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Publication type: Teaching Resource

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Version Nr. 1, October 16, 2019

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Published on: www.oepms.org

doi: 10.25938/oepms.176



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Academic Level: Bachelor Level

Licence:



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Recommended Citation:

Cansu, H., Pradilla, A. & Hummel, F. (2019). Chocolate Tibitó: Is Germany ready for premium Colombian Chocolate? *Open Education Platform*. Doi: 10.25938/oepms.176



Case Study

Chocolate Tibitó: Is Germany ready for premium Colombian Chocolate?

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Abstract: By the end of 2016, Gustavo Pradilla, CEO of Chocolate Tibitó, was contemplating his company's future from his office in Bogota, Colombia. He was wondering how to promote his chocolate brand in Europe, considering his company's limited resources for marketing campaigns. A small firm, with a sales volume of approximately 100,000 euros, Tibitó produced high quality, fair trade chocolate, made of Colombian beans and sold 100% of its production to the local market. Although sales have been increasing in Colombia, international recognition and the need to increase the plant production had given Gustavo the idea of selling the bars abroad, particularly in Germany. Nevertheless, Tibitó's founder was not sure if it was possible to grow in the German market with limited marketing campaigns. Even more, considering that he was pretending to sell a chocolate from an unknown origin in Germany and at a much higher price than the local mainstream chocolate brands. Tibitó only had a limited budget, staff, and expertise to advertise in Germany and therefore, Gustavo considered it challenging for his small company, to make a significant investment in advertising.

The case covers different marketing strategy elements, e.g., PESTEL analysis, online versus offline marketing, and positioning. *This case has an accompanying teaching note.*

Keywords: marketing strategy; chocolate industry; segmentation; market entry; consumer behavior

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1 Introduction

This case was made possible through the generous co-operation of Tibitó. The case is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of management situations.

By the end of 2016, Gustavo Pradilla, CEO of Chocolate Tibitó, was contemplating his company's future from his office in Bogota, Colombia. He was wondering how to promote his chocolate brand in Europe, considering his company's limited resources for marketing campaigns. A small firm, with sales around 100,000 euros, Tibitó produced high-quality chocolate made of Colombian beans and sold 100% of its production to the local market. Nevertheless, sales were getting better in Colombia, and international recognition had given Tibitó the confidence to sell its bars abroad.

2 Tibitó

Tibitó chocolate is a Colombian single-origin [1] bean-to-bar chocolate manufacturer established in 2015 in Bogota, Colombia. Tibitó's founder Gustavo Pradilla worked in the automobile and heavy machinery industry for over three decades. After selling his company in 2015, he decided to convert his longtime passion, chocolate, into a family business. For a long time, Gustavo had followed the development of the craft chocolate movement, as well as the increasing demand for fine flavor cacao from neighboring countries. During this time, he realized that Colombian cacao was not given the attention it deserved. This curiosity led him to embark on a countrywide journey to source Colombia's finest cacao beans. As a result, and to showcase the high quality and variety of Colombian cacao, Tibitó was born.

The process of transforming cacao beans into a chocolate bar begins with the cacao pre-selection. Tibitó chocolate is distinguished by the careful selection of its raw material. The company acquires beans directly from the cacao farmer cooperatives, which gives the certainty of having bought the best-fermented grain, always looking for excellence in the final product. The company pays the producers a premium price, almost double the price than the market, seeking to contribute to the quality of life of the Colombian rural areas. This social awareness is an essential part of Tibitó's culture, given that it is the best way to contribute to the development and recovery of the isolated rural areas of the country, which have been affected for decades by Colombia's internal conflict. In Tibitó's factory in Bogota, a careful selection of cacao beans is carried out, as well as the roasting, cracking, grinding and refining of the raw material using high-quality machines run by Tibitó's master chocolatiers.

Tibitó offers two types of products, chocolate bars and chocolate couverture. The chocolate bars originate from five different regions of Colombia: Arauca, Meta, Tumaco, Putumayo, and Chocó; in different percentages of cacao, 50% (milk) and 70%, 80% and 100% (dark) and in two sizes 40g and 80g. In addition to these "single-origin" bars, the company also produces a caramel, coffee and orange chocolate bars, as well as sugar-free chocolate. Concerning the chocolate couverture, which is sold

¹ This means that the products contain beans originating from the same country, a region or even a farm. A company producing single origin chocolate never mixes beans from different origins in one product (van der Kooij, 2013).

principally to pastry chefs, bakeries and restaurants, the company offers it in the same percentages and origins as the chocolate bars in quantities of 1 Kg. (See **Exhibit 1**)

Currently, Tibitó has eight full-time employees. The monthly production of the company is 500 kg of cacao (25% of its full capacity), of which 65% is for self-production, and 35% is for “maquila” production. “Maquila” is the chocolate production for other chocolate sellers. These customers are, for example, big cacao farmers that have their own raw material (cacao) but do not have the infrastructure to produce their own chocolate. Therefore, Tibitó charges a fee to process their beans and produce chocolate for them. Other “maquila” customers are young entrepreneurs that sell chocolate with their own brand image and recipe, but as well as the farmers, they do not have the infrastructure to produce their chocolate. They bring the cacao beans to Tibitó, which they have previously acquired, and the company produces the chocolate for them.

Formerly, the company sold its chocolate to consumers through two sales channels. Directly, via Tibitó’s online shop (3% of total sales). And indirectly, through retailers (97% of total sales). Tibitó chocolates can be found in over 40 points of sale in 6 different cities in Colombia. The retail channels of Tibitó chocolate are not the big department stores, but the small specialty stores, cafés, museum shops, art galleries, bookstores, hotels and delicatessens (See **Exhibit 2**). Tibitó is not interested in selling its chocolates in department stores and supermarkets. Firstly, because the company produces high-quality chocolate that has a higher price than mainstream average chocolate (See **Exhibit 3**). Secondly, because the company’s production capacity is limited and big retailers usually demand quantities that the company cannot produce. Finally, because it would be impossible to find enough fine flavor cacao that meets Tibitó’s high-quality standards to produce the quantities department stores demand.

The bean to bar industry in Colombia is still very small. The main competitor of Tibitó in the local market is a company owned by the Colombian and Japanese entrepreneur “Cacao Hunters”. Another bean to bar producer that started seven years prior to Tibitó. Nevertheless, the premium chocolate industry in Colombia is still in its growth phase. Therefore, it seems highly likely that many new competitors will enter the market soon.

