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## Forward Thinking: Sweet Talk

Chocolate and candy innovation is being driven by global flavor inspiration from food and beverage trends, interactive chocolate and candy experiences, new distribution channels, customized and better-for-you candy, as well as functional ingredients and new technology.

Confectionery sales are steady and growing. According to Packaged Facts<sup>1</sup>, by 2020, U.S. sales of confectionery products are expected to exceed \$41 billion for the first time, and chocolate candy is forecast to account for 60% of confectionery market sales. The U.S. non-chocolate chewy candy category reached \$3.69 billion in the year ending March 25, 2017, up 7.5% from the year before, according to IRI<sup>2</sup>. According to Euromonitor<sup>3</sup>, global retail confectionery retail sales were worth \$186 billion in 2017, up 2.7% versus 2016. Chocolate is propelling growth globally with a 3.3% rise in sales and sugar confectionery sales are also strong with a 2.4% increase, while gum remains at 0.9%.

Chocolate and candy innovation is being driven by global flavor inspiration from food and beverage trends such as spicy ingredients, avocado and coffee. Non-alcoholic beverages and alcoholic cocktails serve as inspiration for new confections, while candy flavors are inspiring new yogurt, ice cream and donut products. Interactive chocolate and candy experiences

such as pop-up museums and customized confections are the latest vehicles brands and services are using to engage and maintain consumers. New distribution channels, investments and acquisitions are driving market growth. Like other food and beverage categories, consumers demand better-for-you products. In response, confectioners are reformulating products with a focus on vegan, reduced sugar and functional ingredients. High-tech chocolate and chewing gum initiatives are underway.

## A Flavorful Approach

According to a Mars Wrigley Confectionery survey of 1,000 Americans aged over 18<sup>4</sup>, 85% of respondents said they choose a treat based mainly on taste while cost is a secondary concern. Like other categories, flavor inspiration comes from global food and beverage trends. For example, in May 2018, **Godiva** launched **The Wonderful City Dreams Collection** created by Godiva's five regional chefs, located in Brussels, London, New York, Shanghai and Tokyo. All of the chocolates are manufactured in Belgium, but their flavor profiles are global. The five chocolates are "distinctly styled and flavored pieces" to pay homage to each city. **Brussels** highlights a rich and decadent heart-shaped dark chocolate shell with a caramelized hazelnut praline ganache and bresilienne filling, while **London** showcases a double-decker bus illustration on a white chocolate shell filled with a strawberry ganache and a violet flavored white chocolate mousse. **New York** is shaped like a slice of cheesecake and has a Statue of Liberty crown decoration. The flavor is inspired by the popular dessert and is enrobed in a caramel-flavored blonde chocolate filled with a cheesecake mousse center and crispy biscuit pieces. **Shanghai** is a dark chocolate shell filled with a lychee and white chocolate ganache speckled with hazelnut nibs, while **Tokyo** is milk chocolate ganache flavored with yuzu, orange and grapefruit.

## Some Like It Hot & Spicy

Driven by globalization and the growing multicultural population, spicy and savory flavors are trickling into candy. For example, Mars Wrigley Confectionery debuted **Spicy Sweet Heat Skittles** and **Sweet Heat Starburst** in **Fiery Watermelon**, **Blazin' Mango**, **Flamin' Orange** and **Pipin' Pineapple** flavors. Similarly, **Tamalitoz by Sugarox** is a sweet and tangy hard candy made with a mild blend of natural chili powder, dehydrated lime juice and sea salt, colored with all-natural food coloring. The four flavors include: **Cucumber Extravaganza**, **Divine Watermelon**, **Lip Smacking Mango** and **Tantalizing Tamarind**. **Hot Salted Sriracha Chocolate** is infused with Huy Fong Foods, Inc.'s hot

chili sauce and is available in **Milk Chocolate**, **55% Dark Chocolate** and **70% Dark Chocolate** varieties, while **American Licorice Co.** created its take on spicy candy with the introduction of the **Pineapple Mango Chili Straw**. Beverage brand **Icee** has partnered with **Warheads** for a sour and frozen beverage. The new **Icee** beverage flavors include **Warheads Hotheads Lava Lime**, **Warheads Hotheads Molten Mango**, **Warheads Hotheads Piping Hot Pineapple** and **Warheads Watermelon**.

