



Not Your Grandmother's Chocolates

How "Out-of-the-Box" Thinking Keeps Premium Chocolate Sales Sweet



By Jennifer Bohanan

In years past, confectioners could rely on a traditional box of chocolates to generate the anticipated revenue on the usual occasions — Mother's Day, Valentine's Day, birthdays, anniversaries, and holidays along the way. For the most part, those days are over. As a new generation defines its gift-giving preferences, bold young competitors enter the marketplace, and increasingly savvy consumers seek to fulfill evolving needs and desires, premium chocolate makers are necessarily thinking "outside the box" and finding creative new avenues for engaging today's buying public.

"We have to be innovators," says Ed Seibolt, vice president of sales for **Fannie May Chocolates**. "Traditional boxed chocolates at a retailer aren't doing what they once did."

The boxes themselves, for example, are now often smaller, housing just a few enticing, exquisitely decorated pieces, a response to the trend away from supersizing. "People don't want to give a huge box of chocolates," says marketing specialist Meghan Fitzpatrick of **Lake Champlain Chocolates**. "Instead, they're looking for something special, a product that stands out." In some cases, the box has disappeared all together, replaced by an elegant bag carrying individually wrapped candies. Many high-end grocery and gourmet retailers offer a premium candy counter, where the consumer can view, ponder, mix, match, and choose their favorites from a large variety of offerings. Stand-alone candy shops, while not as prevalent as they once were, still attract gift-givers, wide-eyed children, and chocolate-loving impulse buyers.

What's in it for Me?

While the classic soft-centered chocolate with its rich, yet-to-be-discovered filling remains the industry's unfailing icon, candy producers have become much more creative with the ingredients they use in premium chocolates, as well as preparation techniques, to meet changing consumer needs.

Tracey Downey, **Xan Confections'** director of research and development is excited about the company's new line of "chocolates with benefits," which have added "clinically proven" ingredients that target different areas of the body, such as folic acid and DHA in **CocoPreggers**, and a vitamin-fortified **CocoBrain**. Xan's three lifestyle lines offer vegan, gluten-free, and low-calorie options.

"We have heard from people, and seen in our sales, that given a choice between chocolates with synthetic or processed ingredients and chocolates with all-natural ingredients, the all-natural will win out," says Downey. "As long as the product remains delicious."

Ghirardelli is now touting an added touch of sea salt to some of its products, responding to the public's growing health consciousness and the increasing popularity of sea salt in high end restaurants and chocolate boutiques. "We definitely see niche trends tickle into the premium mass and then mass markets," says Mona Maher, Ghirardelli's vice president of marketing.

With kosher and organic offerings, **Lake Champlain Chocolates** was able to break into the New York City market



years ago, and that relationship continues to thrive. "People know that the chocolates are being made in a clean facility, that things are being done right," says Fitzpatrick.

Bark has been gaining momentum, giving the enlightened consumer a sense of control over portion and content, so in addition to the traditional light/dark chocolate with almonds or peanuts, Fannie May these days includes ingredients like cranberries, raisins, and pistachios to its bark offerings.

"We tend to look at trends in other food categories," Fitzpatrick says. "We see what flavors are becoming more popular in other foods."

Consumer and Candy Maker: BFFs :)

Offering a seamless, direct connection to the buying public, websites have become standard tools for manufacturers, allowing the consumer to select, place, and ship a custom order with a few clicks of the mouse. According to Christine Thoreson, brand manager of boxed chocolates and gift giving for **Lindt USA**, this connection also serves to strengthen the company's relationship with retailers. "Our online presence increases brand awareness and consumer loyalty," she says, "which in turn strengthens our retail sales."

"So much chocolate consumption is impulse-driven," says Ghirardelli's Maher. "Our online ordering has not affected our relationships with retailers; our retailer sales have continued to be very strong."

With the growing popularity and influence of social media among both younger and older consumers, many manufacturers are making use of networking sites such as Facebook and Twitter to connect with both new and returning customers. "Through each of Lindt's social media properties — the Lindt Chocolate Unwrapped blog, Facebook page, and Twitter handle — we're able to engage in a chocolate dialogue with consumers and truly celebrate premium chocolate," says Thoreson. "Consumers also receive special product offers, chocolate news, and updates on the latest consumer promotions."

Lake Champlain Chocolates puts Facebook and Twitter inserts into its boxes. "We're not early adopters, but we stay current, and it all helps," says Fitzpatrick. "We interact online with retailers who have Facebook and Twitter. We'll post pictures that our participating retailers send. We're there to support them, and the products."

"Continuing to invest in our brand and making sure consumers are aware of our brand and products through advertising and consumer promotions are the best ways to engage and acquire new consumers," says Maher. "We believe consumers will continue to trade up for products that they believe are worth it."

The Gift of Giving

Gifting remains the predominant reason that consumers add premium chocolates to their shopping lists, so manufacturers continue to focus much of their efforts on encasing their products in beautiful, elegant packaging. "A gift is a representation of the giver, and we all want to give the best," says Thoreson.

Lake Champlain Chocolates, in keeping with its organic theme, is working to reduce packaging materials and using recycled materials as much as possible.

"Packaging is extremely important," says Xan's Tracey Downey. "It's essential to have packaging that stands out from the pack. You also have to take into account product protection, environmental impact, the retailers' needs, and how the costs affect the bottom line. There's a fine balance."

"We noticed that consumers were looking for self treat options beyond the Gold Ballotin; our well known packaging was not lending itself to enjoying our products every day," says Chris Mattina, vice president, North America wholesale at **Godiva Chocolatier**. "So Godiva now offers a variety of products and packaging for gifting, as well as self treat. The Ballotin will always be relevant, especially for a gifting occasion, but individually wrapped Gems create a 'candy bowl' behavior that entices consumers to put the chocolates out to share with friends, or keep in a drawer and enjoy every day."

A year ago, many boxed chocolate makers experienced a slump as a result of the recession. Some smaller brands were driven out of business. Stronger brands responded by changing their approach, downsizing packages and creating price points that helped consumers feel more comfortable with their impulse buy.

In 2011, the good news is that the bond between premium chocolates and consumers has come back and is as strong as it ever was. By all indications, premium chocolates are here to stay. The relationship has simply evolved over time, with buyers making informed decisions and candy makers, as always, eager to identify and fulfill their desires. **PCB**