkets do not sell any sustainable cocoa powder.

Chocolate spread

The average share of sustainable chocolate spread is 3.0%. Here the percentages also vary greatly between supermarkets. Cora offers the most sustainable packages (15%), followed by Colruyt (9.1%), Delhaize (8.0%) and Carrefour (3.8%). The other supermarkets in the survey do not sell any sustainable chocolate spread.

Chocolate bars

The average share of sustainable chocolate bars is 17%. Lidl offers the largest percentage of sustainable chocolate bars to its customers (50%). Other supermarkets hovered around or below 25%: Intermarché (24%), Cora (20%), Champion (19%), Delhaize (19%) and Colruyt (16%). Aldi and Match are the only ones that does not sell any sustainable chocolate bars.

Shelve space

When deciding what jar of chocolate spread to buy, not only are the available brands and sizes important in the decision making process, but also the amount of shelve space allocated to each package.

In some supermarkets, the shelve space, compared to the variety of offered jars, differed greatly. For example, 4.0% of the package variety offered in Carrefour was sustainable, but only 1.0% of the total amount of packages on the shelves was sustainable. In Delhaize, the percentages were 8.0% and 4.0% respectively. This is mainly due to the popularity of Nutella. In many supermarkets, Nutella packages covered half of the shelve space allocated for chocolate spread.

Refer to Table II for an overview of sustainability labels available in the cocoa product assortments of major Belgian supermarkets.

Table II Sustainability labels for cocoa products per supermarket, November 2011

Supermarket	RA	Fairtrade	UTZ	Bio
Aldi				
Carrefour	X	X		X
Champion	X	X		X
Colruyt	X	X		X
Cora	X	X		X
Delhaize	X	X		X
Intermarché	X	X		
Lidl		X	X	
Makro		X		
Match				
Smatch	X			
Spar	X			X

Source: store visits in November 2011

2.5.2 Share of sustainable cocoa products in private labels per supermarket

+Colruyt has by far the largest percentage of sustainable cocoa powder in their private label assortment (50%). Delhaize also sells sustainable cocoa powder under their private label (33%). Other supermarkets do not sell sustainable private label cocoa powder.

Colruyt (33%) and Delhaize (31%) also take the lead when it comes to offering sustainable chocolate spread under their private labels. The only other supermarket that offers sustainable private label chocolate spread is Carrefour (13%).

Sustainable cocoa products sold under private labels are most common among chocolate bars. Lidl offers 76%, Intermarché 67%, Delhaize and Cora both 40%, Champion 33% and Carrefour 14%.

2.6. Future expectations

Over the last years, Belgian cocoa processing companies have invested in sustainability schemes such as UTZ and Rainforest Alliance. But Belgium is far behind its neighbouring countries. The two largest cocoa producing companies in the Netherlands and the UK (Verkade and Cadbury respectively), have committed strongly to Fairtrade, going as far as to guarantee 100% Fairtrade chocolate.

Barry Callebaut and Kraft Foods are actively increasing their share of sustainable cocoa products on the Belgian market. They both work in close cooperation with Fairtrade, UTZ, Rainforest alliance and BIO.

Barry Callebaut confirmed a market increase in the demand for certified cocoa products in Europe. In 2009, demand increased by 50%; in general, the increase of certified cocoa products increased by 12%.

Colruyt

Colruyt has been investing in a sustainable development policy since 1990, which includes various areas: product sourcing, retail investments and consumption at consumer level. They are already well advanced in improving sustainability and the availability of sustainable products in their assortment is just a part of their sustainable development policy. Colruyt has a clear objective to further improve their sustainability at different levels (ecological, social and economic).

In 2005, Colruyt started with the 'Collibri for education' project. Herewith, they launched a range of private label products with the Collibri label, including all typical products from developing countries, as well as cocoa products.

Collibri products carry at least one sustainable label such as Rainforest Alliance, Max Havelaar/Fairtrade or a bio label. Furthermore, Colruyt invests 5% of the price of the products in education projects in developing countries. The supermarket chain is planning to extend their range of Collibri products even more as they expect demand for sustainable products to rise[11].

Delhaize

Delhaize incorporated Max Havelaar/Fairtrade certified products into their assortment in 1990. In 2002, they launched a new quality label 'Controle & Origine'. This label is used for some of their private label products and guarantees that the products are produced in a sustainable way.

Delhaize participated actively in the Belgian Fairtrade week from October 5-15, 2011 by promoting Fairtrade products in their supermarkets and introducing new Fairtrade products to their assortment.

During the first semester of 2011, the sales of Fairtrade products in Delhaize supermarkets increased by 10% compared to the same period in 2010. Fairtrade chocolate sales increased by 17%.

Delhaize holds a leading position in offering sustainable products. Thanks to their efforts, Fairtrade products are gaining ground in Belgium and Delhaize is planning to broaden their Fairtrade assortment even more.

Spar

Supermarket chain Spar has left many of the decisions regarding stocks up to its franchises. This means that the products in Spar supermarkets vary greatly between different locations. In general, it can be said that consumers mostly have a choice between a sustainable and non-sustainable product.

Spar holding is also making sustainable options increasingly available to its franchises[12].

Lidl

As a result of increasing customer demand for Fairtrade products, Lidl decided to introduce private label Max Havelaar/Fairtrade certified products to their assortment under the name 'Fairglobe' in July 2008. These products also include cocoa powder, chocolate spread and chocolate bars. Lidl is one of the few supermarkets that offer private label sustainable cocoa products in all product groups.