Currently, the target customers of Tibitó are divided into two segments. One segment are the “young adults.” These target customers are 35 to 45 years old, they have a professional career and are in a middle to high management level position. These consumers have traveled around the world and therefore value high-quality products from their homeland. These consumers buy Tibitó chocolate due to its high quality and design and like to buy it as a trendy gift for friends and family. The second target segment group are the “mature adults”. These customers are between 50 and 70 years old. They are in a high management position or retired. This segment is not price-sensitive; these customers are interested in buying exciting products with the best quality available, and they buy the product mainly for their own pleasure.

Although the company is very young, it has been well-received by consumers and professionals. In 2016, only a year after starting production, Tibitó was awarded the top quality prize for the best artisan chocolate bars in Colombia, in the First National Artisan Chocolate Contest. Afterwards, in 2017, one of Tibitó’s products, Putumayo Chocolate 70%, was the first Latin American chocolate to be awarded three stars in the Superior Taste Award given by the International Taste & Quality Institute (iTQi) in Brussels. Finally, in November 2017, Tibitó successfully participated for the first time in an international trade fair, the Salon du Chocolat 2017 in Paris, France.

3 Colombian History

Colombia is a country located in the north-west of South America. It is a constitutional republic organized in 32 departments, its form of government is presidential, and its capital city is Bogota. Colombia is the only nation in South America to have access to both the Atlantic and the Pacific Ocean and is the country with the second-highest biodiversity in the world (Butler, 2016). In 2017, Colombia had 49.5 million inhabitants (Worldometers, 2018) and a GDP of U.S. \$309.2 billion (Trading Economics, 2018). Colombia is a former Spanish colony that gained its independence in the time range 1810-1819. From then on, several internal conflicts have affected the country enormously. Colombia's darkest period started with "La Violencia" civil war (1948-1958), followed by a much more complicated conflict in the 1960s, since it involved a variety of parallel civil wars. During this time, the history of the nation was characterized by an internal armed conflict between the state and different armed groups: extreme left guerrillas, right-wing paramilitaries, drug cartels and organized crime (BBC, 2018). Then, in the early 2000s, Colombia experienced an extraordinary transformation with the downscaling of the long-lasting internal conflict. This transformation enabled the country to rediscover itself. One of the most significant opportunities offered by new reality was the possibility to reignite an essential agricultural activity for the country: cacao. A high proportion of the cacao plantations in Colombia were located in conflict areas. This situation affected the producers as well as the areas of production. It was almost impossible to control the crops. Moreover, the transportation of the cacao was hazardous and challenging, reaching the point where the trucks loaded with cacao had to be escorted by the Colombian army. Furthermore, some cacao harvesting areas suffered high levels of displacement and the violent death of farmers (Baquero Lopez, 2017).

The recent reduction of internal conflict resulted in the return of the farmers to their farms and also allowed better control and transportation of the beans. The decline of domestic conflict also meant that the illegal coca plantations had to be eliminated.

One of the biggest sponsors, if not the biggest, of the Colombian war has been drug trafficking. As a consequence, thousands of low-income families in the rural area of Colombia support their living illegally through the cultivation of coca. The peace deal signed in 2016 between the government and the main terrorist group – the Revolutionary Armed Forces of Colombia (FARC) – was not only about ending the longest internal conflict in America. The Colombian government also saw peace as the best chance to reduce the rebel-controlled drug trade (coca plantations and laboratories) and replace it with legal crops. Therefore, the government chose cacao as the "peace plantation." Hence, it was the crop with the highest option to substitute illicit plantations and benefit the maximum number of producing families.

4 Cacao

4.1 History of cacao

Theobroma cacao, also called cacao tree, is a small tree native to the tropical regions of South and Central America. It was a remarkable crop for the pre-Columbian cultures, such as the Mayan and the Aztec. For them, the cacao tree was considered a symbol of wealth, and its beans were even used as currency. The word cacao originates from the Nahuatl (Aztec language) word "*cacahuatl*", as well as the word chocolate *which originates* from the Nahuatl word *xocolātl*. Many people believe that the first cacao plant grew in the upper Amazon region and that the Aztecs and the Mayans in Central America

eventually developed techniques to cultivate cacao successfully. The cacao beans are the main ingredient for making cocoa powder, cocoa butter and most importantly, chocolate (Statista, 2017).

Cacao beans were introduced to Europe by the Spanish conqueror Hernán Cortés in 1528. By adding sugar, the new beverage from the Americas was adjusted to European tastes. This change made the beverage very popular, and consequently, Spain set up new plantations in their West Indian colonies to meet demand. In the 17th century, after a hundred years of market monopolization by the Spanish empire, cocoa drinking spread across Europe. As a result, France, Denmark, and England established plantations in their West Indian and South American colonies (ASI, 2004). An essential step towards the invention of the chocolate bar as we know it today was made in 1828 by the Dutch Conrad J. van Houten. He invented the cacao press which extracted cocoa powder from cocoa butter. Unwittingly, Van Houten created the basis to make chocolate: cocoa butter.

The first chocolate bar was produced in England in 1847; it was made of cocoa mass, extra cocoa butter and sugar (TOMS, 2017). These developments lowered the cost of producing chocolate, which made the product more affordable for the mass market, which in turn increased the demand for cacao. In 1875, Peter Daniel from the Swiss company Nestlé added powdered milk to chocolate for the first time. The continuous increase of popularity of chocolate in Europe spread the cultivation of cacao to West Africa. The first Europeans to start cultivating on a large scale in Africa were the Portuguese, on the island of Sao Tome and Principe in the 19th century. The plantations in Africa became very popular among European countries due to the appropriate weather conditions for cultivating cacao in those lands and to the low-cost labor (ASI, 2004).

4.2 Types of cacao trees

The world cocoa market distinguishes between two broad categories of cacao beans: “fine flavor,” and “bulk” or “ordinary” cacao beans. As a generalization, fine flavor beans are produced from Criollo or Trinitario cacao tree varieties, while bulk cacao beans come from Forastero trees (ICCO, 2012) (See **Exhibit 4**). The Forastero trees are the most commonly grown. Hence they are more resistant, i.e., less susceptible to diseases than the Criollo and Trinitario trees. While it is native to the Amazon region, today, Forastero is mainly grown in Africa, and to a lesser extent in Ecuador and Brazil. Since it has been cultivated for mass production, it is the most widespread variety of cacao tree. Forastero trees represent 80% of the world cacao supply (Barry Callebaut, 2017). Forastero beans have a typically strong, bitter, acidic flavor. On the other hand, the fine flavor cacao beans have an extraordinary and refined aromatic flavor.

