The Fine Chocolate Industry Association (FCIA) celebrated its 10<sup>th</sup> anniversary in 2017. With close to 400 members, we are comprised of small- to medium-sized chocolate makers, chocolatiers, farmers, pastry chefs and bean and other suppliers. We are a small but growing organization focused on supporting the fine chocolate segment of the industry. One of the biggest challenges our members face is how to respond to the often asked question, “Why should I pay $10 for a chocolate bar?” Conversely, one of the most challenging questions FCIA faces is from members who ask, “How do I break through to consumers about what makes my product different and at a higher price point than mass-market chocolate?”

Both consumers and fine chocolate professionals are faced with an information gap. They are asking the right questions, but the answers have been hard to find, resulting in consumers missing out on unique sensory experiences and chocolate makers missing out on reaching new customers to build their customer base and turn their passion into more profits.

This lack of understanding of what motivates consumers often results in chocolate makers with scant funds missing the mark when creating products, packaging and marketing messages for their target audiences.

**INDUSTRY INFORMATION CHALLENGES**

FCIA decided to find a way to bridge this information gap so consumers and professionals alike could begin to better understand each other and connect in a meaningful way. For an industry that is not quite 20 years old, and a small member organization that just celebrated its 10<sup>th</sup> anniversary, this was a tall order. But FCIA was not deterred.

First, we turned to established sources for industry research to better understand what consumers know, think and feel about fine chocolate. Surprise! We discovered there were none specifically focused on our small but growing segment of the larger chocolate industry. However, we did find:

1. A sales forecast prepared for the Specialty Food Association by Mintel on specialty chocolate and other confectionery from 2012 to 2021. While this forecast indicates a slower growth projection between 2017 and 2021 after almost 41 percent...
growth between 2012 and 2016, it lumps specialty chocolate and confections together, not terribly helpful to our fine chocolate members who need insights that pertain to fine chocolate alone.

2. An interesting Kansas State University research study backed by Hershey and published in an industry trade journal informing us that millennials say they want socially-conscious chocolate but do not actually buy it. You will read later that FCIA discovered the same in all generational categories.


Of course, we also relied on FCIA’s Business Survey of the Fine Chocolate Industry recently completed in 2017.

All this data, although interesting and appreciated, did not drill down to the core questions that would help us bridge the information gap between consumers and our segment of the industry. Do consumers understand the difference between mass-market and specialty chocolate? Do they perceive a difference in value? What motivates them to purchase fine chocolate? Where do they learn about it? And, what are their preferences within this category?

If this data wasn’t available, what would it take to develop it? We turned to industry experts in specialty food market research to see if they would be interested in helping us conduct national research to answer these questions. They all expressed interest. But with a starting price of tens of thousands of dollars for a one-time regional effort, the proposals were too limited in scope and unrealistic for FCIA’s small budget built on membership dues and events. Again, we were challenged but not deterred.

DIY MARKET RESEARCH

With the rise of the do-it-yourself culture and creative data gathering such as crowdsourcing, crowdfunding and social media, FCIA decided to circumvent traditional market research. We would take a baby step using our own resources to better understand the drivers of the fine chocolate marketplace and connect the dots between consumers and our members’ products. The result was the first-ever national research into consumer perception of fine chocolate done on a shoestring budget.

Our strategy was to use the expertise and resources at hand to create a low-cost, high-impact baseline of current insights for members and a foundation upon which to build for future phases of this research. Armed only with a nod from the FCIA board of directors, we cobbled together a working team.

In addition to serving as Executive Director of FCIA, I had years of corporate marketing experience to draw on that included being part of a number of market research efforts. And, I had years of nonprofit management experience where creating miracles with no money was de rigueur. I felt prepared to lead this effort and was willing to go on the road to administer the survey and conduct focus groups.

We needed someone outside of the organization to lend a neutral but knowl-
edgeable eye to the process. FCIA’s growing visibility and respect within the fine chocolate community helped bring in two stars of the chocolate world with considerable research background to serve as volunteer academic advisors on this effort: Kristy Leissle, PhD, University of Washington Bothell and UW Seattle; and Carla Martin, PhD, Founder/Executive Director of the Fine Cacao & Chocolate Institute and Harvard University.

