



CHAMPIONS TROPHY
Case Competition



Case Study: The Remarkable Chocolate Company

Wednesday 29 January

Case prepared by Sophie Shrimpton under the supervision of David Sorrenson. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publically available sources and The Remarkable Chocolate Company. This case is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

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From: Champions Trophy Teams

To: Champions Trophy Teams

CC: Benjamin Business, Sarah Strategy, Frank Financials

Subject: The Remarkble Chocolate Company Strategy Presentation

Tēnā koutou e tīma,

Tracey Melville-Smith struggles daily with the thought of compromising her values or the quality of her product for potentially quick and easy growth. She has taken her premium, handmade chocolates from her home kitchen in Epsom to being stocked in supermarkets nationwide. However, it hasn't been an easy ride – at every step The Remarkable Chocolate Co (TRCC) has been tried and tested against the “remarkable metric”, but has always come out on the other side with a refined value proposition that stays true to their core values – creating a remarkable tasting product, remarkable packaging and being made in New Zealand from sustainable ingredients and from local suppliers wherever possible.

After earning some success in New Zealand, Tracey is looking onwards and upwards. Her aim is to grow this artisan business to “be desirable” on a commercial scale while retaining the features of her business that align with its core values. However, with no significant assets or capital, increasingly complex business operations and a core team of one, Tracey wants your help to identify the best next steps for her business.

Please prepare a ten-minute presentation on your strategic advice to Tracey on how to grow her business to “be desirable” while staying true to the company's core values.

Kia waimarie,

Mārama Mahuta,
Senior Vice President
Pō Consulting Group

Founder's Background

Tracey Melville-Smith founded The Remarkable Chocolate Company in 2014 with the support of her husband Mark McCutcheon after nights of brainstorming products that would be commercially interesting, they personally enjoyed and were natural and sustainable. Ultimately, Tracey was looking for a satisfying and fun day job that would allow her to “feel good” as well as work “for good”. She wanted to create a business oriented around something that she deeply cared about because “making widgets wouldn’t get her out of bed” (Source: National Business Review). It wasn’t all about the money, it was about looking for “something [she] could do [herself], using the skills [she] had [to] create something” (Source: The Hobson) as well as a product that fit with her personal values.

After graduating from university with a commerce and IT degree Tracey had a “regular corporate upbringing”, working in banking from 1991-1997, gaining a post-grad degree from Massey University in Banking and Finance and then moving to a career in management consulting with large international accounting firms and under her own brand until 2014. Now she sustains a portfolio career – she works across a number of businesses in different areas. This has included working for Icebreaker (a New Zealand clothing manufacturer) in global business transformation, Burger Burger as a commercial director, and as a board member for the not-for-profit UpsideDowns Education Trust. While a portfolio career over the last few years has been rewarding, the time the Remarkable Chocolate Co now demands has limited her time so her focus is on the success and growth of TRCC. Working alone, Tracey occasionally misses having an office with like minded colleagues to work through typical business challenges.

Mark, Tracey’s husband has also had an illustrious career. He worked in marketing premium brands overseas, including BMW and Land Rover, and now works in a GM sales and marketing role for a Japanese listed company. Mark supports the business as an unofficial board member/ advisor type role when he has time.

Food has always been a large part of Tracey’s life. She has always been a proficient baker and cook. Her father was a restaurateur and



Source: Pinterest

entrepreneur for 26 years and brought Pizza Hut to New Zealand. He set high standards and a strong work ethic for Tracey and she would work for his business during school and university holidays. She has early memories of “putting on a pinny” and helping a family friend with baking and her mum with dinner parties.

While running a start-up is full-on, requiring Tracey to be “hands-on, knee-deep, thinking, dreaming, tasting chocolate seven days a week” (Source: The Hobson), she still values family and work-life balance. She is a person of passion, natural motivation and enthusiasm who wants to give her time to an ethical, sustainable business.

The Business

Product

The Remarkable Chocolate Co makes handcrafted premium chocolate that tastes amazing, looks incredible and is made in New Zealand. There are two main collections. The Organics range offers organic, sustainable, natural and fair-trade chocolate barks, scorched almonds, Smore's Kits and Easter Bunnies. The Luxury Collection offers a series of premium handmade bars and gifting options. (See more in Appendix 1).

Remarkable Chocolate is known for their individual flavour combinations. For example marshmallow, toasted coconut with a sprinkling of raspberries or roasted almonds with crispy quinoa. All ingredients are high quality, including their organic cacao sustainably farmed in Peru co-ops and their luxury chocolate from one of the world's leading Belgian chocolate houses. Some ingredients haven't quite worked out. Though mint was requested continuously by customers, one of the large wholesale customers indicated that it would not sell well, so it was not pursued. The natural oils from peanut in many earlier version kept making the chocolate soft because of the oils in certain types of peanuts.

Innovation, past learnings and proper due diligence is now folded into every product. Bark is a new product and completely new to the New Zealand market. It is thin and elegant, often snacked on or used as part of platters for a smaller bite. S'mores were born out of love for the fun Tracey's kids had on holiday in the USA with S'mores and a connection from school with another family who made cookies. The scorched almonds are made with the best Ceres organic almonds, then roasted and rolled in organic dark fair trade chocolate. There are also seasonal Easter and Christmas products.

History

As with any food-based start-up, Remarkable Chocolate began with years of R&D – what Tracey likes to call “folly”. It started with trial and error in Tracey's home in Epsom, whipping up a range of creative recipes in her kitchen and using her friends as guinea pigs. As she received positive feedback and her creations progressed, Tracey hired a commercial kitchen in Onehunga in the weekends and begun designing and commissioning bespoke moulds, recipes and packaging. In 2013 Mark helped by running the market stalls with their daughter Ella at the Hobsonville and Parnell Markets on Saturdays while Tracey looked after the other two kids at sports.

Once she found affirmation from the wider public at farmers markets Tracey approached Nosh - a premium supermarket, who agreed to put the whole product range on the shelves immediately. They then approached other stores and by the following Christmas Farro Fresh - another premium supermarket, was onboard and the paper work underway for FoodStuffs - the largest supermarket chain in New Zealand. As demand grew, she outsourced production to a specialist manufacturer to make commercial batch quantities.

Now Remarkable Chocolate has expanded to other supermarket chains. While wholesale customers have repeatedly asked Tracey to make the product cheaper e.g. smaller products for the same price or cheapen production methods to increase their margins, she refused to compromise her core values of product quality, natural and premium ingredients and sustainability. This has included refusing to compromise on size or whether or not the products are handmade. Tracey successfully stood her ground and now the products are





in 30 Foodstuffs supermarkets and have been in 140 Countdown supermarkets since September.