4.3 Cacao market

The world’s cacao production was estimated to reach 4,161 thousand tonnes in the season 2017/18. Around 76% of that production comes from Africa, mainly from West Africa (3,162 thousand tonnes), 16% from Latin America (666 thousand tonnes) and 10% from Asia & Oceania (415 thousand tonnes) (ICCO, 2018). In recent years, a new trend has developed the increase in cacao production in Latin American countries and the decline of it in the Asian countries. The increase in the cacao production in Latin America is mainly due to the good business environment of the region and due to the recent increasing demand for fine flavor cacao, for which Latin America is responsible for 80% of its world production (García Palao, 2016). Regarding the world’s cacao production per country, the leading

producer is Ivory Coast (See Figure 4.1.). Its output of over 1.4 million metric tons of cacao beans over the last five years accounts for more than 35 percent of the world’s cacao production (Statista, 2017). Followed by Ghana, another African country, which was estimated to produce 950 million tonnes of cacao beans in 2017. The only South American nation in the top five cacao producers in the world is Ecuador, which was estimated to produce 290,000 metric tons in 2017. That is around 21 percent of Ivory Coast’s total output. Then comes Brazil (top 7) which was estimated to produce 180,000 metric tons in 2017. Colombia ranks worldwide tenth in cacao production with an output of around 51 metric tons per year (FEDECACAO, 2018).

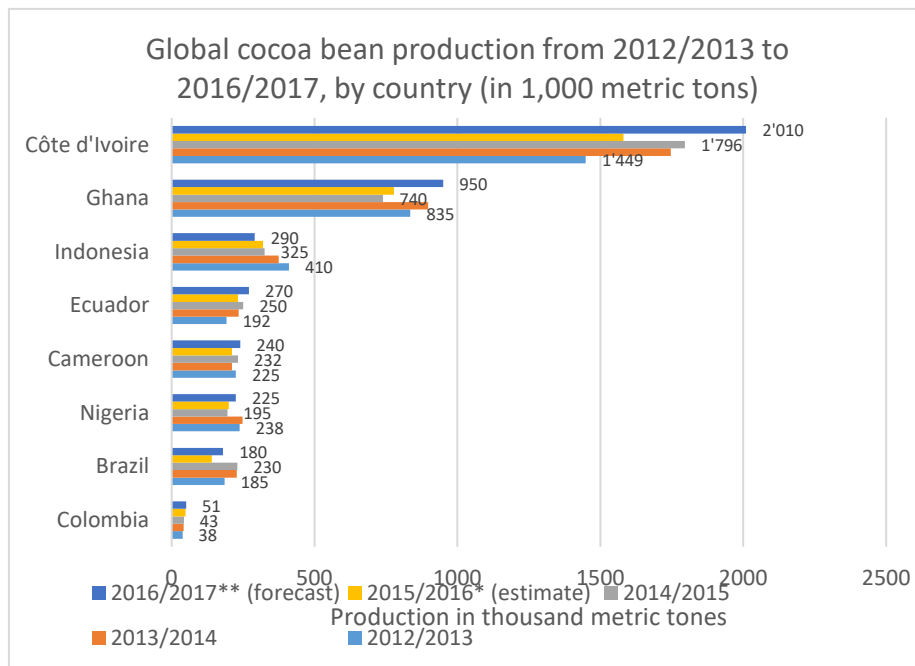


Figure 4.1.: World production of cacao beans from 2012/2013 to 2016/2017, by country (adapted from ICCO, 2017) and (FEDECACAO, 2018)

Concerning the processing of cacao into chocolate, the International Cocoa Organisation (ICCO) divides the world into four different cacao-processing regions: Europe, America, Asia & Oceania and Africa (See Figure 4.2). Most of the cacao processing takes place in Europe (38% with 1,603 million tons). Then, the three other regions process more or less the same, around 20% of the world cacao each (ICCO, 2016).

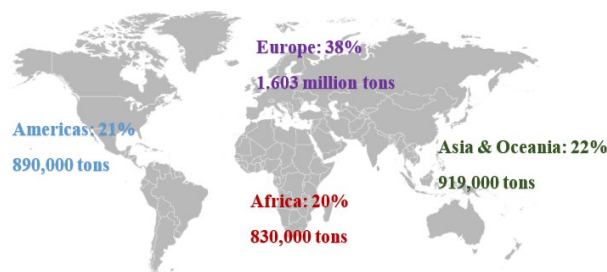


Figure 4.2: World cacao grindings 2016/2017 forecast (adapted from ICCO 2016)

An interesting trend that started over the last few years is that progressively cacao processing is taking place where the cacao is also grown (Pipitone, 2015). This reached the point in the season of 2014/15 where Ivory Coast overtook the Netherlands as the world leader of cacao processing with a total of 560 thousand tons handled (Pipitone, 2015).

5 Colombia's Chocolate Industry

Due to its privileged geographical position, climate diversity and topography, Colombia is part of the few countries that produce the world finest cacao, known as “fine flavor.” According to the ICCO, 95% of Colombia’s cacao exports are considered “fine flavor” (ICCO, 2016). Nonetheless, and in contrast to its neighboring countries (Ecuador, Brazil, and Peru), Colombian cacao is not appreciated worldwide. There are two main reasons why other countries are unaware of Colombia’s enormous potential. The first one is that almost the entire country’s cacao production is purchased by big national confectionery companies such as *Compañía Nacional de Chocolates* and *Casa Luker*. These two companies demand around 55% and 32% of the local cacao beans respectively (SICC, 2011) (see Table 5.1). And the second reason is that Colombia is only cultivating 8,5% of the total hectares it has suitable to grow cacao.

Since almost 90% of the cacao production is sold to big industrial chocolate makers, the quality of the local chocolate is not very good. Therefore, the unique characteristics of the fine flavor cacao that the country has available are not fully exploited. Nevertheless, in recent years, a new trend is evolving, and the scenario in the country is changing. Local entrepreneurs, seeking to make high-quality artisan chocolate, are founding bean-to-bar companies. These companies are giving Colombian cacao beans the respect that they deserve. High-quality chocolate is being produced with the highest quality of local beans and with the best machinery. Colombia is finally discovering the real flavor of its chocolate. One of the pioneer bean-to-bar companies in Colombia is Chocolate Tibitó.

Table 5.1: Colombian domestic demand for cacao beans per firm (2004)
(adapted from SICC, 2011)

Chocolate Company	% Tons
Nacional de Chocolates	54.8%
Casa Lúker	31.9%
Gironés	2.4%
Italo	2.3%
Andino	1.3%
Tolimax	1.2%
La Fragancia	1.1%
Comestibles Aldor S.A.	1.0%
Chocolate Caldas	0.6%
Chocolate Colosal	0.5%
Jordavila y Cia. Ltda	0.4%
Chocolates Triunfo	0.4%
Chocolates al Gusto	0.4%
Colombina S.a.	0.3%
Other Factories	1.4%

6 Value Chain of Tibitó

The value chain of Tibitó chocolate is shorter and more transparent than the average chocolate production value chain. The company engages directly with the cocoa farmers and cooperatives (with no intermediaries) to ensure they obtain the best beans. Since the quality of the beans is highly valued for Tibitó, the farmers receive a premium price for their best product, instead of selling it on the market for a regular price (See **Exhibit 5**).

