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Despite the not so encouraging economic climate of India during the recent years, it would be an understatement to say that chocolate market in India is growing impressively.

According to Mintel, one of the world’s leading market intelligence agencies, sales of chocolate confectionery in retail markets grew by 13 percent between 2015 and 2016 in India. According to Mintel, “India’s chocolate confectionery market has had a strong CAGR (compound annual growth rate) of 19.9 percent, in retail market value, between 2011 and 2015, and is expected to grow at a CAGR of 20.6 percent from 2016 to 2020.”

Thriving with Potential

According to the estimates of Mintel’s research, India consumed 228 thousand tonnes worth of chocolate in 2016, which was 50 percent higher than 152 thousand tonnes of chocolate consumption in India during 2011.

According to TechSci Research’s report titled ‘India Chocolate Market Forecast & Opportunities, 2020’, chocolate market in India was projected to surpass 17 billion USD by 2020. The report was published in September 2015. “Product innovations, strong marketing strategies and increase in variety of products are driving consumer chocolate sales in India,” observed the report.

The findings of ValueNotes also indicate a promising future market for chocolates in India. According to the research report of ValueNotes titled Chocolate Industry in India 2014-2019, the chocolate industry in India was valued at Rs.58 billion in FY 2014. It was estimated by ValueNotes that the industry would be worth nearly Rs. 122 billion by FY 2019, growing at a CAGR of 16 percent. “Increasing disposable income, changing lifestyle, rising trend of gifting chocolates instead of traditional Indian sweets, and a surge in the sale of dark chocolates are expected to drive the industry growth,” noted the report. Here it deserves a mention that ValueNotes is a market and competitive intelligence firm, based in Pune, Maharashtra.

No wonder the per capita chocolate consumption in India has increased from 50 gm in 2005 to 120 gm in 2013. But still it much less. For example, an average Indian shopper presently buys less than 150 gm of chocolate a year, while a typical UK shopper buys more than 6 kg of chocolate every year. The fact that still the per capita consumption of chocolate products is much less in India as compared to that of many developed western countries also indicates a huge potential for the growth of chocolate market in India, in the backdrop of the present day socio-economic scenario of the country.

The Influencing Factors

The above-mentioned report by TechSci Research maintained that over the last decade, chocolate market in India had been growing at a significant rate, on account of expanding middle class population and increasing use of chocolates in various confectionery products. It opined that expansion of organised retail industry in India and rising disposable income levels of consumers had been further propelling growth in the country’s chocolate market. The report by TechSci Research pointed out that manufacturers were luring consumers by expanding their product portfolios and increasing availability of chocolates in various price ranges.

One can say that some of the reasons behind the impressive growth in chocolate consumption in India during the recent years can be due to the significant increase in disposable incomes in select but sizeable pockets of urban Indian society during the last decade, massive expansion of the retail industry in urban India and also due to the rising chocolate consciousness in some select pockets of urban Indian society.

However, the industry and the people at large hardly need the scholars of market intelligence agencies to arrive at the perception that the chocolate market in India is thriving with impressive growth potential. Chocolates are now not only loved by the kids, but are liked by people of all age groups in urban India. In Indian festivities, the role of chocolate products has become prominent during the recent years.

This huge growth in chocolate
consumption in the country during the recent years has paved the way for an impressive variety of chocolate products in the urban Indian market, and this trend is expected to continue in the near future. Though Mondelez India and Nestle India together account for about 80 percent of the estimated Rs. 8500 crore chocolate market of India, but there is no denying the fact that the market is now crowded with many players and premium chocolate brands. Mondelez, Nestle, Ferrero, Mars, Hershey, and Amul are among the important players in the Indian chocolate market, a market which is thriving with sweet potential.

Market Evolution
If we study the continued evolution of market positioning of chocolates in India during the last two decades, we can see that over the two decades the market positioning of chocolate products in India has moved from occasional luxurious indulgences for children to indulgences for all age groups. Chocolate products are also playing the role of emotional bond during festivities. Moreover, chocolate brands like Snickers and Cadbury Fuse are now also positioned as means of satiating hunger and Perk is positioned as an energy booster, through creative advertisements.

There are other trends evolving in the Indian chocolate business too. For example, dark and less sweet chocolates are gaining currency. According to India Chocolate Market Outlook, 2022 from Research and Markets, dark chocolate has gained popularity in recent years because of its health benefits and rising awareness among customers. Furthermore, according to the report, preferences of Indian consumers are slowly evolving and getting accustomed to the taste of dark chocolates. Companies like Mondelez and Nestlé have successfully introduced their dark chocolate brands such as Bournville and Nestlé Dark Chocolate in the country. The report was published in January 2017.

Premiumisation in the chocolate market is also gaining ground in urban India, whose height is manifested in the trend of designer chocolates and customised chocolate products. The report titled India Chocolate Market Outlook, 2022 observed that parallel to premium chocolate brands and the market dominance of mass appeal, the market for handmade and designer chocolates was also emerging which was catering to the selected pockets of urban India. “As a result, the concept of exclusive chocolate stores in India has gained ground,” noted the report.