Research Goals and Execution

Together, we developed goals, a strategy and logistical game plan.

First, to confirm we were going after relevant information important to fine chocolate professionals, we tapped the knowledge and experience within FCIA membership to form a volunteer working committee. This group included Jan Calkins of Calkins & Burke Ltd., Jessica Ferraro of Bar Cacao, Kristin Joslin of Cocoa Nouveau and Tom Rogan of Goodnow Farms Chocolate. We developed a survey for chocolate consumers to be administered one-on-one in person and in focus groups.

Then we asked, how can we efficiently and economically reach a maximum number of chocolate fans? The answer: chocolate festivals. We reached out to develop partnerships and secure permission to conduct research at the following events:

- Seattle: Northwest Chocolate Festival
- Los Angeles: Los Angeles Chocolate Salon
- San Francisco: San Francisco International Chocolate Salon
- New York City: The Big Chocolate Show
- Washington, DC: DC Chocolate Festival
- Dallas: Dallas Chocolate Festival

Lastly, we set up focus groups by partnering with specialty chocolate shops in each of the festival cities and a few other locations to expand our reach and drill down deeper into the survey questions. These locations included:

- Seattle: Chocolopolis
- New York City: Voilà Chocolat
- Salt Lake City: Caputo’s Market & Deli
- Pittsburgh: Mon Aimee Chocolat
- San Francisco: Dandelion Chocolate
- Los Angeles: Chocolate Salon
- Washington, DC: The Chocolate House
- Dallas: CocoAndré Chocolatier

With surveys and airplane tickets in hand, we began the FCIA National Research into Consumer Perception of Fine Chocolate in October 2016. We completed the effort in October 2017 having connected with more than 1,000 participants in eight cities around the United States. We gathered quantitative data by administering a 10- to 15-minute survey to more than 1,000 individuals at chocolate festivals and qualitative data by conducting focus groups (made up of 10 to 25 people each) with more than 120 individuals in the evening lasting approximately an hour and a half.

No one was paid to take the survey or participate in the focus group. At festivals, we were amazed at the enthusiasm of those who clearly came to enjoy chocolate but were interested enough to stop at our table and take the survey. Sometimes, they actually stood in line to participate.

We were blown away by the number of those who gave us time to participate in...
the focus groups, also without remuneration. All it took was an invitation from their favorite specialty chocolate shop. It seems that people love to talk about chocolate as much as eat it.

They took the work seriously. In every city, the survey takers and focus group participants became partners with both FCIA and the chocolate professionals who would eventually receive their feedback. They seemed to appreciate the need for chocolate makers and chocolatiers to better understand the consumers they are trying to please.

A Closer Look at the Participants

So, who were these people? First, they were not representatives of the general public. Of course, at some point we want input from that segment and will reach out to that audience in a future effort. Our immediate goal for this research was to capture the thoughts of those who already are interested in fine chocolate. If we can better understand what motivates them, then we can use those insights toward the broader consumer market.

We categorized our audience into two principle groups:

**Chocolate Enthusiasts:** Those who took time out of their weekend and paid $25 or more to attend a chocolate festival. On one end of the spectrum were those for whom this was a one-time activity. On the other were those who repeatedly attend these types of festivals throughout the year. At this point in our data gathering, we were working on the assumption this group knows more than the general public about fine chocolate. They show great enthusiasm and come ready to learn. Further, they were interested enough to give 10 to 15 minutes of their festival time to take the survey for no remuneration. All we mentioned was, “Chocolate makers and chocolatiers want to know what you think and feel about fine chocolate. They’re going to use this information to plan future products, packaging and messaging. Would you take ten minutes to share your thoughts?” More often than not, they said yes.

**Chocolate Connoisseurs:** Those we encountered at the focus groups who have a relationship with a specialty chocolate shop. They attend tastings and classes, are familiar with numerous brands and many have knowledge of the people behind the brands. They are fans. They know shop owners, take recommendations and are on mailing lists to receive updates, invitations and promotions for chocolate products.

All each shop had to do was send out an invitation to participate in an industry focus group about chocolate and the RSVPs poured in. Most groups filled up within days, some with a waiting list. Again, no payment was offered, just the opportunity to participate in the first-ever national research into consumer perception of fine chocolate.

