

American Way
How Sweet It Is
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Chocoholics are savoring the proliferation of chocolate cafés and lounges.
By Karen M. Kroll

Two or three times a week, Donna Wang, a Chicago-based assistant director in accounting, heads to the Moonstruck Chocolate Café near Chicago's Loop. There she indulges in one of her favorites, such as the Mexican Mocha chocolate drink or the Conquistador hazelnut praline truffle. "It's a treat for myself," she says.

Wang isn't the only one enjoying fancy chocolate truffles, pralines, and hot cocoa in one of the growing number of chocolate lounges and cafés that are opening across the country. Like coffee and cheese, chocolate has gone upscale. American consumers, once largely satisfied with Snickers, Milky Way bars and other mass-market goodies, are gaining an appreciation for premium chocolate. "The American palate is exploring chocolate right now just like it did wine, coffee and cheese in the near past," says Delmar Fuhrman, chief operating officer of Moonstruck Chocolate Company, based in Portland, Oregon.

As a result, while gourmet chocolate accounts for only about a tenth of the overall \$14 billion chocolate market, its sales have been growing at more than 10 percent annually, says Don Montuori, publisher of Packaged Facts, the publishing division of MarketResearch.com in Rockville, Maryland. In contrast, overall chocolate sales are rising at just 3 to 4 percent per year, he adds. (There are no official definitions of the terms *premium* or *gourmet* when used in reference to chocolate, according to the National Confectioners Association; however, these words often refer to chocolate made with higher cocoa content, a greater level of craftsmanship, and high-quality fillings.)

While the chocolate is the primary attraction at the cafés, the atmosphere, with quirky artwork and overstuffed chairs, encourage customers to stay awhile. Groups – from book clubs to birthday parties to meetings of women who belong to the Red Hat Society – are frequent visitors. "People use chocolate as a vehicle to socialize," says Seneca Klassen, co-owner of the San Francisco-based Bittersweet Café.

During the week, about 60 percent of those people are women. It is a little more balanced at night and on weekends, as the cafés have become known as prime data spots, says Fuhrman of Moonstruck.

However, chocolatiers who hope to convert more men into regular chocolate consumers have their work cut out for them. "It's a challenge to continually move chocolate into a gender-neutral environment," says Pierce Hollingsworth, director of the special products division of Stagnito Communications, a producer of food industry media based in Deerfield, Illinois. He doesn't rule out the possibility, however, noting that members of both sexes enjoy candy bars.

Case in point is retired nurse Nancy Vitale and her husband, Al, an English instructor at Indiana University South Bend. They head to the South Bend Chocolate Company's local Chocolate Café almost daily. "You can sit down and enjoy the atmosphere," Al notes, adding that it's similar to that of the coffeehouses the couple have enjoyed on trips to Europe.

In fact, while Europe traditionally holds the reputation as *the* place to go for fine chocolate (it is believed that the first cup of hot chocolate was brewed in Spain in the 1500s), chocoholics in the United States need not cross the Atlantic to experience quality chocolate. "Americans and Belgians are some of the best chocolate makers in the world," says Mark Turner, president of the South Bend Chocolate Company, which has 20 cafés in the Midwest.

Makers of quality chocolate likely will remain busy, as consumers' interest shows no sign of abating. This is a true shift in the market, says Hollingsworth. "Chocolate is not a funky new mysterious type of ingredient," that consumers might abandon after the novelty wears off, he adds.

On the other hand, chocolate cafés and lounges are apt to be a "spotty trend," Montuori predicts. In contrast to Starbucks, chocolate cafés probably will not pop up on every corner. Few people will down a rich chocolate drink several times a day, as they do with coffee. Instead, the cafés likely will be concentrated in well-to-do urban, suburban, and tourist areas. "They'll be where people have time and money to indulge," he says.

To be sure, fancy truffles and bonbons can set a chocoholic back a few bucks. At Ethel's Chocolate Lounge, which has ten locations in Chicago, for instance, a six-ounce bag of milk-chocolate-covered almonds runs \$10, while chocolate bars are \$2.50 each.

Even so, chocolate remains an affordable luxury for most consumers. "No one comes into a chocolate lounge and says, 'I'll either pay for my kids' college or I'll buy chocolate,'" says John Haugh, president of Mars Retail Group, owner of Ethel's. They can treat themselves without breaking the bank.

The growing popularity of premium chocolate and chocolate cafés has attracted the attention of some food industry behemoths. Last summer, the Hershey Company acquired Scharffen Berger Chocolate Maker and Joseph Schmidt Confections, both producers of gourmet chocolates. "They needed to get a foothold in the market," Montuori says.

Godiva Chocolatier, which built its reputation as a purveyor of quality chocolates, has added what Sharon Rothstein, vice president of global marketing and merchandising, calls its couture line. The G Collection, which is available only during certain times of the year, features fresh ingredients and handcrafted designs; the results run in excess of \$100 per pound. "There is a real return to desire for over-the-top things," Rothstein says.

At the same time, independent chocolatiers appear to be thriving. Moonstruck, for instance, currently has eight cafés in California, Oregon and Washington, and will have more in California and Oregon by the end of the year, Fuhrman says. He credits the company's ability to create such specialties as handcrafted, beautifully sculpted truffles for its success. "That's not viable for larger companies," Fuhrman says.

Turner of South Bend Chocolate has added a Chicago Chocolate Company store to his roster of 18 South Bend Chocolate Company locations. Regarding the larger competitors in the market, he says, "I'm concerned, yes, but scared, no." Turner takes pride in the company's use of local ingredients, such as cherries from Michigan and mint from the St. Joseph River basin in Indiana.

In contrast, Vosges Haut-Chocolat, which has grown from zero to four stores since 2000, features exotic ingredients from around the globe, such as Hungarian paprika and Australian macadamia nuts.

Katrina Markoff, founder of this Chicago-based firm, says she's planning to open several more stores this year. Markoff says she has no interest in blanketing the country with chocolate cafés. Instead, one of her goals, as grandiose as it may sound, is promoting "peace to the world through chocolate."

While that sounds like a tall order for a sweet treat to fill, Markoff explains her reasoning. She'll sometimes cajole customers into trying a combination of chocolate and other ingredients, such as olive oil and curry, that they haven't had before. "You can see their whole face changing," as they realize that the taste is better than they anticipated, she says. Markoff hopes that they'll apply that same open-mindedness to other, perhaps weightier, situations.

A better world through chocolate. How sweet it is.