

Adding value to coffee and cacao in Latin America



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July 2024



Business implications

The report's central policy implication suggests that fine cacao and specialty coffee should be manufactured at origin and/or have more control of the value chain. The route to these goods being produced locally is not easy. However, the report recommends realist solutions to these problems. Some of these challenges could be solved with business partnerships and entrepreneur ventures. Below is a list of challenges that fine cacao and specialty coffee face when manufactured at origin (or exported as beans), accompanied by suggestions for turning these challenges into business opportunities.

Opportunities for business

Educate coffee consumers about brewing process by setting different prices

As with wine, beer, cheese, and other distinguished food products, knowledge about the cost of the artisan process enables consumers to value its price. Presently, most coffee shops sell coffee from different brewing process at the same price. The specialty coffee industry needs differentiation for it to be economically sustainable.

Opportunity: set different prices for each brewing process.

Coffee shops could display their coffee options the same way pubs do with beer, showing the different brands (roasters) and different processes (i.e. instead of IPA or larger, natural or honey). Besides focusing on origin, a way coffee shops to make this necessary differentiation is to inform their customers of the numerous varieties and brewing process that exist and what this implies. Many coffee shops are already doing this, but this is not reflected in the price.

Latin American bulk cacao for dark chocolate

The main findings from the study show that producers are mostly growing bulk cacao instead of fine varieties, and consumers are not yet differentiating bulk from fine. This issue should be seen as an opportunity to undertake bulk cacao into higher-end markets.

Opportunity: sell bulk Latin American cacao for high end markets.

This is a way to increase gains as (i) it involves less investment in production (compared to fine cacao varieties) (ii) if it is put in the right niches, it can be sold for higher prices than ordinary bulk beans.

Latin American and Caribbean bulk cacao has certain advantages over its African counterpart . Because of these unique characteristics, bulk Latin American and Caribbean beans can be used for dark chocolate (and more generally in the specialty markets) instead of confectionary chocolate. These qualities based on origin – and not varieties– should be exploited in the quest to add value.

Sell chocolate-making services in importing countries.

Exporting chocolate from Latin America needs complex facilities with high level of monitoring and refrigeration. The challenges are not impossible to solved, and chocolate is currently exported from Peru successfully. However, opportunities for partnerships should not be overlooked.

Opportunity: outsource the manufacturing process to European actors.

This is an opportunity for businesses in Europe to venture the world of fine chocolate by offering chocolate manufacturing services to Latin American and Caribbean chocolate companies. This model would positively benefit both parties by decreasing the risks of production (chocolate makers in Europe can focus on selling outsourcing services and producing companies would lower their logistical challenges) bringing a more equal distribution of value in a deeply unequal sector.