There have been some rocky moments that have provided key learnings. A style-over-substance lesson came when Tracey decided to print batch numbers and best before dates on the back of packaging to avoid the addition of “messy” sticker gun “look” with batch and best before stickers. However, this meant ordering larger quantities when printing to get a better price point and eventually throwing out thousands of boxes when the batch and best before dates changed. Another learning curve was when an entire batch suffered heat damage when en-route from factory to distribution centre. Tracey made a swift recovery, donating the chocolates to a baking product Young Enterprise business at Takapuna Grammar (as well as some to her lucky friends).

The Remarkable Chocolate Co is the most awarded chocolate company in Auckland winning 9 awards over the last 4 years (See Appendix 3).

Business Model

Remarkable Chocolate operates on a contract model. Staff are only hired when needed (accountants and administration people are brought on temporarily as required). Two production factories are contracted to handmade the products. The business has no employees and no significant assets. A distributor was recently hired.

Finances

Remarkable Chocolate has never received any outside funding. Its revenue is currently under \$500k, though there is double digit growth year-on-year.

Brand

Source: remarkablechocolate.com

Remarkable Chocolates aims to create handmade chocolates that are beautiful, sustainable and delicious. They are an indulgence for a sophisticated palate. They are artisan products made with traditional European techniques.

An important aspect of the brand are the values embedded into Remarkable Chocolates. Tracey likes to say “[Remarkable Chocolate is] doing the right thing when no one is looking” (Source: The Hobson). Ingredients are sustainably farmed and have organic certification. All farmers are fairly and equally paid. Cardboard packaging is recyclable and done in a way to minimise waste. The Organic chocolate is certified fair trade, natural (no preservatives or gluten), palm oil free and refined sugar free.

All products are made in New Zealand and this is advertised on the packaging.



Chocolate Confectionary Industry

New Zealand

New Zealand's year-on-year retail value growth is 5.6%. The value of the industry in 2019 was \$0.8 billion. A key trend is increasing interest in higher-quality, sustainably produced, locally produced chocolate. Brand collaborations have also proven popular recently.

In New Zealand there has been an increasing interest in higher-quality chocolate confectionery, with consumers becoming more concerned about and aware of the provenance of food, including the snacks they indulge in. More brands are incorporating local ingredients such as Manuka honey. New Zealand consumers are also more willing to pay a higher price for premium chocolate, as seen in the success of Solomons Gold. Solomons Gold cacao is organically grown in the Solomon Islands and is positioned as an allergy-free brand, catering to an increasing number of consumers who are on the lookout for better-for-you and free-from options.

Sustainability and ethical production of chocolate have become growth drivers for New Zealand chocolate confectionery manufacturers. Increasing consumer concerns about their environmental impact have spurred industry players to adopt more sustainable practices, such as Guylian going palm oil-free and reducing the saturated fat content of its chocolate, Hershey's committing to using fair-trade cocoa for its chocolate through the Cocoa for Good programme, as well as Trade Aid improving its packaging. Given that New Zealand's recycling facilities are limited, more manufacturers are aiming to move forward with their waste minimisation and shift into more paper-based and biodegradable packaging. Trade Aid Organic Chocolate led this change through its major rebranding project in late 2018, from redesign to using compostable film and home-compostable wrappers. This new design won Best Packaging at the NZ Chocolate Awards.

Brand collaborations across different categories have been a popular strategy to increase brand visibility in stores, and this has been taken to the next level by the Tip Top and Whittakers brands, by factoring in seasonality into their collaboration. In mid-2018, Whittakers' collaborated with the craft beer brand Garage Project. This launch was highly anticipated and drove brand awareness for both the chocolate confectionery and beer brands. Whittakers also collaborated with Tip Top in summer 2018 to create a permanent range of Whittakers/Tip Top ice cream. Following this, they joined forces in another collaboration at the end of summer 2018-2019, resulting in limited-edition Tip Top chocolate tablets.

Over the years, JH Whittaker & Sons has been steadily gaining sales share within chocolate confectionery, slowly rising to challenge larger chocolate confectionery manufacturers such as Mondelez and Nestlé, and cementing its consumer loyalty. Whittakers was named New Zealand's most-trusted brand in 2018, keeping this title for the eighth consecutive year. Its marketing strategy, which heavily focuses on online channels, has enabled it to engage creatively with consumers, complementing its TV advertising and further cementing its position as

New Zealand's top local chocolate brand. It also opened its first physical store at Auckland International Airport in August 2018, allowing it to directly reach its consumers and further promote itself as New Zealand's leading chocolate manufacturer.

Easter and Christmas are critical periods for chocolate confectionery sales, with manufacturers launching new products and promotions at these times. While smaller brands are jumping on the bandwagon and marketing seasonal chocolates during these periods, larger brands still tend to occupy more shelf space. While Mondelez still remains the top player, Lindt's aggressive seasonal strategy has propelled it forward, being the manufacturer with the strongest growth in seasonal chocolate confectionery.

Australia

Australia's year-on-year retail value growth is 3%. The value of the industry in 2019 was \$2.9 billion. A key trend is chocolate manufacturers expanding into different formats to attract new consumers and experimenting with seasonal advertising.

As sharing occasions gain popularity across snacking, more block versions of chocolate products are being launched. Following M&M's, which launched its block chocolate range back in 2017, other manufacturers such as Darrell Lea and Arnott's have released their first chocolate tablet ranges, sold through Woolworths and Coles, respectively, in 2019, expanding their brand presence by adding new formats to their range. Innovation within chocolate tablets tends to focus on interesting flavours and collaborations between brands across different categories of snacks. As consumers seek out permissible indulgences, chocolate confectionery manufacturers were making it easier for consumers to indulge with less guilt. One of the ways this is done is by introducing larger packs for sharing occasions.

Chocolate manufacturers in Australia have long capitalised on seasonal events such as Easter and Christmas to boost chocolate sales. In the past 12 months, however, manufacturers were finding opportunities to further strengthen their seasonal promotions as the gifting space continues to grow and competition becomes more intense. For example, chocolate giant Mondelez International jumped on the trend of customisation and turned it into a successful marketing campaign for Toblerone, which improved its performance during the Christmas 2018 gifting season. Another notable seasonal promotion came from Haigh's Chocolate which launched its new range of Lunar New Year chocolate complete with bold and auspicious gold-wrapped packaging.

Vietnam

Vietnam's year-on-year retail value growth is 10.8%. The value of the industry in 2019 was \$2.5 billion. Higher disposable incomes are boosting the premium chocolate confectionary market.

Chocolate confectionery benefits from the fact that Vietnamese consumers are accustomed to consuming chocolate in both food and beverages. Moreover, as Vietnam has become westernised and integrated with the rest of the world, both economically and culturally, popular types of imported Western food, including chocolate confectionery, has become very popular.