Once the cocoa grains arrive at Tibitó's plant in Bogota, Colombia, they begin the roasting process at an appropriate temperature and an adequate period according to each type of bean. Then they crush the grains, to separate the cocoa nibs from the skin, to later grind the product until the cocoa liquor is obtained. Afterward, they refine the liquor until a silky and smooth surface that characterizes the Tibitó chocolate is obtained. Finally, the chocolate bars are packed and delivered to Tibitó's high-end retailers.

7 The German Chocolate Industry

Germany is the world's third-largest cacao grinder behind Ivory Coast and the Netherlands. Mars Inc., Barry Callebaut and other important multinationals have grinding facilities in Germany. Additionally, Germany is the leading chocolate producing country in Europe with around 233 chocolate producers, together with hundreds of imported brands (CBI, 2017) (Chocozone, 2018). Due to the mass production orientation of the German chocolate industry, it uses principally bulk beans for its chocolate production.

Total chocolate sales in Germany reached 6,806 million euros in 2018 (Statista, 2018). The average German consumer spends 82.33 euros for chocolate each year (Statista, 2018). According to Statista, the average German consumed 7.9 kg of chocolate in 2017 (per capita). This makes Germans the third highest consumer of chocolate in the world, after Switzerland and Austria (Statista, 2018) (see **Exhibit 6**). A survey conducted by myMarktforschung (2017) stated that 75% of Germans eat chocolate at least once a week and 16% do it on a daily basis. The most commonly consumed chocolate products in Germany are bars and tablets (27%) (Statistisches Bundesamt, 2018). German consumers are very price-sensitive and deep-rooted into buying local and European brands, principally those that they already know (see **Exhibit 7**).

The preferred chocolate types in Germany are milk (51%) and dark chocolate (27%) (YouGov, 2017). Supermarkets and convenience stores are the biggest sellers of chocolate with 76% of the local market share. Next came food and drink specialist retailers (12%) (Arnoldus & Kyd, 2014). The most popular chocolate brands in Germany are Milka, Ritter Sport, Lindt, Merci, and Yogurette (Statista, 2017).

The German chocolate market is already saturated. However, there is a new trend involving the shift towards more premium chocolate production. This trend creates plenty of opportunities for fine flavor cocoa and premium chocolate producers. Moreover, there is also an increased interest in sustainable cocoa. Consumers would like to have a transparent and honest experience with their food. Therefore, shoppers are demanding transparency from all the players in the food supply chain. As a consequence, several new companies have started producing high quality, sustainable bean-to-bar chocolate in Europe and around the world, and of course, this chocolate is available in Germany (for a list of companies that sell high-quality chocolate in Germany see **Exhibit 8**). According to Mintel (2016), the amount of premium chocolate increased by 71% between the years 2011 and 2015. 11% of German consumers indicated that the premium quality of the chocolate would be a key driver of their chocolate choice (Mintel, 2016). On the one hand, 41% of German chocolate consumers eat chocolate to relax. On the other, only 9% of German consumers think that eating chocolate is healthy.

8 The Challenge

After two years in the market, Tibitó's founder was convinced that the company was ready to export to Europe. Sales in the home market were constantly growing (see **Exhibit 9**), and the company had successfully participated in an international fair in Paris. Moreover, the Putumayo 70% bar was the first Latin American chocolate to be awarded three golden stars by the jury of the INTERNATIONAL TASTE & QUALITY INSTITUTE (iTQi) in Brussels, Belgium. This gave Gustavo confidence that Tibitó bars were at the level of any other European premium chocolate brand. Therefore, pursuing growth through sales abroad was the perfect move to continue supporting the company goal of giving Colombian chocolate the credit it deserves. Gustavo decided that the best country to enter in the European market was Germany. The country is located in the center of Western Europe. It is one of the most important countries in the European Union, politically and economically, and has excellent infrastructure. Also, Germans are the third biggest eaters of chocolate in the world. Nevertheless, he had to figure out which was the best way to promote Tibitó chocolate in Germany. There were certain circumstances which needed to be considered.

In the first place, entering a market with a product that local consumers do not associate with Colombia would be challenging. Germans associate chocolate with Europe, and they are deep-rooted in buying local and European brands. Three of Germany's top five chocolate brands are local, and the two remaining are Swiss and Italian (VuMA, 2017). Tibitó's founder knew that many Colombian companies had struggled to enter the European market due to unfamiliarity with the Colombian products abroad. He knew that when consumers were not familiar with a country's product (like Germans with Colombian chocolate), they used the country's image as an automatic influence on product perception and evaluation. The image of Colombia in Germany was not the best. Germans usually related Colombia to drugs and terrorism. Or they just related the country as a provider of high-quality raw materials (coffee, emeralds, etc.), but never of high-quality goods. So, would the Germans be willing to buy Colombian chocolate?

Furthermore, selling high-quality chocolate, at premium prices to consumers that are not used to paying high prices for Colombian products, or for chocolate itself was going to be a huge challenge. German chocolate consumers are very price sensitive; sweets are cheaper in Germany than anywhere else in Europe as in Germany. Consequently, German consumers are used to buying very low-priced chocolate (usually low quality). Tibitó produces high-quality chocolate which has a higher price than mainstream chocolate bars in Germany. The lowest price a Tibitó 80g chocolate bar could be sold in a German store is between 6.50€ and 7€. Compared to the popular Milka Alpenmilch bar, which costs 0.95€ per 100g (that is 0.76€ per 80g), the Tibitó chocolate would be 855% more expensive than the average bar in Germany.

Finally, Tibitó's founder was not sure if it was possible to grow in the German market with limited marketing campaigns. Tibitó only had a limited budget, staff and expertise to advertise in Germany. Therefore, Gustavo considered it inappropriate for a small company like Tibitó to make a significant investment in advertising.