We captured demographic information from both survey-takers and focus group participants on geographic location, gender, age, household income, ethnicity/race, education and general interest in chocolate (Figure 1). Note that not everyone answered every question.

Survey responses were input into an Excel spreadsheet. Not terribly high-tech, but a solid reporting tool. With this data and guidance from our academic advisors
savvy about “mean, median and mode,” the sorting and comparing possibilities are unlimited. We won’t know the true power of the information until our members begin requesting customized sorts. With the demographic data we collected, we will be able to sort by geography, gender, age, race, education level and annual household income. For example, if I’m a chocolate maker with principle clientele in Seattle and I wish to know what that population says about taste and price preference or what motivates them to purchase, our research is sortable and can begin to provide that data.

**Consumer Research Sneak Peeks**

While we anticipate it will take a good portion of 2018 to sort through the data, draw conclusions and discover what our members want to know from this anthropologic dig into consumer chocolate experience, the data already revealed a number of surprising insights.

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### Are health benefits of fine chocolate a purchase motivator?

Survey-takers told us overwhelmingly they believe “good” dark chocolate has health benefits: 901 responded yes while 80 responded no. Furthermore, many were able to list quite a few benefits: heart health, mood relaxer, lower blood pressure and increased energy, while offering up terms like bioflavonoids, antioxidants and endorphins. Awareness of these responses could be tempting for fine chocolate professionals to begin allocating marketing dollars toward this messaging. However, they will want to pay attention to what our focus groups revealed.

During the sessions, it was almost unanimous — most do not really understand nor use health benefits as a motivator to purchase chocolate. In every city, this was reflected in responses such as, “I don’t buy or eat chocolate for health. It’s nice to think it’s not so bad for me, that’s a bonus. But I’m not going to spend more money for a chocolate bar just because it might have a red heart on it. I buy and eat good chocolate for the taste and the experience!”

### Do fair trade and direct trade practices motivate consumers to purchase?

If you are counting on the socially responsible practices your company takes to convince your customers to open their wallets, here is another insight. Although the rating by survey-takers of importance for fair trade and direct trade was medium (for fair trade, average response was 2.9 out of 4 and for direct trade 2.2 out of 4), we learned that these certifications are not a big purchase motivator.

The focus group participants told us why. “To be honest, I don’t really know what it means. For me, it’s about the flavor. And, I wonder if it’s expensive for the farmer to participate. Who are these certifying organizations anyway?” There were others...

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**Research Demographics**

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**During the sessions, it was almost unanimous — most do not really understand nor use health benefits as a motivator to purchase chocolate.**
What really motivates consumers to purchase fine chocolate?
The overwhelming response was “pleasure” with an average response of 3.8 out of 4. It is about having an experience that is unique and fulfilling.

What are consumers really prepared to pay for fine chocolate?
Another surprise. Although our members feel like consumers want fine chocolate at grocery store prices, both chocolate enthusiasts at the festivals and chocolate connoisseurs in the focus groups, for the most part, have graduated from grocery store pricing and are spending $9 on average for a small-batch craft chocolate bar while many are spending in the $10 to $14 range. Therefore, our research participants have indicated that price is not a barrier. Price may be an issue for the general public and FCIA hopes to explore this in a subsequent research effort. We also have to ask our members if there might be other reasons why some fine chocolate professionals are struggling to find an audience. Might it be flavor, texture, packaging or messaging? The full FCIA Consumer Research Report might help them address some of those hurdles.

What really motivates consumers to purchase fine chocolate?
The overwhelming response was “pleasure” with an average response of 3.8 out of 4. When pushed to explain what this elusive word means, we discovered that for some focus group participants, it is a solitary guilty pleasure. For others, it means community. Some focus on the taste. Others mention the intellectual pleasure of discovering where and how the chocolate is grown and processed. But to a person, it is about having an experience that is unique and fulfilling.

Where and how do consumers become aware of a favorite fine chocolate?
When asked how they came to be aware of a favorite brand, 554 said they tasted samples and another 213 said they encountered the product at a farmers’ market. Another 460 said word-of-mouth influenced them. What we deduced from responses was that they had an experience. Or a friend or relative did and mentioned it to them. The next highest response was websites at 182 and online food reviews at 181. Important, but nowhere near the responses of having directly experienced the product.