“Today the Indian palate is changing and more people are discovering the joys of dark & less sweet chocolate,” opined Zeba Kohli, the Managing Director of Mumbai-
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based Good Housekeeping Company Pvt. Ltd., which has the brand Fantasie Fine Chocolates in its ambit. Fantasie Fine Chocolates is a 72-year-old brand name for exclusive handmade chocolates, having six outlets – five of them in Mumbai and one in Pune.

“Dark chocolates and as well as white chocolates are gaining market momentum in India,” opined Nidhi Bhageria, the MD of Celeste Chocolates, a Delhi-based company engaged in making artisan chocolate products with high quality ingredients. Her products presented in exquisite packaging are targeted towards corporate gifting, hotels, and for retail clients of the upper echelons of the Indian society.

“Our chocolate products can bring an added sweetness to the festivities or on occasions like birthdays, weddings, wedding anniversaries, etc.” stated Nidhi. The dynamic businesswoman also maintained nuts coated with chocolate, and chocolate products with infusion of coconut, pistachio, fruits are gaining popularity in the fast evolving Indian chocolate market.

As far as customisation of chocolate products goes, Zeba feels that “The trend has really not taken over India by storm as yet and its presence is limited to niche segments and that too in the big cities of the country.” She is right, but though the market for customised chocolate products in India is minuscule, but it is growing nevertheless. Zeba conceded that the consumption of customised, designer chocolate products has grown in India.

Chocolate products embodying fancy designs; reflecting the trail of very creative thought process, are gaining currency. According to Zeba, “Fantasie Fine Chocolates has created incredible chocolate novelties, which include chocolate chess games, chocolate puzzles, chocolate alphabets, chocolate butterflies and edible chocolate paints among others.”

Fantasie Fine Chocolates has a plethora of wonderful chocolate designs on offer, which include Chocolate Motorbike, Chocolate Stiletto, Chocolate Aeroplane, Chocolate Eiffel Tower among many others. Of course, their chocolate designs can be customised according to the client’s preferences. “If you can conceive something in chocolate, chances are we can make it a reality for you,” asserted Zeba, the chocolatier cum entrepreneur, who is the creative force behind Fantasie Fine Chocolates. She has also been involved in the creation of sweet and sensuous fashion statements in the form of chocolate jewelry, chocolate couture, skirts and stoles.

The impressive growth in chocolate market in India, along with these other happening chocolate trends indicate more extensive and creative usage of chocolates in bakery products across the Indian bakery and confectionery industry, in the near future. We can say that going by the present scenario, classy retail bakeries in metros and other big cities of the country would require the services of a dedicated chocolatier in the near future. These bakeries would also have to come with more and more customised chocolate creations to suit the tastes of their discerning clientele.

Chocolate-based beverages across bakery cafes in the country are also expected to gain popularity.

**Infrastructure, Pricing and Awareness**

Now how can chocolate products’ market share in the total sweet market of India be enhanced in the near future? “Increase in market share of chocolate products in the country needs impressive cold chain infrastructure and sound logistics throughout India, along with more reasonable pricing,” said Zeba.

Besides bolstering of infrastructure and moderation in pricing, enhancement of consumer consciousness in relation to chocolate products is also needed to increase the market of chocolates in the country even faster, as well as further and deeper. It is not a sign of maturity of the Indian chocolate market that the milk chocolates still remain the most popular chocolate category in the country. However, ValueNotes in its above-mentioned report observed that dark chocolate “is expected to be the fastest growing segment among Indian consumers due to its health benefits and increasing awareness among Indian consumers.”

“Only if more and more people realise the difference between a great chocolate, a good chocolate, and an ordinary chocolate, they would be willing to pay substantially higher price for a great chocolate product, as compared to a mere good chocolate product. In this regard, we can say that more chocolate workshops for both grown-ups and children, across hotels and exhibitions, are the need of the hour,” pointed out Nidhi. “One of the ways to make the tastes of average Indian chocolate consumers mature is by organising free tasting sessions of chocolates by chocolate products’ manufacturers or chocolatiers in retail outlets, exhibitions and events,” she added further.

Here it deserves a mention that Fantasie Fine Chocolates conducts chocolate workshops for adults and children and organises chocolate theme parties on prior notice. Celeste Chocolates has also been active in undertaking free tasting sessions. Sincerely, unless the industry makes a sincere endeavour to educate the palates of its chocolate products’ consumers and potential consumers, and unless our cold chain infrastructure gets bolstered, we cannot hope to develop the Indian chocolate industry in real sense, despite its current impressive growth rate. However, according to ValueNotes, the chocolate manufacturers are increasing their investment in the cold chain facilities across the country, which is an encouraging development.

**Rural Reach**

Moreover, urban areas of India still account for more than 75 percent of the consumption of chocolates in India, though majority of India is rural. To more vigorously tap the vast yet largely untapped rural Indian market, the chocolate manufacturers need to come with more affordable packaging options, and better warehousing facilities.

To explore the rural Indian market more powerfully, the chocolate manufacturers operating in the country also need to infuse more ethnic or localised character in their chocolate products through ingredients and packaging solutions. It is heartening to know that Mondelez India is also aiming to deepen its distribution in the Indian rural market.