With the economy continuing to strengthen in 2019, Vietnamese consumers enjoyed higher disposable income levels, and this increased their demand for premium chocolate confectionery. Vietnamese consumers generally consider most chocolate confectionery to be premium, especially imported products. However, with increased awareness due to social media and marketing, they are becoming more conscious of what premium chocolate means and of what premium packaging should look like. Consumers increasingly look for premium quality when shopping for gifts that offer respect or show love. Therefore, sales of premium products accelerated in the Tet and Valentine Day season.

Although chocolate confectionery is stably growing, tablets saw the fastest value growth in 2019. More new international and local players entered this category over the past few years, boosting sales. Aside from its stimulation by newer players in 2019, tablets saw solid growth because these products remain suitable for different consumption occasions, thanks to their various pack sizes, premium packaging and yet affordable prices, and they are not just purchased for gifting purposes but also for personal consumption. Another growth driver continues to be distribution. Tablets in various pack sizes and types are widely sold, especially in the rapidly expanding convenience stores channel but also in supermarkets and gift shops.

Indonesia

Indonesia's year-on-year retail value growth is 7.3%. The value of the industry in 2019 was \$14 billion. There has been recent premiumisation by local players in tablets, whereas chocolate pouches and bags have seen the highest growth.

Domestic players in Indonesia are embracing the premiumisation trend in chocolate tablets. In keeping with this trend, local brands are offering more natural and premium products, while also embracing local culture in their packaging. These are mainly small local players with distribution mainly limited to more premium supermarkets, and to larger cities such as Jakarta, Surabaya and Bali. However, they are gaining popularity amongst Indonesian consumers, as well as with expatriates and tourists, due to their reputation for quality and good taste, which is perceived to be better than that found in mass products.

Smaller pack sizes are gaining popularity in Indonesia, especially with the increased health and wellness awareness creating a desire for easier portion control. Smaller packages sold alone and within multi-packs also are easy to carry around, and are highly demanded for one-time, on-the-go consumption. Moreover, sharable packs are all the rage, as

illustrated by the appeal of Mayora Indah's Beng Beng Share It.

China

China's year-on-year retail value growth is 4.4%. The value of the industry in 2019 was \$22.4 billion. Chocolate trends have oriented around health and indulgence. Chocolate toys are increasingly popular, with 10% current value growth.

Trends towards both increased health-awareness and indulgence are prominent in chocolate confectionery. Publicity surrounding the health benefits of dark chocolate, as well as perceptions that it is low in fat and natural, drove up demand for products with a high cocoa content. In contrast, many younger consumers are showing a growing preference for products such as truffles, which have a high cream content and provide a luxurious, indulgent experience. Moreover, these products are perceived to offer indulgence at affordable prices.

Boxed assortments remained a key contributor to overall chocolate confectionery growth. The category is strongly associated with festivals and romantic gestures, with gifting being a particularly significant motivation for the purchase of boxed assortments, especially in premium packaging. Godiva's limited edition boxed assortment for the New Year in 2019 highlighted manufacturer efforts to target the particularities of local demand, with the premium packaging featuring an exclusive Koi Fish design. Koi is a symbol of wealth and good luck in China. The development of such products has helped boxed assortments play an important role in the upmarket shift in demand in chocolate confectionery in China, which has encouraged many chocolate confectionery manufacturers to gradually shift their focus from mass to premium products.

United States

The United State's year-on-year retail value growth is 1.4%. The value of the industry in 2019 was \$19.4 billion. Chocolate sales have received a slight boost with a longer Easter period. Chocolate with toys has seen huge growth, growing by 47% in current retail growth terms.

Internet retailing has been growing strongly in the grocery space over the last few years. Chocolate has benefited well from this e-commerce performance with significant growth coming from the internet retailing channel.

Consumers have been seeking out ways to reduce sugar consumption for years as they are taking a more health-conscious approach to eating. Some consumers choose to avoid traditionally high-sugar products, and others seek out reduced-sugar or sugar-free alternatives to sugary products. Within the chocolate category, reduced-sugar products have traditionally performed poorly but there has been a turnaround for chocolate with reduced sugar which marks a change in the way chocolate consumers are indulging and thinking about sugar consumption.



With the longer Easter season in 2019, projected sales for the calendar year are expected to grow at a stronger rate than the previous year. The effect of the holiday season on sales of chocolate illustrates just how important these crucial few weeks are for manufacturers. The holiday season represents a critical time period that can largely determine if a manufacturer's yearly sales goals are met or not.

Global

The United State's year-on-year retail value growth is 0.9%. The value of the industry in 2019 was \$107.4 billion. Premium chocolate sales will experience strong growth globally over the next five years. In emerging markets, the Westernisation of diets will boost consumption, although this growth will be from a low base. In developed markets, rising health awareness and returning consumer confidence will benefit sales of high-quality dark chocolate.

While consumption of chocolate is growing from a very low base in many emerging markets - especially in Asia and Africa where chocolate

is not traditionally widely consumed - rising incomes, greater access to packaged food and the associated Westernisation of diets will drive sales of chocolate. Targeting the higher incomes of the population will provide opportunities for premium chocolate brands. Nonetheless, it will take some time before consumer tastes fully incorporate products such as dark chocolate.

In developed markets , premium chocolate will benefit from rising health awareness and the recovery in consumer confidence. Sugar is increasingly coming under scrutiny for its negative effects on health, which is translating into a change in eating habits. Consumers are increasingly favouring fresh/natural foods, which is having a negative impact on sales of highly processed products While this will have a negative impact on sugar consumption, premium chocolate - especially dark varieties - will stand out, due to the perceived health benefits associated with dark chocolate. Premium chocolate will benefit from an improving consumer outlook in the US and Western Europe.



Conclusion

Remarkable Chocolate is a young company with a competent and passionate founder with significant potential for growth. It has stayed true to its core values and value proposition and stuck by its lean contract model even as it scaled up to deliver premium chocolate to people throughout New Zealand. There are numerous directions the company could go in. Tracey is looking for insight into what should come next to ensure Remarkable Chocolate becomes as desirable as possible.

Endless questions are raised. Should the company retain its lean model? How will it get the capital to grow? How do you manage complexity as you scale up? Where should growth come from? How will the product range expand and change over time? Is it important for all manufacturing to be in NZ if you want to sell in other markets?

We look forward to hearing your presentation.



Appendices



Appendix 1: Product Range

Organic Chocolate Barks

Qty: 135 Grams

\$9.99/bag

Made in New Zealand from local and imported ingredients in facilities handling gluten, soy, dairy and nuts.



Marshmallow, Coconut and Raspberry

56% dark organic couverture chocolate poured over marshmallows, toasted coconut, finished with a sprinkling of raspberries.



Hazelnut and Orange Zest

56% dark organic couverture chocolate fused with roasted hazelnuts and sprinkled with orange zest.