Intermarché

The assortment of Intermarché supermarkets can differ per store, as the store managers are not only buying from a centralised purchasing department, but can also order directly with suppliers.

Intermarché introduced Fairtrade products into their assortment several years ago. Nowadays over 120 products with the Fairtrade label can be found on their shelves, including chocolate.

Intermarché also made a commitment to make their own brand 'Selection de Musketiers' more environmental friendly.

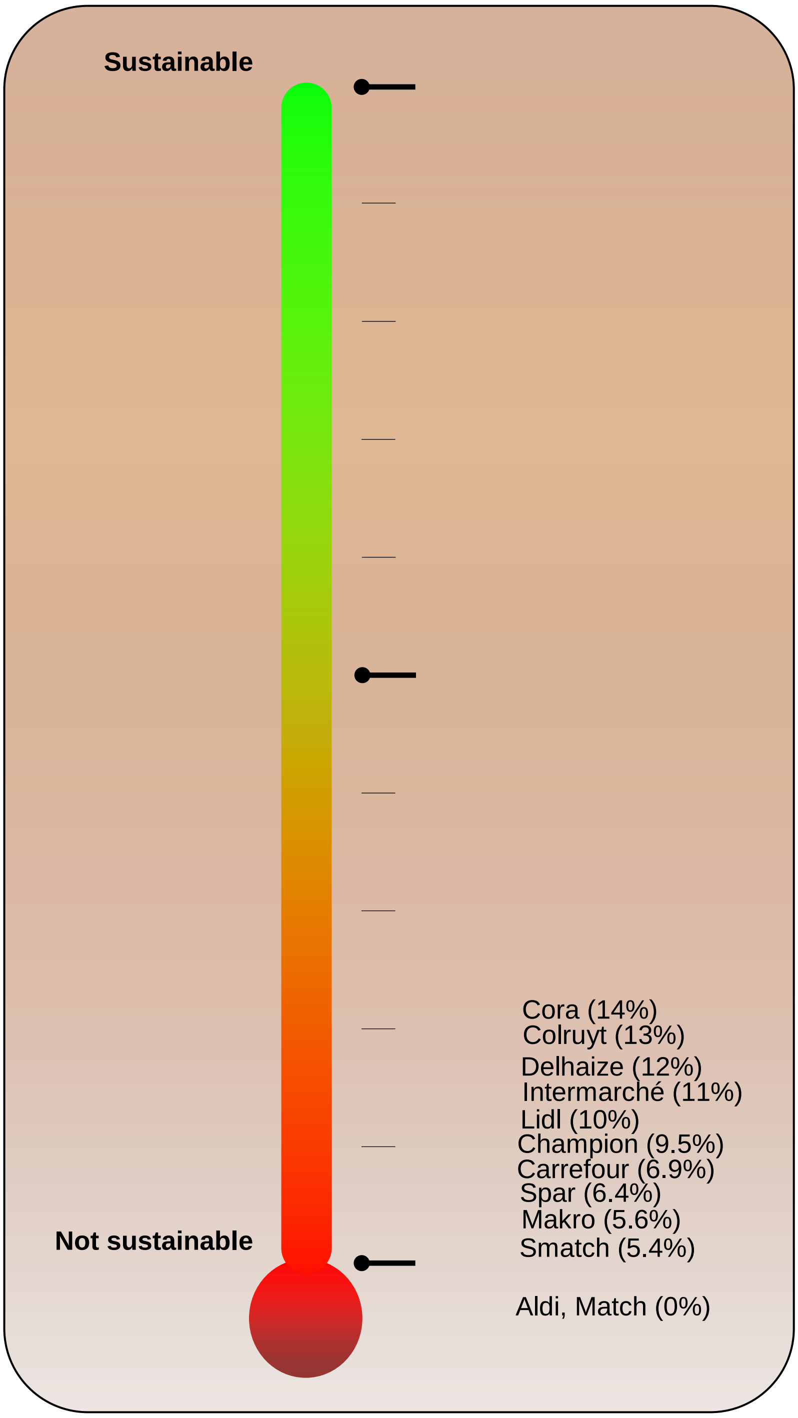
The objective of Intermarché for 2012-2014 is to expand the offer of sustainable products and create more awareness about sustainability among their clients. At the beginning of 2012, they are planning to work directly with a supplier of sustainable products so that the centralised purchasing department can offer a wider range of sustainable products[13].

Chocolate blackblock © Patrizia Ferri

3. CONCLUSION

Which Belgian supermarkets currently have the largest sustainable cocoa product assortment? Take a look at the sustainable meter and decide for yourself!

The percentages represent, per supermarket, the estimated share of cocoa products with a sustainable label.



SOURCES

[1] European Cocoa Association (2010)

[2] The Belgian Chocolate Sector (Oxfam, 2010)

[3] ITC Trade Map, HS codes 1801, 1803, 1804, 1805 and 1806 'Cocoa beans, whole or broken, raw or roasted, cocoa paste, whether or not defatted, cocoa butter, fat and oil, cocoa powder, not containing added sugar or other sweetening matter, chocolate and other food preparations containing cocoa'.

[4] The Belgian Chocolate Sector (Oxfam, 2010)

[5] The Belgian Chocolate Sector (Oxfam, 2010)

[6] Store visits November 22-24 (2011)

[7] http://www.retaildetail.eu (2011)

[8] Store visits November 22-24 (2011)

[9] Store visits November 22-24(2011)

[10] Website and interview: http://www.kindslavernijlustikniet.be (2011)

[11] Website Colruyt (2011)

[12] Interview Spar purchaser (2011)

[13] Interview with sales developer of Intermarché