

Second-placed Mars accounts for 25% of the chocolate market in the USA and represents the largest western-based supplier within the growing Chinese sector. It is particularly strong in the countlines sector worldwide, as a result of brands such as Snickers, Mars bar, Twix and Milky Way. Nestlé, on the other hand, has a more modest presence in both the USA and Chinese chocolate markets, although its brands are widespread throughout regions such as Europe and Australasia, and it also accounts for almost one-quarter of the large Brazilian market (this figure rises to 40% if its acquisition of Garoto in 2002 is included).

Hershey ranks as a global player, but its geographical footprint has tended to lag behind rivals such as Mars. Although it leads the USA chocolate market with over 40% of sales, it has yet to establish a major presence in the European region. Ferrero, meanwhile, has traditionally been strongest at the premium end of the chocolate market, following the success of brands such as Ferrero Rocher. Compared with its aforementioned rivals, Ferrero's share of main sectors such as countlines and chocolate blocks and tablets is rather more limited.

Branded products account for the vast majority of sales within the global chocolate market, with the share taken by own-label varieties estimated to be worth less than 5%. Although the switch to cheaper groceries observed during the post-2008 economic difficulties has increased demand for own-label foods, this trend has been less evident within the chocolate category compared with other areas of the food industry. Nevertheless, quality levels continue to improve within the own-label chocolate sector, with many food retailers having started to offer more premium products focusing on areas such as organic, Fairtrade and single-origin chocolate.

Returning to the branded sector, many of the market's bestsellers have a long and distinguished heritage within the industry – for instance, Cadbury's Dairy Milk range first appeared early in the twentieth century, while Mars launched Snickers and Rowntree launched KitKat in the 1930s. Consequently, the market's leading brands tend to command a high degree of loyalty amongst consumers and continue to account for a sizeable percentage of sales. This is frequently reflected in new product activity by the leading suppliers – instead of developing completely new brands (which can involve significant costs in terms of timescale and research and development), many manufacturers prefer to extend existing chocolate brands, via strategies such as new flavour variants or packaging formats.

## 27.4 Global production and consumption of chocolate

The world's largest producer of chocolate confectionery is the USA, where domestic output amounted to approximately 1.9 million tonnes in 2012 (Table 27.3). This is perhaps to be expected, given that many of the world's leading suppliers operate manufacturing facilities in the country. Despite the fact that chocolate multinationals have been targeting developing economies for

**Table 27.3** The world's leading chocolate producer countries by volume (×1000 tonnes), 2008–2012. Source: Leatherhead Food Research (2011, 2013).

Country	2008	2012
USA	1600	1900
Germany	975	1025
Brazil	505	550
Russia	470	525
UK	500	515
France	245	250
Italy	215	240
Canada	210	220
Poland	160	200
Japan	210	215

manufacturing purposes in recent years, domestic chocolate production within the USA increased by almost 19% between 2008 and 2012 – Mars, for example, opened its first new chocolate factory in its home market for more than 30 years during the first quarter of 2014.

Other major chocolate producers include European countries such as Germany, Russia and the UK, as well as Brazil. Many multinationals have opened new facilities in Russia, in order to take advantage of the local growth in demand for western-style premium chocolate. In Brazil, meanwhile, chocolate output has risen by almost 10% in the years since 2008, and the country now ranks as the world's third largest chocolate producer. Looking further ahead, it is possible that chocolate manufacture may undergo further expansion in Asia, Latin America and parts of the Middle East as the industry goes ever more global.

With volume sales worth in excess of 1.72 million tonnes, the USA also has the world's largest market for chocolate confectionery at present (Table 27.4). Although consumption has grown by less than 1% in the years since 2008, volume sales of chocolate remain considerable in the USA. Almost two-thirds (67%) of USA adults purchase chocolate on a regular basis, a figure which rises to 90% for the country's children and teenagers.

Germany and the UK have Western Europe's largest markets for chocolate confectionery, with volume sales worth 670 000 and 595 000 tonnes respectively in 2012. However, both markets are large and mature, as a result of which neither has performed especially well of late: in Germany, for example, consumption declined by almost 8% between 2008 and 2012, mainly as a result of the contraction in consumer spending. Further east, Russian consumption of chocolate confectionery amounted to 850 000 tonnes in 2012, a figure which has risen by 21.4% since 2008. Following this growth, Russia now represents the world's second largest chocolate confectionery market in volume terms.