Ginger & Salted Caramel Pieces

56% dark organic couverture chocolate, infused with ginger and finished with pieces of salted caramel brittle.



Almond & Popped Quinoa

56% dark organic couverture chocolate, poured over natural roasted almonds and lightly crisped Peruvian quinoa.



S'mores

Price: \$19.99

LIMITED EDITION Organic Dark Chocolate Bark S'mores Kit

Create your own Remarkable Organic Dark Chocolate Bark S'mores with our handmade marshmallow, toasted coconut and raspberry organic dark chocolate bark, fluffy marshmallows and delicious vanilla gluten free Kea Cookies.

S'MORES KIT includes; 56% Organic Dark Chocolate Bark with marshmallow, toasted coconut and raspberry (Organic, Soy Free, No Refined Sugar, Palm Free) + 6 Bamboo Skewers + 6 Fluffy Marshmallows + 12 Handmade Vanilla Kea Cookies (Gluten Free, Dairy Free, Nut Free, Egg Free)

Bars

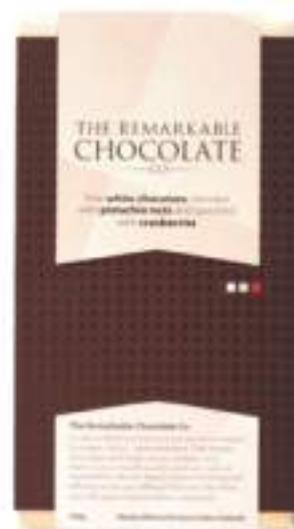
Qty: 150 grams

Price: \$10.99

Fine White Chocolate | Pistachio & Cranberry

Fine white chocolate blended with pistachio nuts and sprinkled with cranberries.

For our white chocolate lovers, we have developed this recipe for an adult palate. The white chocolate delivers a sweet front to the taste profile, followed by a salty savoury middle as the pistachios come to the fore. The cranberries then deliver a tangy finish to round off the experience.



70% Dark Chocolate, Ginger & Salted Caramel

70% Cacao fine dark couverture chocolate, infused with Ginger and sprinkled with Salted Caramel Brittle. The taste profile delivers a front of smooth dark cacao notes, quickly followed by a spicy ginger bite and a subtle finish of caramel brittle pieces.

Made in New Zealand from imported and local ingredients.



Dark Chocolate | Marshmallow, Coconut & Raspberry

This is our most popular bar at the farmers markets. Our fine 70% Cacao dark couverture chocolate poured over marshmallows, toasted coconut, finished with a sprinkling of raspberries.

Tasting is velvety smooth up front with a sweet middle and the raspberries come through for a tangy finish. The feel is a snap, or snap and rip if you hit a marshmallow pay load.

Our chocolate, coconut and raspberries are 100% natural with no preservatives.



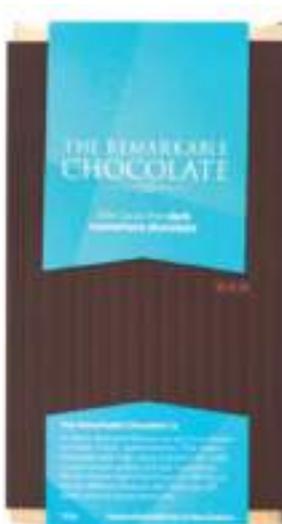


32% Milk Chocolate | Peanut & Strawberry

Our 32% Cacao fine milk chocolate poured over deep roasted salty peanuts and finished with a sprinkling of strawberries.

Peanuts just love chocolate, especially salty ones. The smooth sweetness of the chocolate rolls into a savoury middle as the peanuts bite and the salty notes are balanced with a finish of strawberry. A taste extravaganza. A smooth, nutty, salty sweet heaven.

This bar is 100% natural and contains no preservatives. Contains dairy, contains nuts, gluten free.

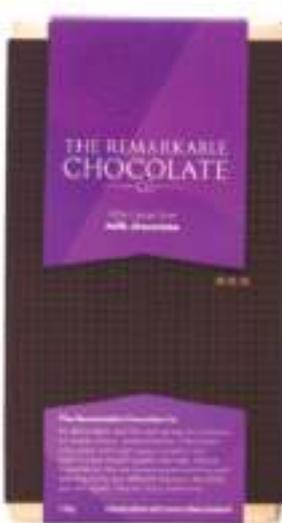


70% Cacao Fine Dark

Our flagship dark chocolate bar.

70% Cacao fine dark couverture chocolate. Beans are roasted in their shells for extra flavour and then pressed and refined 5 times for ultimate smoothness. The result is a smooth and rich front to the taste, a velvety middle followed by fruity notes to the back end. Great snap and shine like all very good dark chocolates.

Dark chocolate lovers heaven. This bar is 100% natural with no preservatives.



32% Cacao Pure Milk Chocolate

Our 32% Cacao 100% pure milk chocolate bar.

The epitome of smooth. The beans are roasted in their shells for extra flavour and then pressed and refined 5 times for ultimate smoothness. Milk solids are added to introduce a velvety smooth texture which melts away in the mouth.

Great snap and shine. Milky smooth yum.

This bar is 100% natural with no preservatives.

Scorched Almonds

Qty: 150g

Price: \$9.99

Premium Organic Scorched Almonds

We just love scorched almonds. So we took the finest quality organic almonds, freshly toasted them and smothered them in 56% cacao single origin, organic chocolate.



Chocky Box

4 of our best Remarkable 150g bars.

Treat somebody to a unique indulgence. They will love it!

32% Milk Chocolate | Peanut & Strawberry

70% Cacao Fine Dark

70% Dark Chocolate | Marshmallow, Coconut & Raspberry

32% Pure Milk Chocolate



Appendix 2: Retailers

Retailers

ONLINE STORES

www.remarkablechocolate.com

www.thepressiebox.co.nz

www.chocolatepost.co.nz

www.farofresh.co.nz

www.lvystudio.nz

www.littlegardenmarkets.com

AUCKLAND

FARRO FRESH STORES

Constellation Drive

Epsom

Grey Lynn

Lunn Ave, Mt Wellington

Mt Eden

Orakei Bay Village

SELECTED NEW WORLD STORES

Albany

Botany Downs

Eastridge

Howick

Milford

Victoria Park

FRESH COLLECTIVE, Alborton

SMITH & CAUGHEYS, Auckland City

COLLECTED, Newmarket

ESSENTIAL DELL, Mt Eden

AOTEA GIFTS, Auckland City

PAK N SAVE, Royal Oak

THE ISLAND GROCER, Waiheke Island

RAW, Waiheke Island

FLO AND FRANKIE STORES

High Street

Milford

Newmarket

Ponsonby

WELLINGTON

MOORE WILSON'S

Porirua

Wellington City

NEW WORLD

Thorndon Quay

Wellington City

SOUTH ISLAND

CHRISTCHURCH

BALLANTYNES

FLO AND FRANKIE, Merivale

REAWARD FRESH

Harewood

Tower Junction

NEW WORLD, St Martin

QUEENSTOWN

ALPINE 4 SQUARE, Queenstown

REAWARD FRESH, Queenstown

NEW WORLD, Wakatipu

ARROWTOWN

HONEY and COCAO

NELSON

FRESH CHOICE, Nelson

Retailers also include 148 Progressive (Countdown) Stores Nationwide

The three main supermarkets are Farro Fresh, Foodstuffs and Progressive/Woolworths

Farro Fresh is an upmarket supermarket chain. Farro Fresh is a New Zealand owned business that aims to “provide food that is free from artificial ingredients, high quality, provides value and is delicious.”

