

Chocolate prices are soaring, so candy makers are making their bars smaller

Description



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On [Valentine's Day 2012](#), we learned that the world was in a chocolate crisis. Then we learned it again on [Valentine's Day 2013](#). And again in [2014](#). And it's back [this year](#), too.

Valentine's Day is a great hook for chocolate-themed news content, but there's another reason you've heard about this so often – a mix of problems, many of them long-term, have conspired to drive chocolate prices higher for years on end now.

But what's actually making your chocolate more expensive? And how is it changing the box of chocolates you're giving your beloved this year? Here's the rundown.

Huge demand in Asia: Rapidly growing economies mean huge populations of consumers ready to spend their growing incomes on new tastes. China is a prime example of this for a variety of foods – dairy and meat, for example, in addition to chocolate. But Indonesia and India are also big growth markets for chocolate. Per capita chocolate consumption in China grew by 30 percent from 2010 to 2013, according to data from market research firm Mintel, and it grew by 34 and 38 percent respectively in India and Indonesia over that period. But consumption grew nowhere as much as in South Korea, where it was up a whopping 44 percent.

Dark chocolate is super popular: It's true that milk chocolate still dominates the chocolate market in the US. As of 2013, dark chocolate only accounted for around 20 percent of US chocolate sales, according to the [Wall Street Journal](#). But dark chocolate is gaining ground fast. According to Mintel's data, dark chocolate sales in the US grew by 9 percent in 2013, 50 percent faster than milk chocolate's growth of just 6 percent.

Because dark chocolate uses so much more cocoa than milk, it sucks up that much more of the world's cocoa crop. Hershey milk chocolate bars, for example, have, at most, 30 percent cacao, according to the [New York Times](#), but FDA standards allow for percentages as low as 10 percent. Compare that to the 60-plus-percent cacao content of many dark chocolate bars.

Drought: Africa is where most of the world's cocoa is grown. The continent accounts for nearly 72 percent of all world production, according to Mintel's data, most of it in Cote d'Ivoire and Ghana. So when a drought hits that area, as it did [last year](#), it can send prices spiking. This is sort of like what we saw with the lime shortage of 2014 — when a particular commodity is grown in one geographic region, a threat to that region, whether it's cartels or drought, can create huge price shocks.

Tree diseases: The diseases attacking cocoa trees have creative names (frosty pod, horsehair blight) but are threatening cocoa supplies, as [Slate](#) reported last year. For that reason, scientists are engineering new breeds of cocoa trees, as [Bloomberg](#) reported last year, but it's a struggle to make that chocolate taste as good as what farmers are growing now.

Ebola: The current ebola outbreak in Africa took place next door to the world's biggest chocolate producers. And even though chocolate producing nations like Ivory Coast, Ghana, and Nigeria weren't the epicenter of the ebola outbreak, closing their borders to workers from ebola-stricken nations helped limit production in recent months, as [Politico](#) reported.

Constrained supply plus growing demand equals higher prices. And shortfalls are only projected to grow. [Bloomberg](#) reports that the gap between supply and demand is expected to total 1 million metric tons in 2020 and 2 million as of 2030.

Of course, none of this means store shelves are going to be suddenly devoid of chocolate.

“The world is not going to run out of cocoa,” says Judith Ganes, founder of [J. Ganes Consulting](#), which specializes in analysis of “soft commodities” like cocoa, coffee, and cotton.

But customers will see some changes they may not like, she adds. “Prices will go up if there is a shortfall and manufacturers will change unit sizes or switch to cheaper alternatives or use more cocoa powder than butter or carob. That will loosen the supply. Producers won't sit on stocks.”

And chocolate companies have responded. Last July, Hershey's announced a price hike on its products due to higher cocoa, milk, and nut prices. Cadbury's recently announced it would change its signature creme eggs, replacing its Dairy Milk chocolate with a more “standard cocoa mix” chocolate, as [Slate](#) reported — a response not only to high chocolate prices but rising milk prices as well. And in Australia, the company shrank the size of its chocolate bars [by 10 percent](#). Mars and Snickers in 2013 [similarly](#) shrank some of their bars.

If smaller, lower-quality chocolate bars don't sound like a great fix for this problem, help may be on the way. Higher prices are luring more farmers into the business. Vietnam is one country that's inching into the chocolate game, as NPR reported [last year](#). Then again, cocoa trees take [three to five years to mature](#), so even if farmers start planting right now, it could be a while before it makes your Ghirardelli bar cheaper.

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