## Avocado Is Ripe For Chocolate

From avocado lattes to avocado toast, the green fruit has gained cult status. The avocado even inspired a dedicated pop-up museum dubbed **CADO** in San Diego this June. Now avocado is ripe to cross industries and has made its way into chocolate.

Inspired by the shape and color of an avocado, **Dominique Ansel** created the "**Huevocado**," a limited edition chocolate stuffed with mini white chocolate egg truffles for Easter, which was sold at the **Dominique Ansel Bakery** in Los Angeles. Also located in Los Angeles, **Compartés Chocolate's** latest creation is an **Avocado Toast Chocolate Bar** formulated with white chocolate, premium California avocados and bits of caramelized toast. **Love Cocoa** in the UK has created the **Love Cocoa Avocado 70% Organic Dark Chocolate Bar**, a plant-based chocolate bar made from 100% natural organic Hass avocado pulp powder sourced from Michoacán Mexico and Ecuadorian Arriba cocoa beans. In the U.S., the product is available at **Avocaderia**, "the world's first avocado bar" in New York City and **Central Markets** in Texas.



*Love Cocoa's Avocado 70% Organic Dark Chocolate Bar is made from 100% natural organic Hass avocado pulp powder sourced from Michoacán Mexico and Ecuadorian Arriba cocoa beans. Courtesy of Love Cocoa.*

## Coffee Buzz

According to Mintel<sup>5</sup>, in 2017, 19% of global new coffee launches were iced, ready-to-drink (RTD), up from 16% in 2015. Chilled coffee in the U.S. grew at least 10% annually between 2013-17 and more than half (56%) of new RTD coffee launches in the U.S. were cold brew in 2017, up from 38% the year prior. Coffee pairs well with chocolate and the caffeine-laden drink and flavor is spilling into new confections.

In March 2018, natural beverage manufacturer High Brew Coffee partnered with Wild Ophelia by Vosges Haut-Chocolat for the launch of **Wild Ophelia Chocolate Coffee Bites**. The bite-sized chocolates are available in four flavors: **Jet Black**, **Mexican Vanilla**, **Sea Salt Caramel Latte** and **White Mocha** and feature a liquid high brew cold brew coffee center made with fair trade, 100% Arabica coffee beans encased in a chocolate shell made with fair-trade, non-GMO chocolate. “Wild Ophelia’s chocolate embodies the spirit and flavors of America, so it seemed natural for us to create a line of chocolates that plays homage to Americans’ love of coffee. High Brew was the perfect partner to do this with because of their Austin roots, along with their fair-trade, delicious coffee that aligns nicely with our company policies and non-GMO chocolate line. For us, this partnership was pure magic!” said Katrina Markoff, founder of Wild Ophelia.

In April 2018, **M&M’s** released **Crunchy Espresso** made with dark chocolate and a cocoa rice crisp center, as one of three new flavors for fans to vote on. In June 2018, **Snickers** released three new limited-edition flavors first revealed last fall and **Espresso** with peanuts and caramel covered in milk chocolate is one flavor.

Food scientists at Tierra Nueva, a division of the Cruz Family, who specialize in coffee, cocoa and chocolate production, have created a way to convert coffee beans into “coffee thins,” a food that can be used in drinks, baked goods and frozen desserts. Tierra Nueva’s patented “coffee thins” technology converts 100% whole Arabica coffee beans into



High Brew Coffee and Wild Ophelia by Vosges Haut-Chocolat collaborate to create the Wild Ophelia Chocolate Coffee Bites collection highlighting a liquid High Brew cold brew coffee center. Courtesy of Wild Ophelia by Vosges Haut-Chocolat.



Sugarfina partnered with Tito's Vodka to create a line of vodka-infused candies, which features two products inspired by the Moscow Mule. Courtesy of Sugarfina.

edible coffee that captures the authentic taste with the same amount of caffeine as one cup of coffee. In addition, the product has the creamy smooth texture of cocoa but it is not chocolate. **Tierra Nueva’s** new **1879 Cruz Coffee Thins** are available in three flavors: **Cruz Special Blend**, **Espresso** and **Latte**. In May 2018, **Dunkin’ Donuts** partnered with Tierra Nueva to offer four flavored **Coffee Thins**: **Caramel**, **Original**, **Peppermint Mocha** and **Pumpkin Spice**.