The retail supermarket market in New Zealand is a duopoly made up of Foodstuffs and Progressive/Woolworths.

Foodstuffs makes up approximately 53% of New Zealand’s retail grocery market. They own New World and Pak’n’Save. New World stores tend

to be smaller (2,500–3,000 square metres (27,000–32,000 sq ft)) and more upscale than their competitors. Prices tend to be higher in most stores, due to the cost of upscale presentation, large employee numbers (200–300 in some large stores), and often a lack of competition, especially in smaller towns. On the other hand, Pak’n’Save is a discount supermarket. Stores are large and have a no-frills environment, often with unlined interiors and concrete floors. Customers are left to pack their own bags or boxes.

Woolworths owns Countdown. In terms of pricing, Countdown generally places on par with New World and above Pak n Save. Countdown stores are normally larger than the average New Zealand supermarket. It is the largest single supermarket chain in New Zealand in terms of number of stores.

Appendix 3: Awards



Source: outstandingfoodproducer.co.nz

2019 **NZ Outstanding Food Producers Award**, Silver Medal for Chocolate Bark, 4 Variants



Source: nzchocolateawards.co.nz

NZ Chocolate Awards for the following:

2018

- 56% Dark Org Chocolate Bark with Marshmallows
- Toasted Coconut & Raspberries
- 70% Dark Chocolate Bar with Salted Caramel & Ginger
- 56% Dark Org Chocolate Bark with Quinoa & Almonds

2017

- 56% Dark Org Chocolate Bark with Quinoa & Almonds
- 56% Dark Org Chocolate Bark with Salted Caramel & Ginger
- 28% White with Pistachio & Cranberries
- 32 % Milk with Salted peanuts and strawberries



Pride In Print Awards

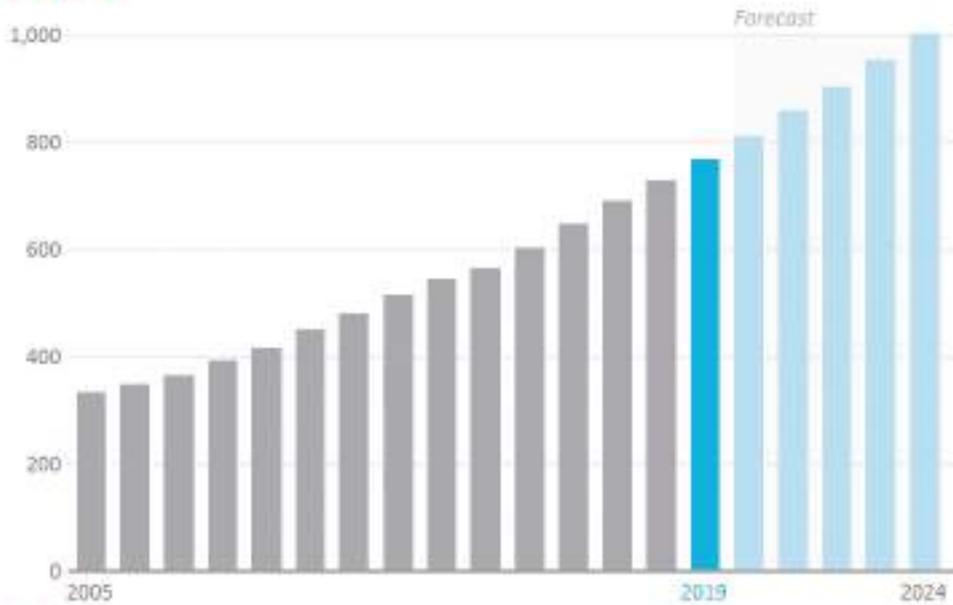
Source: prideinprintawards.co.nz

Pride In Print Award in 2016.

Appendix 4: Chocolate Confectionery in New Zealand Datagraphics

Sales of Chocolate Confectionery in New Zealand
Retail Value RSP - NZD million - Current - 2005-2024

765

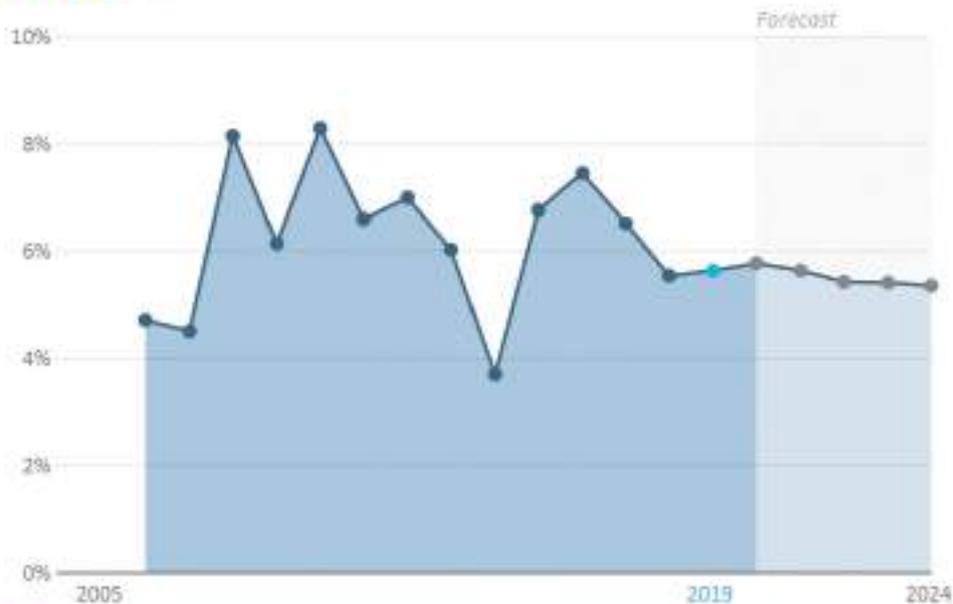


Passport

© Euromonitor International 2019

Sales Performance of Chocolate Confectionery in New Zealand
% Y-O-Y Retail Value RSP Growth 2005-2024