Digging Deeper Reveals Gold
An important point is that surveys alone do not tell the whole picture. If we had conducted only surveys, we would have received skewed insights. The focus group participants completed the same survey as those at the chocolate festivals. But they were then asked, “Tell me more. What do you mean by that? How many of you really feel that way?” This qualitative feedback sometimes took us 180 degrees from their written responses. It turns out, when filling out a survey, it is tempting for participants to check off the boxes they think they should when it comes to social responsibility, price or health benefits. But in a focus group, if they trust the presenter and their group, they will eventually say what they really think and feel.

Our questions ran the gamut from the impact of awards on purchase decisions, price thresholds and preferences on point-of-purchase, desired cocoa percentage and origin, to added flavor, purchase frequency, where they learn about new products and more. Since each participant completed demographic information, we are able to
examine the responses by geographic location, gender, age, ethnicity, household income and education level.

Now the work begins. FCIA plans to add to our volunteer team, dig in and determine which insights they feel are most important. We will share this via webinars, reports and workshops. We will not really know the power of what we have compiled until our members reveal it to us. However, we already have an answer to the question of why consumers pay ten dollars for a fine chocolate bar or three dollars for a fine bonbon — experience. Over 1,000 consumers spoke loud and clear confirming this. When they eat fine chocolate, they have an experience they get with nothing else. Fine chocolate provides a unique sensory experience that connects consumers to exotic places and conjures a relationship with dedicated artisans.

What Is Next For Our Consumer Research

We believe we have achieved our initial goal of gathering baseline data about fine chocolate consumers and what they think and feel about these products.

But we are not going to stop there. FCIA will engage our membership via webinars and workshops to explore the data and uncover other insights. We would also like to embark on a beta test to conduct customized sorts for individual members. We will also explore creating online surveys to connect with the general public. Lastly, we would like to eventually attract a university partner to help us take our research to the next level.

When you see these outcomes, we hope you will remember how FCIA saw a need and was not deterred by cost and scope, and accomplished the research using courage and creative problem-solving. We also hope you will be motivated to do the same, be it for product development, long-term strategy, fundraising or another endeavor that will help you advance your company or product.

CONCLUSION

Our ultimate goal is to empower our members to connect with the consumers who will help them build their business. The true value of our research effort will reveal itself as our members engage with the data we have collected, discover new insights and find ways to incorporate them into their businesses. This may take the form of product development, packaging, messaging, consumer engagement or a fresh look at certifications and awards and how to frame them. As fine chocolate professionals come to better understand consumers, we hope this will result in a greater appreciation for fine chocolate.

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Takeaways for Small- to Medium-sized Organizations

<table>
<thead>
<tr>
<th>FCIA believes there are points to be learned from the survey process that may prove just as powerful as the insights from the data. We want other small- to medium-sized organizations to benefit from our experience.</th>
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<tr>
<td><strong>Be brave and do not be deterred by the seemingly impossible.</strong> It would have been very easy for us at FCIA to throw up our hands after receiving the more than $40 thousand dollar market research proposals and say, “We can’t afford that.” Thanks to the vision and trust of our board, the passion of staff and support of our expert volunteers, we have accomplished something that will have a long-term impact on the fine chocolate industry.</td>
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<tr>
<td><strong>Be open to untraditional resources.</strong> Have a challenge but little budget to meet it? Look within your company or organization and put the word out about what you wish to achieve, even if you do not know how to accomplish it. Unanticipated resources different than you imagined may surface to help you.</td>
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<tr>
<td><strong>Create new partnerships.</strong> In addition to the wealth of data that FCIA gathered, we saw unexpected collateral benefits. Our festival and focus group partners told us our presence at their events and shops gave them pride in being affiliated with FCIA, and our national research effort provided a new layer of validation with their clientele. We have been invited back and as a result of our research activities, gained new partners.</td>
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<tr>
<td><strong>Build on your success.</strong> To capitalize on our new relationships, FCIA has developed a Supporting Partners Program to help find other ways for FCIA and our new partners to support each other’s efforts.</td>
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Presented at the PMCA Production Conference