## Happy Hour

Non-alcoholic beverages such as soda and alcoholic cocktails serve as inspiration for new candy launches. **Hi-Chew Fizzies** is a line of fizzy soda-inspired flavors including **Orange Soda** and **Cola** while **Taste of Nature, Inc.’s** newest cotton candy flavor is **Dr. Pepper** through a license agreement with the Dr. Pepper Snapple Group. Smoothie-inspired flavors join **Jelly Belly Candy Co.’s** organic jelly beans offered in five varieties: **Cherry Peach Smoothie**, **Mixed Berry Smoothie**, **Orange Mango Smoothie**, **Pineapple Coconut Smoothie** and **Strawberry Banana Smoothie**. The jelly beans are free from gelatin, gluten, fat and dairy.

Sugarfina, the trendy lifestyle candy brand, often partners with current brands in other categories. This year, **Sugarfina** partnered with **Tito’s Vodka** to create a line of vodka-infused candies. The collection features two products inspired by the Moscow Mule. The **American Mule bears** are non-alcoholic gummy bears imbued with Tito’s and a splash of ginger beer while **Tito’s Vodka Cordials** are made of rich dark chocolate with a sip of Tito’s contained inside. In April, **Sugarfina + Corona Light** dropped a limited-edition summer collection with two candies inspired by Corona Light. “**But First, Cerveza**” is a

crisp and refreshing Corona Light-flavored bottle-shaped gummy while “**Here for a Good Lime**” is a zesty lime slice gummy. As part of the collaboration, the brands specially-designed the Sugarfina + Corona Light Candy Bento Box®, which features both candies in a gift box with a custom lime-shaped chrome bottle opener. Last year in the midst of the rosé trend, Sugarfina partnered with Whispering Angel to release a line of gummy bears “infused with real rosé wine,” which garnered a waitlist of 18,000+.

Tippling Club is a bar and restaurant in Singapore, which is known for their creative and unusual cocktail menus. In 2018, **Tippling Club** introduced the **Dreams and Desires** collection with a bag of 12 gummy bears, which corresponded to a list of different drinks offered. The customers sample the non-alcoholic gummy bears to choose their alcoholic cocktails, which are then crafted for the individual.

## **Pucker Up**

Sour Patch Kids are a popular candy with a cult following, which has led to a handful of new applications using Sour Patch Kids’ flavors including ice pops, ice cream, yogurt and beverages.

For the first time in January 2018, **Yoplait Go-Gurt** collaborated with **Sour Patch Kids** on a candy-flavored yogurt in the two most well-liked Sour Patch Kids’ flavors: **Redberry** and **Blue Raspberry**. In April 2018, through a license with Mondelez International, **Sour Patch Kids Flavored Ice Pops** launched. The ice pops are formulated with a sweet frozen base with a unique sour swirl and the flavors are inspired by the original candy in **Blue Raspberry, Lemon, Lime, Orange** and **Redberry**. **Dreyer’s** also introduced a **Sour Patch Kids Limited-Edition Sour Patch Kids Red, White, and Blue** ice cream in April, which is available exclusively at Walmart. The ice cream features lemon sorbet and light vanilla ice cream with red-berry swirls and bits of blue Sour Patch Kids.

**Orange Leaf Frozen Yogurt** partnered with **Jolly Rancher** for the first time to introduce two of Jolly Rancher’s most popular flavors in May 2018. The new dairy-free flavors are **Blue Raspberry** and **Green Apple** and Jolly Rancher candy pieces were offered as a topping. In March 2018, **Perfetti Van Melle**, the makers of lollipop brand Chupa Chups, collaborated with Belgium food group **Vandemoortele** to create a range of **Chupa Chups**

**donuts** for the European market. Inspired by the popular candy flavors and the colorful packaging design, the donuts have a crunchy Chupa Chups topping and are distributed in France, Belgium and the Netherlands.

### The Dark Side

According to Transparency Market Research<sup>6</sup>, the global milk chocolate market is projected to reach \$95 billion, at a CAGR of 6.2% by 2026. The global dark chocolate market reached a \$43.4 billion in 2017, growing at a CAGR of nearly 8.5% during 2010-2017, according to Research and Markets<sup>7</sup>.