9 Case Questions

1. **Competitive analysis & international market entry:** Should Tibitó enter the German market? Please develop a PESTEL analysis in order to evaluate the pros and cons.
2. **Country of Origin Effect (COE):** According to Korschate-Fischer *et al.*,(2012) “COE is the impact that cognitive, effective, and normative associations with a particular country have on consumer attitudes—shows that a product’s country of origin acts as a signal of product quality, influences consumers’ perceptions of risk and value, and directly affects the likelihood of purchase.” Taking this into account, do you think that being a Colombian brand will affect the perception of the German consumers towards Tibitó, positively or negatively? Moreover, will the German consumers be willing to pay more for a Colombian chocolate bar than a German one?
3. **Segmentation, targeting, positioning:** If Tibitó decides to enter the German market, how should the brand position itself? Who should be the main target customers? Please segment the chocolate consumers in the German market based on appropriate segmentation criteria, choose your target audience, and position the brand accordingly by tackling Tibitó’s unique selling proposition (USP). (See example for a perceptual map in **Exhibit 10**)
4. **Communication mix:** To reach your specified target audience and communicate the USP, which communication mix would you use that can be realizable with a little marketing campaign budget? Develop a concrete campaign on how to reach the target audience.
5. **Distribution management:** Which distribution strategy should Tibitó use in Germany (online and/or offline, direct vs. indirect through local sellers)? Please map out the possible strategies and discuss the pros and cons.

10 Exhibits


Exhibit 1

Tibitó Chocolate Bars

META			
ORIGIN			
			
FLAVOUR PROFILE: Fruity, with red fruit and red wine notes.			
ACIDITY: Medium-high			
BODY: Silky			
	BAR 40g	BAR 80g	COUVERT. 1 kg
MILK 50% CACAO	✓	✓	✓
70% CACAO	✓	✓	✓
80% CACAO	✓	✓	✓




Source: Company Information

PUTUMAYO			
ORIGIN			
			
FLAVOUR PROFILE: Brown sugar and red fruit notes ending with a subtle woody flavour.			
ACIDITY: Medium to medium-high			
BODY: Buttery			
	BAR 40g	BAR 80g	COUVERT. 1 kg
MILK 50% CACAO	✓	✓	✓
70% CACAO	✓	✓	✓
100% CACAO	✓	✓	✓




Source: Company Information

TUMACO			
<p>ORIGIN</p> 			
<p>FLAVOUR PROFILE: Sweet ripe bananas, sugar cane and hazelnuts. Final taste of honey and almond notes.</p>			
<p>ACIDITY: Citric profile</p>			
<p>BODY: Creamy</p>			
	BAR 40g	BAR 80g	COUVERT. 1 kg
MILK 50% CACAO	✓	✓	✓
70% CACAO	✓	✓	✓
100% CACAO			




Source: Company Information

ARAUCA			
<p>ORIGIN</p> 			
<p>FLAVOUR PROFILE: Sweet candy profile with milk caramel and hazelnut notes. Sweet and delicate ending flavour combined with notes of cream and nuts.</p>			
<p>ACIDITY: Low</p>			
<p>BODY: Creamy</p>			
	BAR 40g	BAR 80g	COUVERT. 1 kg
MILK 50% CACAO	✓	✓	✓
70% CACAO	✓	✓	✓
100% CACAO			



Source: Company Information

CHOCÓ			
ORIGIN			
			
FLAVOUR PROFILE: Caramel, combined with hazelnut, sugar cane and sweet ripe bananas. Final notes of cloves and cinnamon.			
ACIDITY: Medium-low			
BODY: Silky			
	BAR 40g	BAR 80g	COUVERT. 1 kg
MILK 50% CACAO	✓	✓	✓
70% CACAO	✓	✓	✓
100% CACAO			



Source: Company Information

Price (in Colombia) and ingredients of the Tibitó chocolate



Arauca 50%



Arauca 70%



Meta 50%



Meta 70%

Price in CO (80g)	4.30€	4.30€	4.30€	4.30€
Ingredients	Cocoa butter Cacao beans Sugar Sunflower lecithin Milk	Cocoa butter Cacao beans Sugar Sunflower lecithin	Cocoa butter Cacao beans Sugar Sunflower lecithin Milk	Cocoa butter Cacao beans Sugar Sunflower lecithin



Meta Café 70%



Meta 80%



Putumayo 50%



Putumayo 70%

Price in CO (80g)	4.30€	4.50€	4.30€	4.30€
Ingredients	Cocoa butter Cacao beans Sugar Sunflower lecithin	Cocoa butter Cacao beans Sugar Sunflower lecithin	Cocoa butter Cacao beans Sugar Sunflower lecithin Milk	Cocoa butter Cacao beans Sugar Sunflower lecithin



Orange 65%



Putumayo 100%



Chocó 70%

Price in CO (80g)	5€	4.80€	4.30€
Ingredients	Cocoa butter Cacao beans Sugar Sunflower lecithin Orange	Cocoa butter Cacao beans	Cocoa butter Cacao beans Sugar Sunflower lecithin



1Kg 40% Chocolate Coverture



1Kg 45% Chocolate Coverture



1Kg 70% Chocolate Coverture

Price in CO (1 Kg)	16€	16€	16,30€
Ingredients	Cocoa butter Cacao beans Sugar Sunflower lecithin Milk	Cocoa butter Cacao beans Sugar Sunflower lecithin Milk	Cocoa butter Cacao beans Sugar Sunflower lecithin

Source: Company Information

Exhibit 2

Cities in Colombia where Tibitó is sold



Tibitó at points of sale in Colombia



Source: Company Information

Exhibit 3

Average price of a Tibitó chocolate bar (80g) : \$15,000 Colombian pesos (COP)

Type of bar	Brand	\$/g (COP)	80g (COP)	Price vs. Tibitó
Mainstream Colombian brands	Chocolatina Jet	30.49	\$ 2,439	-84%
	Jumbo Jet	34.39	\$ 2,751	-82%
Imported chocolate bars	Kinder	53.8	\$ 4,304	-71%
	Lindt	165.9	\$ 13,272	-12%
	Hershey's	79	\$ 6,307	-58%
Local and imported premium chocolate bars	Cocoa Fusion	136	\$ 10,880	-27%
	Chocolate Santander	97	\$ 7,760	-48%
	Joséphine	136	\$ 10,880	-27%