5.6%



Passport

© Euromonitor International 2019

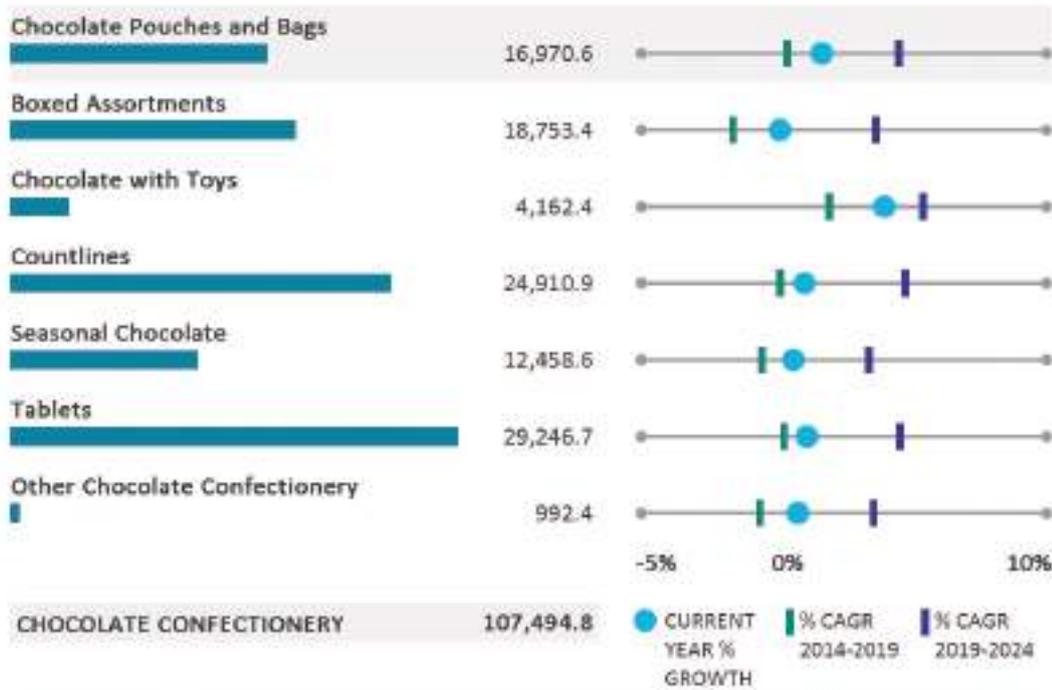


Sales of Chocolate Confectionery in World by Category

Retail Value RSP - USD million - Current - 2019

Growth Performance

Click on a Category to update Sales Chart



Passport

© Euromonitor International 2019

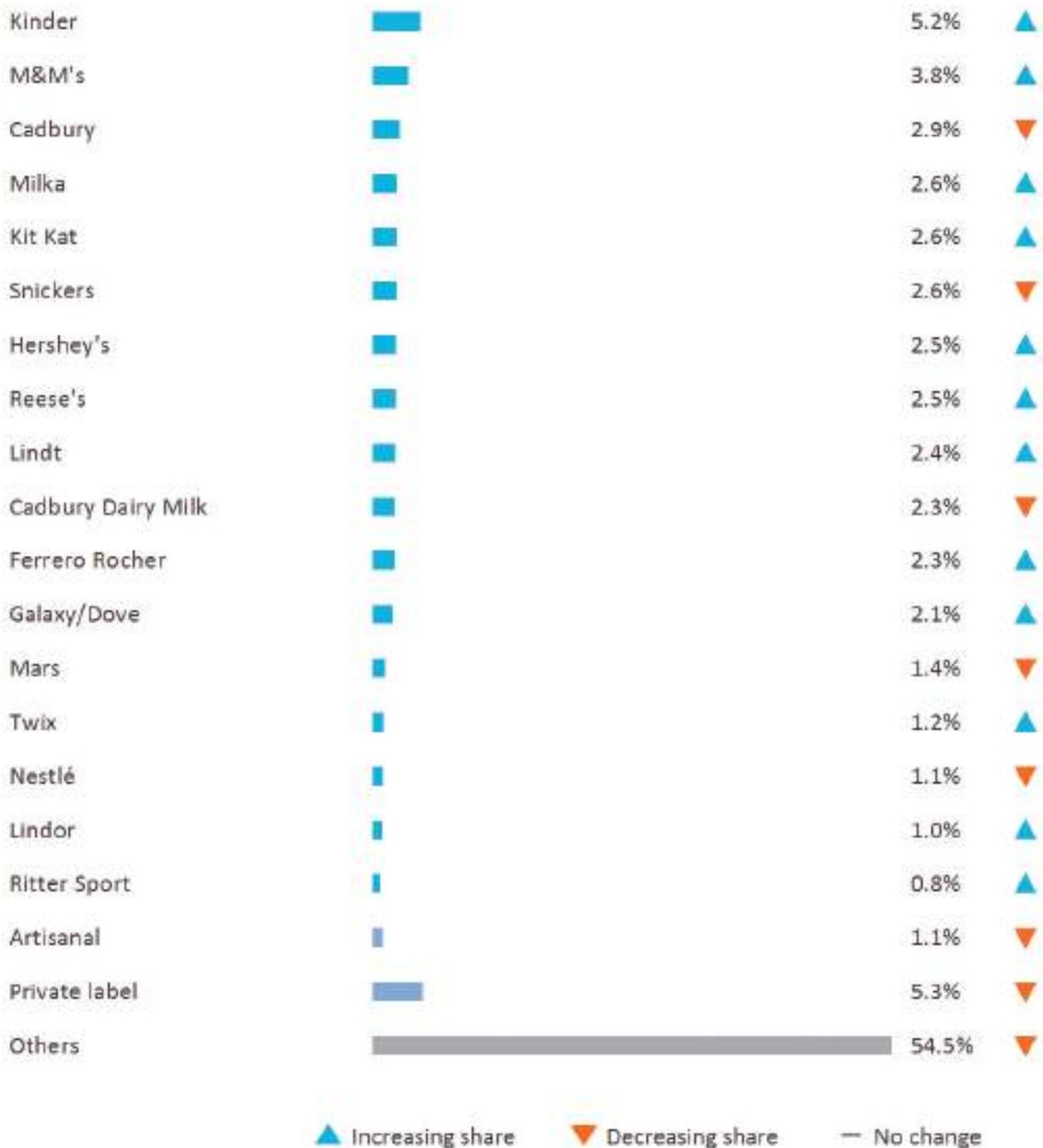
Company Shares of Chocolate Confectionery in New Zealand