Dark chocolate is having a moment. For the first time since 2010, Mars released a new Milky Way candy bar. **Milky Way Fudge** features dark fudge nougat topped with a layer of golden caramel coated in rich, milk chocolate. In 2018, Nestlé introduced **Butterfinger Dark**, **Nestlé Crunch Dark** with crispy rice pieces and 100% real dark chocolate and **Buncha Crunch Dark** with bite-sized bursts of crunch and dark chocolate.

### Chocolate Experiences

Brands and services are looking to engage and maintain consumers. Experiential travel and interactive chocolate experiences are the en vogue vehicles. According to a July 7, 2018 *Global News* article<sup>a</sup> choco-tourism is trending, as people are traveling to a variety of countries to experience their chocolate products and traditions. For example, Switzerland has several chocolate-making facilities and testing rooms while Bariloche, Argentina is called the “Switzerland of Argentina,” and has an Avenue of Chocolate Dreams where museums and chocolate shops line the street. In celebration of the 40<sup>th</sup> anniversary of the Paris Regional Express Network (RER), which links west and east Paris, local design studio Noir Vif created three limited edition chocolate bars inspired by the enameled tile walls. Each chocolate bar corresponds with a specific station along the RER Line A and comes with a brief history and a genuine enameled tile by Briare, the French mosaic manufacturer that creates tiles for the Paris Metro. The **Auber** chocolate is shaped in a circular mosaic tile pattern, while the **Gare de Lyon** features hexagonal tiles and the **Nation** station highlights a simple square pattern.

To introduce **Dr Oetker’s Chocolate Dessert Pizza** in Canada, the brand opened a pop-up pizzeria, which offered an entirely chocolate-based menu and featured edible chocolate furniture, including tables, ovens, cutlery and the chandelier. In Bologna,

Italy, high-end chocolatier Venchi, commissioned Italian firm Carlo Ratti Associati (CRA) to construct a pavilion made of edible chocolate walls for the debut of Fico Eataly World, a new theme park dedicated to Italian cuisine. The building was made of 30,000 chocolates and visitors were encouraged to pick free chocolates off the exterior walls, which measured 10 feet long and 20 feet tall. Inside, design studio DotDotDot developed screens that used facial recognition to measure visitors’ emotions while eating the chocolate, which analyzed each person’s movement of their lips, eyebrows, eyes, nostrils and forehead and projected their face on the interior walls.

UK chocolate company Love Cocoa has partnered with yoga instructor Guzel Mursalimova to create a 90-minute chocolate meditation and restorative yoga workshop in two parts. The first part of the class focused on “mindful meditation with chocolate, to allow [individuals’] minds to unravel a new spectrum of chocolate flavors and sensations” and the second part of the class featured “restorative yoga paired with essential oils to focus on mindful movement and development of compassion and understanding of [one’s] body.”

### Interactive Candy Experiences

In honor of Valentine’s Day, on February 13<sup>th</sup> and 14<sup>th</sup>, 2018, Mars Wrigley Confectionary opened “**Sweet ReTREAT**,” a limited pop-up salon in New York City. Visitors had the option to get a manicure inspired by Skittles and Starburst in “Groovy Grape Purple,” “Lovely Lime Green” and “Sunny Citrus Orange” colors or a Snickers-inspired pedicure. The Candy Counter Makeup Bar featured a free makeover where visitors choose between the “Dove Chocolate Smokey Eye,” “Snickers Nougat Nude” or M&M’s red-lipped, green-eyed look. Inspired by Altoids and Extra chewing gum, Minty-fresh blow-outs were also offered.



Match-Ems is a new interlocking 3D gummy candy that can be paired together to create up to 28 different flavor combinations. There are eight flavors; three are sour and five are sweet. Courtesy of The Topps Company.

<sup>a</sup> <https://globalnews.ca/news/4316839/best-chocolate-destinations/>

At the beginning of 2018, **Candytopia** in Santa Monica, California launched a four-month interactive art installation curated by Jackie Sorkin dubbed the “Candy Queen.” The exhibit featured seven themed rooms with brightly colored, candy-coated, photo-ready installations including flying unicorn pigs and a marshmallow tsunami. In August 2018, Jackie Sorkin and partners Zac Hartog and John Goodman brought Candytopia, which is self-described as “an imaginative confectionery wonderland with a one-of-a-kind full sensory experience” to New York City. **Sugar Republic** is a similar concept, which opened a pop-up museum located in Melbourne, Australia in August 2018 with plans to roll out the exhibit in Sydney in September.