Exhibit 4

Cacao Tree in Meta Colombia

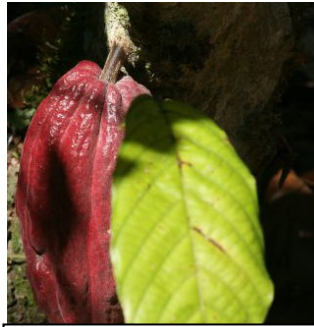


Source: Company Information

Varieties of cacao tree



FORASTERO-BULK CACAO



CRIOLLO- FINE FLAVOR CACAO



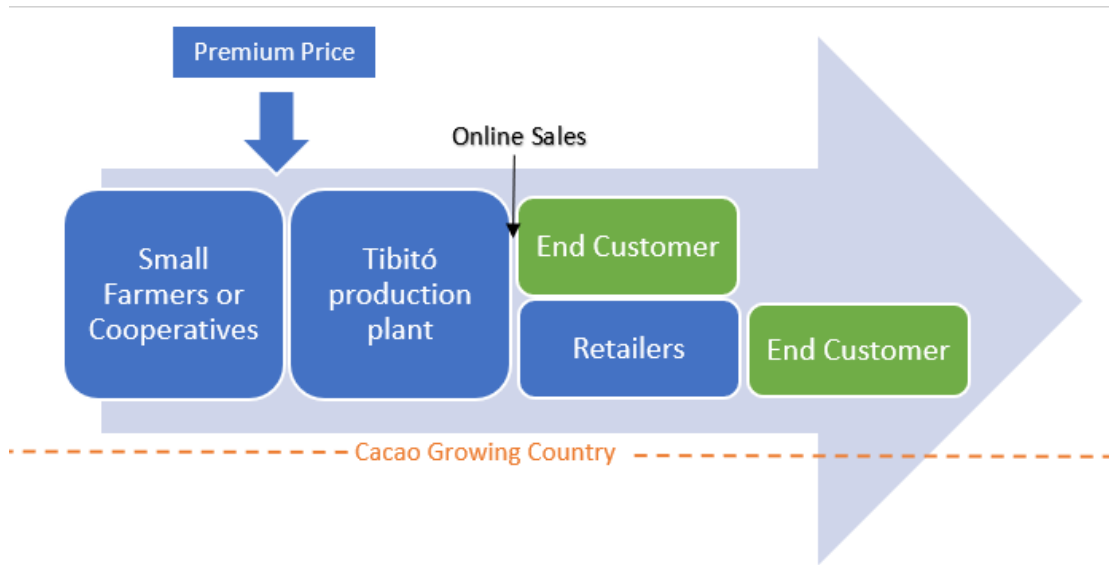
TRINITARIO (HIBRID FROM FORASTERO AND

Source: Adapted from Barry Callebaut 2018)

Exhibit 5

Tibitó value chain versus an average European chocolate manufacturer value chain

Tibitó Value Chain

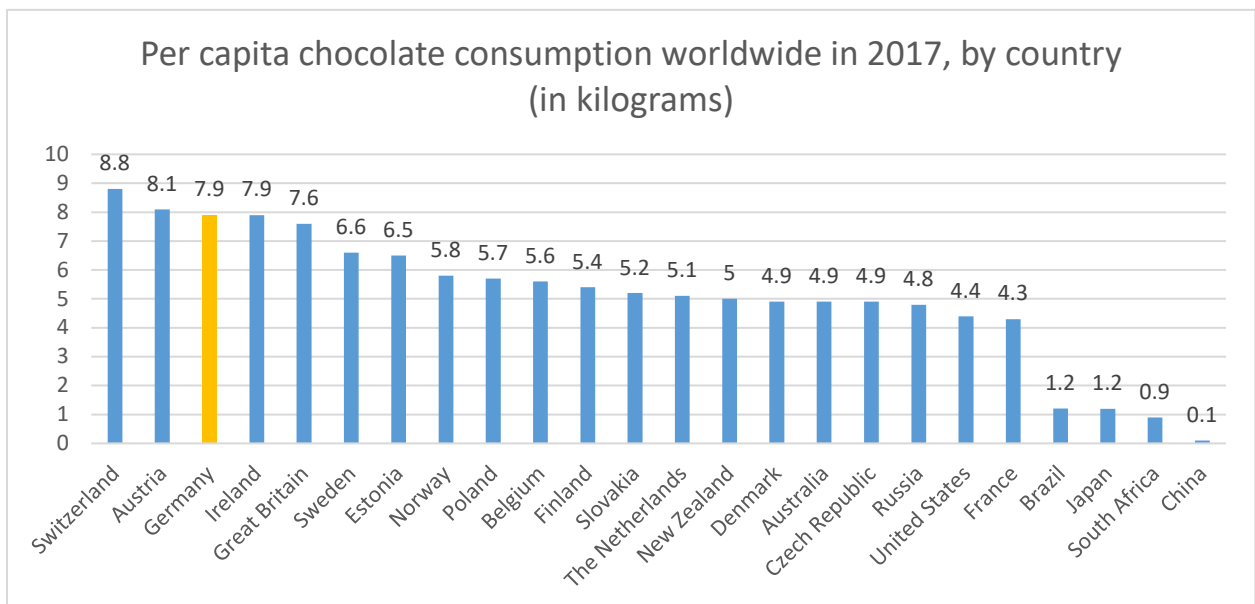


Average European Chocolate Maker Value Chain



Exhibit 6

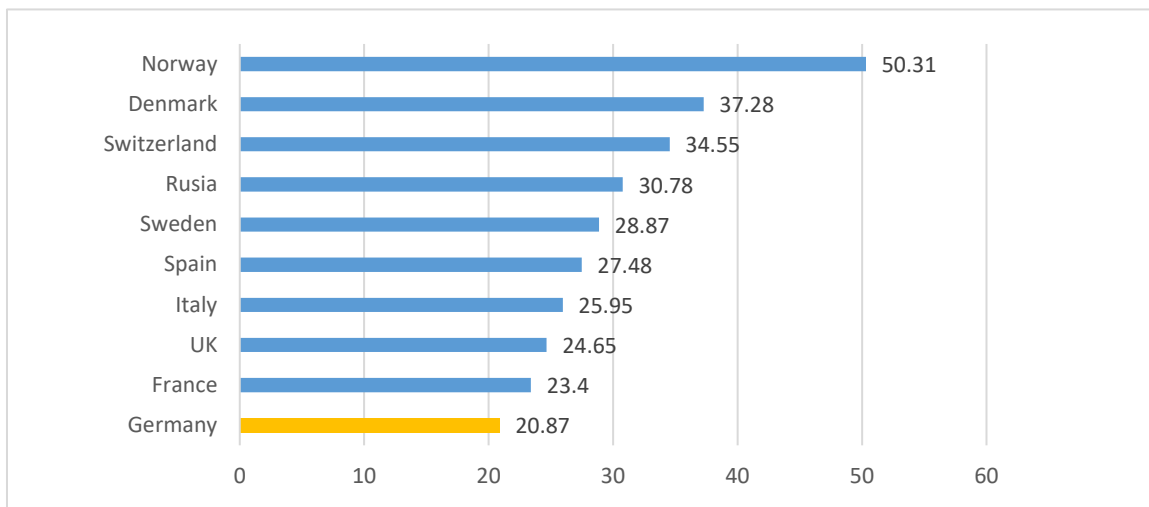
Per capita chocolate consumption worldwide in 2017, by country (in kilograms)