% Share (NBO) - Retail Value RSP - 2019



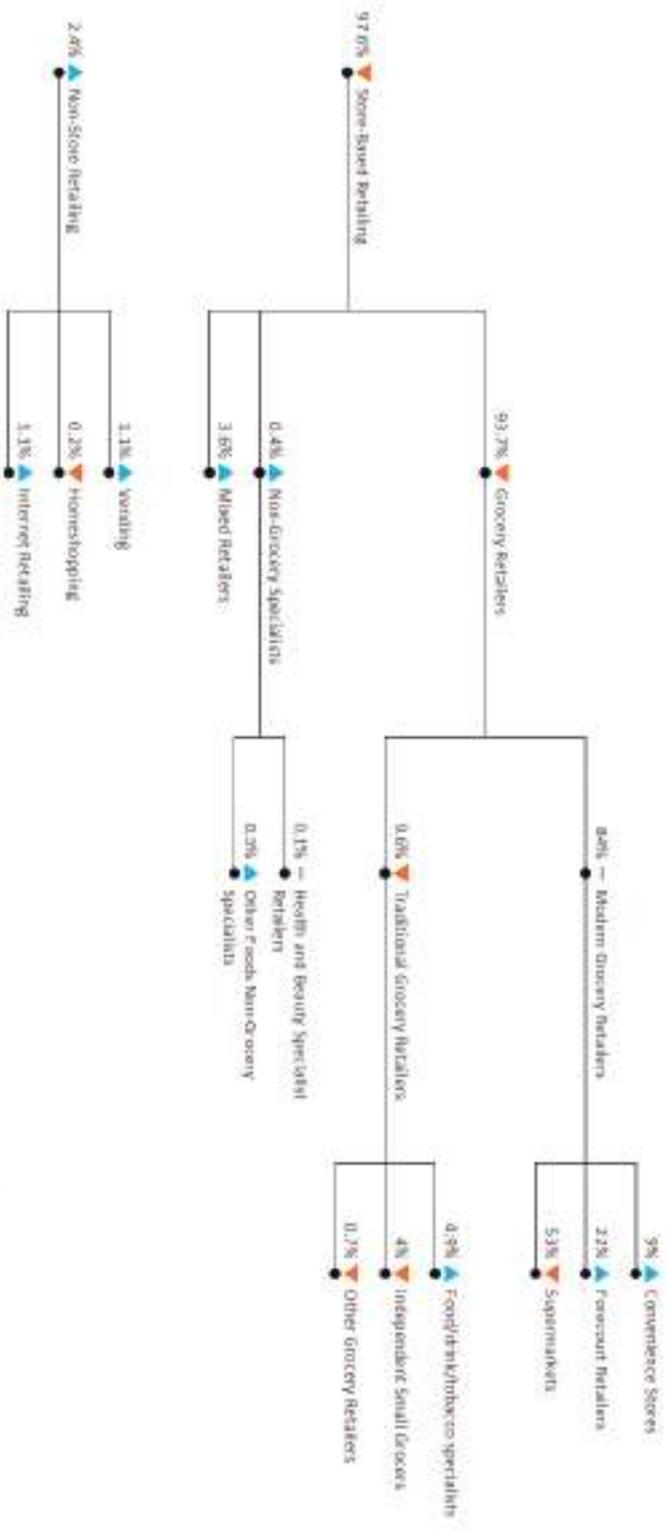
Brand Shares of Chocolate Confectionery in World