**Sugar Factory**, the trendy restaurant chain, is creating a 30,000-square-foot permanent **Museum of Candy** in New York City’s Chelsea neighborhood. The new museum will offer more than 15 themed “experiential rooms,” and other candy-related exhibits will include a candy unicorn, “the world’s largest gummy bear,” candy murals, candy art installations and tasting areas. In addition, there will be a dessert market, a full-service Sugar Factory restaurant and an outdoor café. The New York outpost of Museum of Candy will be first with plans to build similar museums in Los Angeles and other cities.

### Made for Me, Customized Candy

Customized and personalized consumer products are gaining popularity across markets. Chocolate manufacturers have joined the movement and are offering consumers opportunities to personalize their confections.

At the end of 2017, Kit Kat launched a **Uji Matcha Green Tea Kit Kat** photo vending machine in the Japan Rail Kyoto station, which was targeted to tourists who want to create a memorable souvenir. Customers could create a limited edition “Travel Memories Kit Kat” by connecting their phone and memory card. The photo could be mailed with the addition of a stamp and the address and the packaging contained a special photo stand for display. In July 2018, UK **Godiva** Chocolatier partnered with e-commerce startup **Candy Mechanics** to create personalized chocolate cards and lollipops made from 3D printed molds. Customers have their heads scanned on a 3D screen in Godiva stores and then they choose a flavor. A molded chocolate adorned in edible gold dust and lollipops was printed on site. In addition, customers can engrave Godiva’s chocolate cards with personal messages.

In March 2018, Bazooka Candy, a division of Topps, introduced Match-Ems, a new interlocking gummy candy that can be paired together to create up to 28 different flavor combinations. Using 3D



*Cargo is a New York-based startup that provides rideshare drivers a clear “Cargo” box filled with candy, snacks, electronics and sundries that straps to the console between the driver and front-seat passenger and is illuminated when opened. Courtesy of Cargo.*

gummy technology, **Match-Ems** are packaged in a resealable pouch that includes three sour flavors: **Blue Raspberry, Green Apple** and **Watermelon** and five sweet flavors: **Banana, Cherry, Pear, Orange** and **Strawberry**. Each offering has two interlocking shapes so consumers can create their own customized combinations. According to Matt Nathanson, Match-Ems Sr. Associate Brand Manager, The Topps Company, “Our consumers are always looking to maximize flavor options and Match-Ems is the only gummy that lets them mix and match their favorite fruity flavors to create new ones. We used new 3D gummy technology and our flavor expertise to create fun interlocking shapes that taste great when combined. Who would have guessed that a Banana and Orange gummy together could taste like Bubble Gum?”

### New Distribution Channels

The younger generation is digitally connected and how they shop and where they shop is changing. According to research from One Click Retail<sup>8</sup>, between January-August 2017, Amazon.com experienced a 42% year over year growth in the snacks and sweets category. The largest subcategories were salty snacks and chocolate candy, which each accounted for \$31 million and non-chocolate candy was worth \$27 million. Mars Wrigley Confectionery research revealed that 52% of Millennials say they bought a treat because they wanted to share a picture of it on social media, compared to 28% of Gen X’ers and 9% of Baby Boomers. In addition<sup>9</sup>, 70% of impulse purchases are driven by visibility or an in-moment craving.

In January 2018, Kellogg’s venture capital fund eighteen94 made its first investment in the in-car

commerce company Cargo. The investment was for a distribution channel rather than an ingredient or consumer product. **Cargo** is a New York-based startup that provides rideshare drivers a clear “Cargo” box filled with candy, snacks, electronics and sundries that straps to the console between the driver and front-seat passenger and is illuminated when opened. Kind Snacks, Mars’ Extra gum and Cheeze-It are a few of the items rideshare drivers sell or sample for free to their passengers. By year-end, Cargo will have over 20,000 drivers across New York City, Boston, Chicago, Los Angeles, Minneapolis, Dallas, D.C., Baltimore and San Francisco. In July 2018, Cargo announced an exclusive global partnership with Uber to distribute its snack-filled mini vending machines to drivers through Uber’s driver hubs. An incentive for Uber drivers is for each item sold, drivers get 25% of the item’s cost plus \$1 per transaction. “Because of companies like Uber, people spend more passenger-time in cars than ever before. This opened the door for Cargo to create an unparalleled level of convenience for a generation of people on the move, and our partnership with Uber will play an important role in making that vision reality,” said Jeff Cripe, Founder & CEO, Cargo.