Source: Adapted from Statista (2018)

Exhibit 7

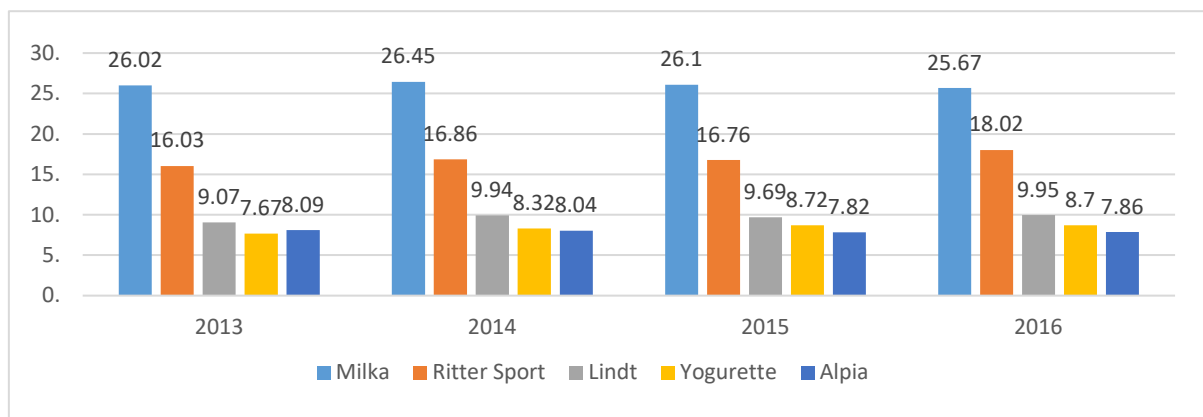
Cost for a set of the same choice of chocolate, cookies, sweets and savory pastry from commercial brands, available in every country



Note: All the products of the basket of goods are in euros

Source: Adapted from (Statista (2016))

Number of consumers of the most popular chocolate brands in Germany from 2013 to 2016 (in millions)



Source: Adapted from VuMA (2017)

Exhibit 8

Premium chocolate brands available in Germany

Chocolate Brand	Website	Production Country
Akessons	http://www.akessons-organic.com/	England
Alexandre Bellion	http://chocolaterie-alexandre.nl/	The Netherlands
Amedei	http://www.amedei.it/en/	Italy
Antidote	https://antidotechoco.com/	USA
Belyzium	http://www.belyzium.com/de/	Germany

Blanxart	http://blanxart.com/	Spain
Cacaosuyo	http://www.cacaosuyo.pe/	Peru
Chchukululu	http://chchukululu.com/es/	Ecuador
Chocolate Tree	https://www.choctree.co.uk/	United Kingdom
Chocolaterie A. Morin	http://chocolaterie-morin.com/	France
Chocolat Madagascar	http://www.chocolatmadagascar.com/	Madagascar-UK
chocoME	http://www.chocome.at/landing_delice	Germany
Claudio Corallo	https://www.claudiorcorallo.com/index.php?lang=en	São Tomé and Príncipe
Coppeneur	https://www.coppeneur.de/	Germany
Das Bernsteinzimmer	https://dasbernsteinzimmer.com/	Germany
Daja Chocolate	www.daja-chocolate.de	Germany
Domori	https://domori.com/	Italy
Duffys Chocolate	http://www.duffyschocolate.co.uk/	United Kingdom
El Rey Chocolates	http://www.chocolateselrey.com/	Venezuela
Franceschi	http://www.franceschichocolate.com/#chapter_1	Venezuela
François Pralus	https://www.chocolats-pralus.com/en/Francois-Pralus.html	France
Friis-Holm	http://www.friis-holm.dk/en/	Denmark
Georgia Ramon	https://georgia-ramon.com/	Germany
Grenada Chocolate	https://www.grenadachocolate.com/	Grenada
Hachez	https://www.hachez.de/	Germany
Hoja Verde	https://hojaverdechocolate.com/en/home/	Ecuador
Idilio Origins	https://idilio.ch/idilio-origins/	Switzerland
Jordi's	https://www.jordis.cz/en/	Czech
Kacau	http://www.kacauchocolates.com/	Ecuador
Krak Chocolate	https://krakchocolate.nl/	The Netherlands
Krakakoa	https://www.krakakoa.com/	Indonesia
Kuná	https://kunachocolate.com/about/	Ecuador
Labooko/ Zotter	https://www.zotter.at/de/online-shop/marken/labooko.html	Austria
L'Atelier des 5 Volcans	https://www.latelierdes5volcans.com/	Cameroon
Madlon Confiserie	www.madlon.de/	Germany
Madécasse	https://madecasse.com/	Madagascar
Marou	https://marouchocolate.com/	Vietnam
Menakao	https://menakao.com/	Madagascar

Mesjokke chocolade	https://www.choxplore.nl/en/	The Netherlands
MIA	http://www.miafoodie.com/	Madagascar
Michel Cluizel	http://www.cluizel.com/fr/website/Home-page-bis,1001.html	France
Naïve	http://chocolatenaive.com/	Lithuania
Original Beans	https://originalbeans.com/	Switzerland
Pacari	https://pacarichocolate.us/	Ecuador
Pump Street Chocolate	https://pumpstreetchocolate.com/	England
Rausch	https://www.rausch.de/en/	Germany
Rococo	https://www.rococochocolates.com/	United Kingdom
Slitti	http://www.slitti.it/	Italy
Soklet	https://www.facebook.com/SOKLET-1738314252851692/	India
Taza	https://www.tazachocolate.com/	United States
Willies Cacao	https://www.williescacao.com/	United Kingdom