% Share (LBN) - Retail Value RSP - 2019



Channel Distribution for Chocolate Confectionery in New Zealand

Retail Value RSP 2019 and Percentage Point Growth - 2014-2019



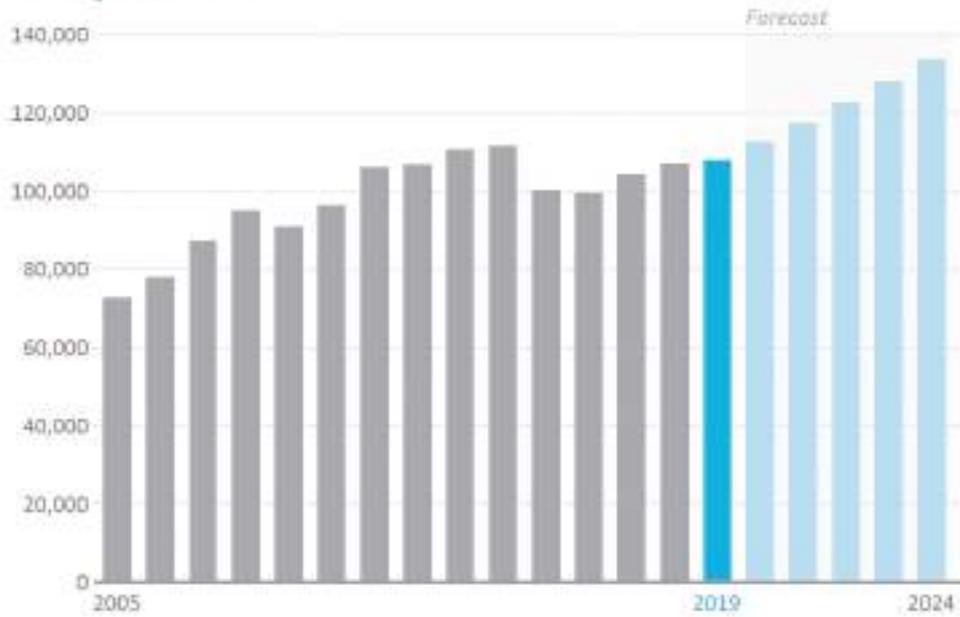
▲ Increasing ▼ Decreasing — No change

Appendix 5: Chocolate Confectionery in the World Datagraphics

Sales of Chocolate Confectionery in World

Retail Value RSP - USD million - Current - 2005-2024

107,495



Passport

© Euromonitor International 2019

Sales Performance of Chocolate Confectionery in World

% Y-O-Y Retail Value RSP Growth 2005-2024

0.9%



Passport

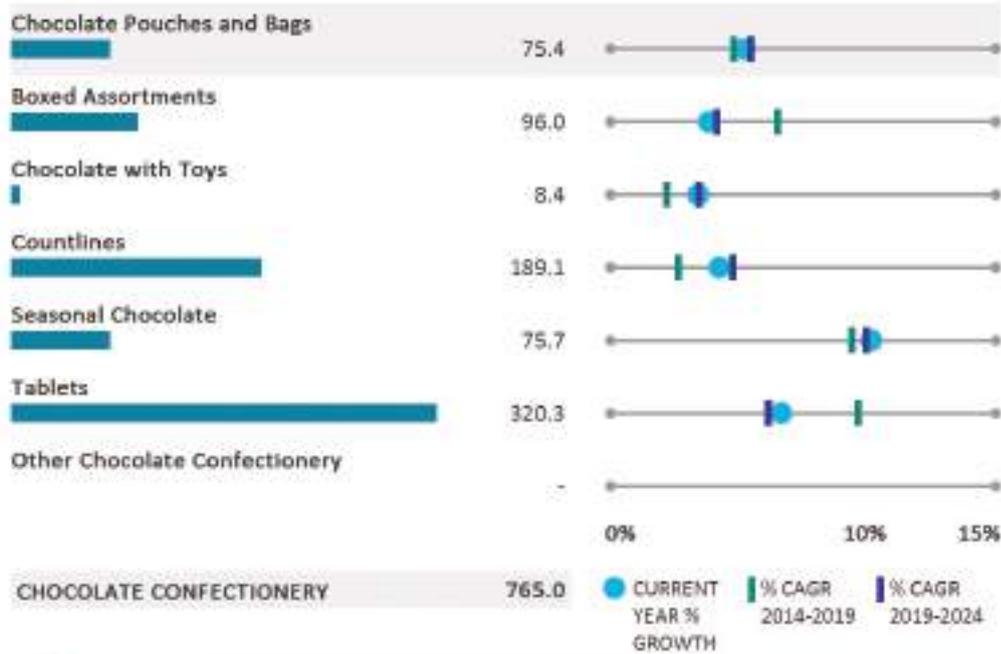
© Euromonitor International 2019

Sales of Chocolate Confectionery in New Zealand by Category

Retail Value RSP - NZD million - Current - 2019

Growth Performance

Click on a Category to update Sales Chart



Passport

© Euromonitor International 2019

Brand Shares of Chocolate Confectionery in World

% Share (LBN) - Retail Value RSP - 2019



Passport

© Euromonitor International 2019

Appendix 6: Competitor Product Range

Devonport Chocolates

Source: devonportchocolates.co.nz

 <p>TRUFFLE SLICE LARGE, BRANDY AND GINGER</p> <p>\$19.90</p> <p>NZD</p>	 <p>CHOCOLATE SHOE, PLATFORM BETTY</p> <p>\$89.90</p> <p>NZD</p>	 <p>SUGAR FREE DARK CHOCOLATE, ALMOND</p> <p>\$7.50</p> <p>NZD</p>
 <p>HERITAGE CHOCOLATE BAR CAPPUCCINO CRUNCH MILK CHOCOLATE</p> <p>\$12.90</p> <p>NZD</p>	 <p>CHOCOLATE KIWIANA BAR, VINTAGE KIWI</p> <p>\$12.90</p> <p>NZD</p>	 <p>GIFT BOX VEGAN FRIENDLY</p> <p>\$75.00</p> <p>NZD</p>
 <p>GIFT BOX CLASSIC CHOCOLATE</p> <p>\$65.00</p> <p>NZD</p>	 <p>TRUFFLE SLICE LARGE, PORT AND PRUNE</p> <p>\$19.90</p> <p>NZD</p>	 <p>TRUFFLE SLICE LARGE, COINTREAU</p> <p>\$19.90</p> <p>NZD</p>

Bennetts of Mangawhai

Source: bom.co.nz



www.bennetts.co.nz



THANK YOU MESSAGE BAR
\$16.00



VERY VANILLA BEAN & CHOCOLATE
MARSHMALLOW
\$7.50



TASTE OF NEW ZEALAND
Sold out \$43.00



ORIGINAL HOT CHOCOLATE STIRRERS
\$8.00



NUT BLOCK
\$20.00



BLUEBERRY MILK CHOCOLATE BAR
\$5.00



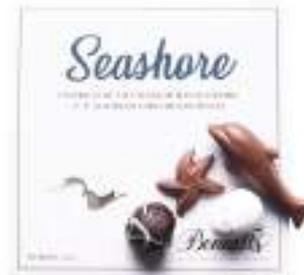
FEJIOA MILK CHOCOLATE BAR
\$5.00



MANGAWHAI SEA SALT & DARK
CHOCOLATE
\$5.00



FAIRY TERN PRALINE EGGS
\$13.00



SEASHORE COLLECTION
\$44.00 or \$35.00

Hogarth Chocolate

Source: hogarthchocolate.co.nz



PORCELANA
SOROTAIMA - LIMITED
EDITION
\$20.00

ADD TO BASKET



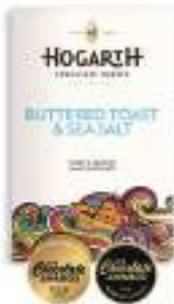
MAPLE & WALNUT
\$9.99

READ MORE



GUATEMALA - LACHAJA
64%
\$9.99

ADD TO BASKET



BUTTERED TOAST & SEA
SALT
\$9.99

ADD TO BASKET



MILK HAZELNUT
CHOCOLATE LOG
\$9.00

ADD TO BASKET



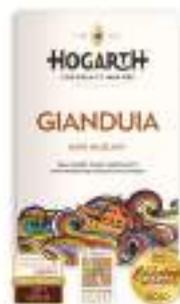
HAZELNUT SPREAD
\$9.99

READ MORE



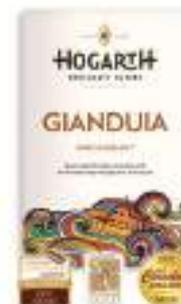
ROSE & VANILLA TEA
\$9.99

ADD TO BASKET



GIANDUIA - DARK
HAZELNUT CHOCOLATE
\$9.99

READ MORE



GIANDUIA - DARK
HAZELNUT CHOCOLATE
\$9.99

READ MORE

Honest Chocolat

Source: honestchocolat.com



artisan collection
Truffles
From \$15.00



6 grand tour chocolates
Truffles
From \$15.00



selection of 12 bonbons
Truffles
From \$20.00



selection of 40 bonbons
Truffles
From \$40.00



Salted Caramel and Buckwheat - 42% Cacao (milk)
Truffles
\$15.00



Fig and Almond - 42% Cacao (milk)
Truffles
\$15.00



Hazelnut (Ganache Filled) Tablets - 42% Cacao (milk)
Truffles
\$9.00



Real Fruit Jellies 6 Box
Truffles
From \$12.00



Caramels Selection - Raspberry / Sea Salt
Truffles
\$15.00



Homemade Marshmallows Selection
Truffles
\$15.00



Chili Chocolate - 64% Cacao (dark)
Truffles
\$15.00



Dark Chocolate Almonds
Truffles
\$15.00



Chocolate Coffee Beans
Truffles
\$15.00



Chocolate Dipped Organic Ginger
Truffles
\$15.00



Rocky Road
Truffles
\$15.00



Chocolate Lovers Gift Box
Truffles
\$25.00



Chocolate Tasting Gift Box - 6 Mini Tablets
Truffles
From \$14.00



Dark Chocolate Macadamia Sherry Gift Box
Truffles
\$15.00



Chocolate Golden Hearts with Chocolate Almonds
Truffles
From \$15.00



CHAMPIONS TROPHY
Case Competition



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NEW ZEALAND

BUSINESS SCHOOL