Recognizing the evolving trend to health and wellness, in November 2017, Mars took a minority stake in Kind Snacks. The mutual agreement aims to bring Kind Snacks’ nutrition bars and granola products globally and in return, Kind Snacks will support Mars’ “newly formed global health and wellness platform.”

“Foodgod” Jonathan Cheban, the social media sensation, has teamed up with Sugar Factory and released the **Foodgod Candy Club** subscription candy box. Beginning at \$30 a month, the curated boxes of confections are delivered to your door. For \$1,000, consumers can opt for a luxury experience and the box will include items such as “exotic chocolates, gold-dusted candy and an exclusive Foodgod diamond gummy bear charm.”

### Better-For-You Candy

According to Innova Market Insights<sup>10</sup>, “Mindful Choices” was the number one trend for 2018, with better-for-you claims having increased their market penetration from 42% in 2012 to 49% in 2017 year-to-date. Confectioners, food incubators and venture capitalists have noticed this trend and have responded by launching better-for-you products including vegan and reduced sugar formulas.

Dylan Lauren, founder of Dylan’s Candy Bar candy stores, partnered with Whole Foods to roll out a line of better-for-you candies. The “**Treat Yourself**,” collection ranges from sour gummies to dark chocolate caramel popcorn and is free



*Bonkers!, the popular 1980's candy has been reformulated and relaunched. It is kosher certified, vegan and available in five flavors. Courtesy of Leaf Brands.*

from artificial flavors and colors, vegan, gluten-free, nut-free, and non-GMO. Candy company Leaf Brands announced the launch of vegan fruit chews **Bonkers!**, a popular 1980’s candy. The candy has been reformulated and is kosher certified and contains no animal-derived gelatin. Bonkers! is available in **Cherry, Grape, Lemon-Lime, Orange** and **Watermelon** flavors. **Chocolate** and **Strawberry** flavors are in the pipeline.

In May 2018, Hu Products (Hu Chocolate), the maker of organic, paleo, vegan, certified gluten-free and non-GMO chocolate bars closed a Series A funding round led by Sonoma Brands, a food and beverage products incubator and venture fund. Hu Chocolate is formulated with organic, fair trade cacao and 70% stone ground dark chocolate offered in **Almond Butter and Puffed Quinoa; Cashew Butter and Vanilla Bean; Crunchy Banana; Crunchy Mint; Hazelnut Butter; Salty; Simple;** and **Vanilla Quinoa Crispy** varieties. Sonoma Brands’ investment portfolio also includes Smashmallow, the premium marshmallow brand made with organic cane sugar and non-GMO ingredients.

Michigan-based food incubator Rainmaker, which was founded by Chris Mattina, focuses on better-for-you products in the confectionery space. Rainmaker’s portfolio consists of Cruz 1879, Sugarpova and Sulpice brands. Currently, Mattina is testing his first line of branded protein confectionery products in the UK and Ireland with the intention of a U.S. launch. Mattina believes incoming confectioners “should

mimic the snack category using protein as a functional ingredient to drive their sales.”

**Amborella Organics** is a novel brand, which creates a range of organic lollipops that are packaged with a biodegradable stick meant to be planted in soil to grow into an herb or flower after the lollipops have been consumed. The seed-bearing lollipops are organic, non-GMO, vegan, gluten-free, dairy-free, nut-free and soy-free. In addition, the brand uses organic pure cane sugar and beet sugar as natural sweeteners and turmeric and carrot as natural dyes. Available in nine flavors – **Champagne & Roses, Peach & Marigold, Lavender & Lemongrass, Lemon & Thyme, Strawberry & Basil, Rosemary & Mint, Sage & Marshmallow, Vanilla & Hibiscus** and **Watermelon & Borage** – the lollipops contain floral and herbal extracts and the sticks are filled with seeds that correspond to the herb or flower inside the candy.

In May 2018, **Barry Callebaut** premiered its new **Pathway** range of dairy-free chocolate products, which can be used in a myriad of applications including confectionery, baked goods, cereals and snack products.