Exhibit 9

Sales of Tibitó since the company started

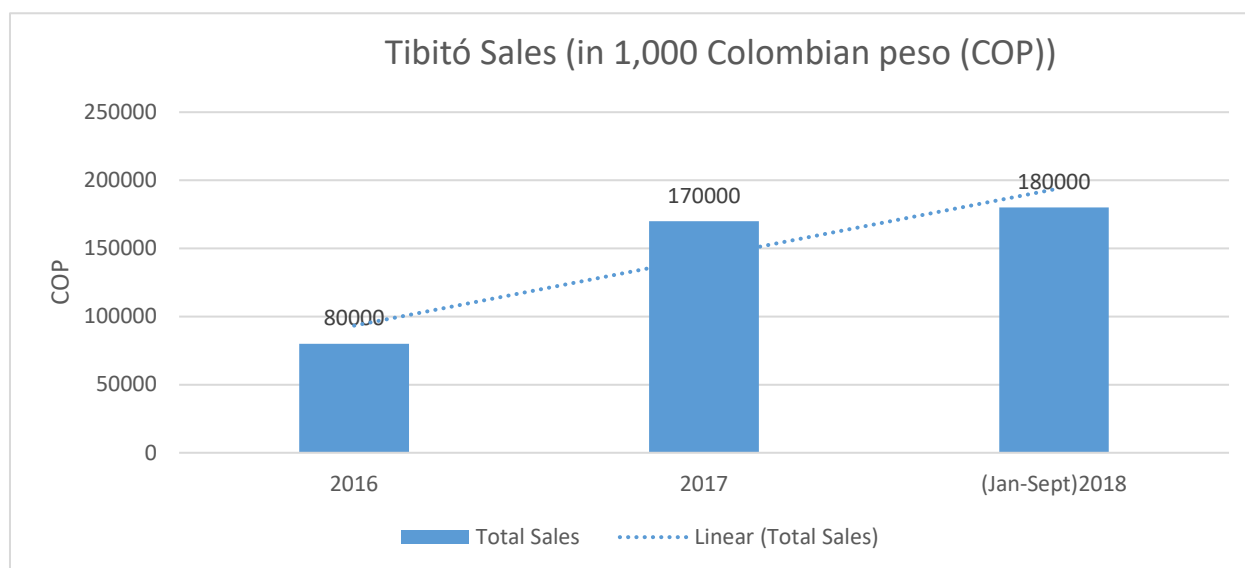


Exhibit 10

Example of a perceptual map for chocolate



Source: Positioning map: Main actors of the chocolate bars market Blog (Alla Tsyren, 2017)

Exhibit 11

Glossary

Term	Definition	References
Cacao	The tree that bears cacao seeds, which are contained in large, oval pods that grow on the trunk.	(Lexico, 2019)
Cacao bean	The seed of the cacao tree	(Lexico, 2019)
Coca	A tropical American shrub grown for its leaves, which are the source of cocaine.	(Lexico, 2019)
Cocoa	Cocoa often refers to cocoa powder , the dry powder made by grinding cocoa seeds and removing the cocoa butter from the dark, bitter cocoa solids.	(ScienceDaily, 2019)
Cocoa butter	A fatty substance obtained from cocoa beans, used in the manufacture of confectionery and cosmetics	(Lexico, 2019)
Cocoa mass or cocoa liquor	A form of raw chocolate made by grinding processed cocoa nibs, especially in a solid or semi-solid state.	(Lexico, 2019)

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Teaching Notes for the Case Study

Chocolate Tibitó: Is Germany ready for premium Colombian Chocolate?

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Abstract: By the end of 2016, Gustavo Pradilla, CEO of Chocolate Tibitó, was contemplating his company's future from his office in Bogotá Colombia. He was wondering how to promote his chocolate brand in Europe, considering his company's limited resources for marketing campaigns. A small firm, with a sales volume of approximately 100.000 Euros, Tibitó produced high quality, fair trade chocolate, made of Colombian beans and sold 100% of its production to the local market. Although sales have been increasing in Colombia, international recognition, and the need to increase the plant production had given Gustavo the idea of selling the bars abroad, particularly in Germany. Nevertheless, Tibitó's founder was not sure if it was possible to grow in the German market with limited marketing campaigns. Even more considering that he was pretending to sell a chocolate from an unknown origin in Germany and at a much higher price than the local mainstream chocolate brands. Tibitó only had limited budget, staff and expertise to advertise in Germany and therefore, Gustavo considered it challenging for his small company, to make a significant investment in advertising.

The case covers different marketing strategy elements, e.g., PESTEL analysis, online versus offline marketing and positioning.

Keywords: marketing strategy; chocolate industry; segmentation; market entry; consumer behavior

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Target groups of the case study

- What are the learning objectives addressed by the teaching material?
 - to conduct a PESTEL analysis
 - to evaluate the pros and cons of an international market entry
 - to apply segmentation, targeting, positioning
 - to develop a unique selling proposition
 - to develop a communication mix for a chocolate brand with a low marketing budget
 - to assess possible distribution strategies
 - to highlight the market entry depends on the business model of the company and the competitive landscape in the target market
 - to learn about the country of origin effect (COE) and develop creative marketing strategies to overcome it
 - to analyze how the specific design of Tibitó's value chain can lead to a significant competitive advantage in the target market.
- Which target group is this teaching material aimed at (e.g. BA/MA/FE)?
 - The case is suitable for undergraduates (BA) and postgraduates (MA) in the field of marketing, strategy, and international business.
- What teaching methods were used with this material?
 - The material was used as a group exercise within master degree courses. It was used to apply theoretical concepts in a business case. By this, the students were able to transfer the theoretical concepts to a practical real life situation.
- How often was it used?
 - This case was tested twice in real class settings: in a strategic management course for English speaking master's students and in a marketing course in a German speaking master's course (all students were fluent in English).

Teaching Plan

- What was the experience of using it (self and external evaluation)?
 - The case study was tested by two professors in separate courses in order to have in-depth feedback. The self evaluation by two professors and the external evaluations by the two classes helped to gain a better understanding for the case study. Overall, students found the case study enriching and appropriate in both lectures. First, the case was used at the end of the course "Strategic Management". Students worked on the case in teams (4-5 team members). The case was discussed within two double lecture units (2 x 90 minutes) plus self studies in the team (120 minutes each). Students suggested distributing the case in the middle of the course schedule and not at the end. By doing so, teachers can further elaborate on the concepts discussed in the case and hence the students can transfer the concepts step by step to the business case. Second, the case was used in the master's class "Marketing" within a workshop. Students were asked to read the case, and answer the questions in a small team. At the end, the professor collected the results on the whiteboard and moderated the discussion. Some students suggested adding the following task: create a perceptual map of premium chocolate in Germany by going into organic stores and finding out about potential competitors of Tibitó. This is only possible if the case is distributed before the lecture so that students have time to do some research beforehand.

- Should special attention be given to particular aspects when using the teaching material?
 - It would be good to provide an electronic copy of the case before the lecture instead of just the hard copy. Students can prepare before the lecture. Additionally, it helped to show a short video about how chocolate is being produced for students to understand the industry.
 - In total, students should at least have 45 minutes of preparation time to read and understand the case study. We then recommend to give the student teams around 15-20 minutes to prepare an answer for each question. That means that students should receive around 2 hours to read the case and answer the questions. Based on our experience, the teacher should plan around an hour to discuss the findings in a class discussion.
 - Before working on the case, each student should prepare for strategic management and marketing concepts. In particular, they should read about the country of origin effect, segmentation, targeting, positioning, communication mix and distribution management. All of these concepts are included in Kotler, P. & Keller, K. L. (2016). Marketing Management, Global Edition, Pearson.

Background reading

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