## Sugar Reduction

As consumers gravitate towards cleaner, better-for-you products, they are shying away from chocolate and candy. In response, brands and manufacturers are reformulating existing chocolate and candy products or formulating new products with reduced sugar.



*Amborella Organics offers a range of nine organic lollipops that are packaged with a biodegradable stick meant to be planted in soil to grow into an herb or flower after the lollipops have been consumed. Photo by Heather Collins, courtesy of Amborella Organics.*

In 2017, PepsiCo launched the Nutrition Greenhouse, a collaborative incubator that focuses on emerging brands in the nutrition space with products aimed at European consumers. In June 2018, Nutrition Greenhouse selected 10 new participants. One of the companies selected was Israeli based **A1C Foods**, which develops proprietary formulations and technology to create foods that are low in carbs and glycemic index including chocolate and ice cream.

Finnish premium chocolate maker **Goodio** added **ChocOat** bars to the brand's portfolio. Available in four flavors: **Cool Mint, Original Blond, Sweet Licorice** and **Wild Blueberry**, the bars are formulated with a ground gluten-free oat base with the intention to cut sugar consumption by half when compared to conventional chocolate bars. Nestlé launched a new chocolate bar using sugar-reduction technology, which Nestlé claims to help reduce sugar by up to 40%. The new sugar-reduction technology is said to dissolve faster in the mouth. In July 2018, Cadbury announced it would be releasing a new version of the brand's Dairy Milk bar containing 30% less sugar next year. It took 20 scientists, nutritionists and chocolatiers almost two years to develop the new confectionery and the sugar has been replaced with fiber to maintain the original bar's structure and texture. Although the calorie count is similar between the original bar and the new bar, the sugar content has dropped from 56g per 100g to 39g per 100g and the formula contains no artificial sweeteners, colors or preservatives. Cadbury also announced plans to reduce sugar in other snacks including Oreo, Maynards Bassetts Wine Gums and Jelly Babies.

## Functional Candy

Like other categories, consumers expect products to have added benefits. Chocolate and candy are no exception. Brands are creating functional products to meet consumers' needs.

**Shyte**, the Canadian premium chocolate protein bar, has received a lot of press for its moniker, which stands for "Seriously Helps You To Energize." According to the brand, the bars use cocoa sourced from the Amazon Rain Forest paired with micro-filtered and grass-fed whey protein isolate sourced from New Zealand. **Esthechoc** is a dark chocolate designed to slow the aging process. Cambridge University-educated scientists spent 10 years to develop Esthechoc and the chocolate claims to help "regain firmness, radiance and luminosity" for an individual's skin health and structure from within the body. According to the brand, the product is said to aid circulation and boost blood oxygenation. The product is gluten-free, non-GMO, dairy-free and suitable for vegans and diabetics. It

is endorsed by Jennifer Berman, a urologist, sexual health expert and author appearing on the television show “The Doctors.”

In 2013, Get More Vitamin Drinks launched in the UK. The company recently launched **Get More Multivitamin Chewing Gum** in **Peppermint** and **Spearmint** flavors, which the company says “delivers 25% of the RDA of 10 different vitamins within 20 minutes chewing time.” In Italy, Functional Gums has launched Natur Gum, which it claims is the first 100% natural chewing gum, made of 100% biodegradable and natural gum base. **Natur Gum** is available in 100% recyclable packaging in **Mint/Stevia**; **Mint/Xylitol**; and **Red Fruits/Xylitol** varieties.

### Hi-Tech

Like other consumer packaged goods, technology drives innovation. Activity can be seen in chocolate and chewing gum.

In September 2017, **Barry Callebaut** launched the company’s newest product **Ruby** chocolate. It comes 80 years after the launch of white chocolate and it is the company’s fourth type of chocolate ever to be created. According to the company, the chocolate is characterized by a “fresh berry-fruitiness” and a distinct pink hue made from the ruby cocoa bean. The product does not contain any berry flavoring or coloring. In January 2018, **Nestlé Japan** released the **Kit Kat Chocolatory Sublime Ruby** exclusively at Japanese and South Korean Kit Kat Chocolatory boutiques and online in both countries. The Kit Kat featured a crispy wafer bar coated with the Ruby chocolate and only 5,000 units were available for a limited time.



Formulated with edible glitter, Hershey's Ice Breakers Ice Cubes Glitter Gum Summer Snow Cone is a limited edition product. Courtesy of Hershey.

In April 2018, **Hershey** released **Ice Breakers Ice Cubes Glitter Gum Summer Snow Cone** as a limited edition. It is dubbed as the first glitter gum in the U.S. and is formulated with edible glitter and highlights an “icy cherry snow cone flavor.”

In 2009, Anna Bullus founded the Gumdrop Ltd, a UK based company that recycles and processes used chewing gum into a range of new compounds, Gum-tec, which can be used in the rubber and plastics industry. The company developed the Gumdrop Bin and Gumdrop on-the-go products, which are pink receptacles designed specifically for the disposal and collection of used chewing gum. Gumdrop Ltd collaborates with manufacturers and companies globally to make products from recycled and processed chewing gum. In 2018, **Gumdrop Ltd** partnered with fashion brand Explicit, Publicis, the advertising agency and I Am Amsterdam, Amsterdam’s City Council, to develop the Gum-tec **Gumshoe**, a sneaker made from recycled gum. It takes about half a pound of recycled chewing gum to make each sneaker’s sole, which resembles a map of Amsterdam.

Due to climate change with warmer temperatures and drier weather conditions, there is concern that cacao plants are threatened and will become extinct by 2050. Cacao plants can only grow within a very limited area, which is 20° north and south of the equator. They thrive in rainforest-like conditions where the temperature, rain and humidity all are relatively consistent. Over half of the world’s chocolate currently comes from two countries in West Africa, Côte d’Ivoire and Ghana. In response, Mars has partnered with Myeong-Je Cho, the director of plant genomics at University of California and Jennifer Doudna, a University of California geneticist, to develop cacao seedlings that do not wilt or rot at their current elevations using Doudna’s **Crispr** technology, which enables tiny, precise tweaks to the DNA of cacao and other crops.

### Sweet Deals - The Movers & Shakers

There were a few candy industry disruptions in 2018 including acquisitions and investments. The biggest candy industry disruption this year was Ferrero, the Nutella makers’ acquisition of Nestlé’s U.S. confectionery business. In April 2018, Ferrero closed the \$2.8 billion deal, which makes Ferrero the third largest manufacturer in the U.S. chocolate market, according to Euromonitor<sup>11</sup>. Ferrero now owns more than 20 of Nestlé’s brands including Butterfinger, BabyRuth, Crunch, Kit Kat and SweeTarts.

The 171-year-old New England Confectionery Co. known for its Necco Wafers and inscribed Sweethearts Conversation Hearts announced its



*Gum-tec Gumshoe is a sneaker made from recycled gum. It takes about half a pound of recycled chewing gum to make each sneaker's sole, which resembles a map of Amsterdam. Courtesy of Gumdrop Ltd.*

bankruptcy. In May 2018, Ohio-based Spangler Candy Co., the makers of Dum Dums lollipops, failed to close on its \$18.83 million bid at the federal bankruptcy auction in Boston and Round Hill Investments bought Necco's for \$17.83 million. However, on July 24, 2018, Round Hill Investments abruptly closed the Necco Revere, Massachusetts plant and announced it had sold Necco to another national confection manufacturer. Swiss chocolate maker Lindt & Spruengli AG announced plans to invest \$200 million to construct a high-tech premium chocolate production facility in New Hampshire over the next four years.

Through social media, Elon Musk, Tesla and SpaceX CEO, and Warren Buffett, chairman and largest shareholder of Berkshire Hathaway, trolled each other over a conversation about business moats, which Buffett defines as "products or services that have wide, sustainable moats around them [delivering] rewards to investors." In a game of one-upmanship, to compete with Buffett See's Candies, Musk announced plans to start the Boring Candy Company. Many on social media speculated it was a joke, but Musk replied he was "super super serious" and followed with a photo of a caricature of Elon Musk on top of a peanut brittle candy package that resembled See's Candies peanut brittle.

## Sweet Life

Global flavor inspiration from food and beverage trends as well as better-for-you products and functional ingredients will continue to drive chocolate and candy innovation, creating new opportunities and challenges for confectionery manufacturers and flavor suppliers. Consumers are inundated with information and brands will continue to vie for their attention using experiential marketing and alternative channels of distribution. Technology is exciting and it will be interesting to watch how it continues to impact the confectionery industry.

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