

Publication: Economic Times Online

Date: 3 February 2018

Headline: How better pricing is driving companies to introduce single-origin chocolates and beverages

How better pricing is driving companies to introduce single-origin chocolates and beverages



A single-estate coffee could have high acidity or fruitiness or bitterness. When people are looking for a balanced cup, blended coffees work" Ashish D'Abreo, cofounder, The Flying Squirrel

Terroir is a term often used while discussing wines. A French word, terroir is defined as "the combination of factors including soil, climate, and sunlight that gives wine grapes their distinctive character." But increasingly, artisanal chocolate makers, specialty coffee and tea companies in India are using terroir to explain their preference for single-origin ingredients.

A broad term dismissed by many as a fad, single origin could mean a variety of things. Single-origin coffee, tea and cacao could be grown on a single estate or farm or even a single region, big or small. In some cases, it could even be used for produce from a single country. Darjeeling tea, which is globally recognised, is a good example of a single-origin product from a region. If it is from a particular estate, it is sold as a single-estate tea.

"Tea is very much like wine. Each estate has its own speciality," says Kausshal Dugarr, founder of Teabox, which sells a wide variety of Indian and Nepali teas in 113 countries. More than half of its 250 teas are single-estate teas from Darjeeling, Assam the Nilgiris and Nepal. "A customer in New York or London show know where their tea is coming from and its legacy," adds the 34-year-old, an MBA alumnus of Singapore Management University who grew up in Darjeeling in a family that supplied machinery to tea gardens.

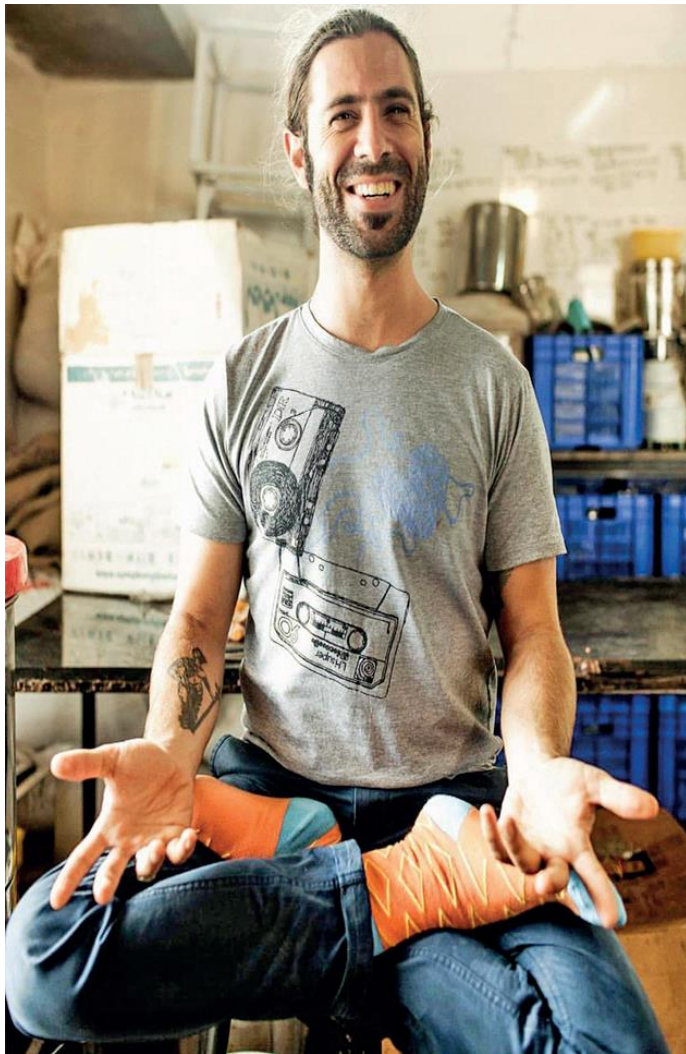
Founded in 2012, Teabox has raised around \$13 million in equity funding, mostly from Accel Partners, and counts Ratan Tata among its investors. Exports account for more than 80% of its business.

India is the world's second largest producer and fourth biggest exporter of tea, and tea is both the world's and India's most preferred beverage, after water. But most of India drinks chai, which is usually made with low-quality tea leaves.

Publication: Economic Times Online

Date: 3 February 2018

Headline: How better pricing is driving companies to introduce single-origin chocolates and beverages



Nature and people are not homogenous so it's boring to have a product which is the same for 20 years" David Belo, cofounder, Earth Loaf Artisan & Raw Chocolate.

But Teabox wants to change that by introducing Indians to different kinds of black, white and green teas, while at the same time giving them enough chai options to choose from. Single-estate and single-region teas from India are hardly a new phenomenon, but they were mostly exported. Now they are gradually finding well-travelled and curious takers in India.

More than in tea, the trend of single-origin products is evident in chocolate and coffee. David Belo, cofounder of Mysore-based Earth Loaf Artisan & Raw Chocolate, says like in vintage wines, the objective is to get away from homogenisation in chocolates and look for something unique. "Nature and people are not homogenous so it's boring to have a product which is the same for 20 years," says Belo, a South African who moved to Mysore from London in 2011. Earth Loaf has three single-origin chocolate bars, one from a single estate in Karnataka and two from Kerala. These bars account for just under a third of Earth Loaf's total sales. The 72-gram bars are priced at Rs 335 apiece.

What exactly is single origin?

Single origin is a loose term which could mean different things depending on the product category:

Tea: Single-origin tea could be from a single estate or from a group of estates in a region or even a country. Darjeeling tea is a good example of a single-region tea. While established Indian tea companies have been selling single-origin teas for a while, mostly in other countries, Teabox, founded in 2012 and which counts Accel Partners and Ratan Tata among its investors, is among the newer players in the space



Coffee: The definition of single origin here is similar to that of tea. Startups like the Flying Squirrel, Blue Tokai, Sleepy Owl Coffee and the Indian Bean sell a variety of single-origin coffees





Chocolate: Like coffee and tea, single-origin chocolate is made from cacao grown on a single farm or region or country.

Mason & Co, Earth Loaf and Pascati are among the brands that sell single-origin artisanal chocolates

Wine: Single-vineyard wines are made from grapes grown in one vineyard. Fratelli claims its Vitae Sangiovese is the first such wine in India



Whisky: Single malt is malt whisky made in a single distillery. Amrut, Paul John and Rampur (owned by Radico Khaitan) are the best-known Indian single malts

Belo says the cocoa from Karnataka is high on acidity, while the cocoa in its single-origin chocolate from two forest villages in Kerala has medium acidity. "Indian cocoa can be fantastic when the farming and post-harvesting processing - drying and fermenting - are done right." Kerala is India's second highest cocoa-producing state, after Andhra Pradesh, and Karnataka the third biggest.

India produces just over 1% of the cocoa beans that the Ivory Coast, the world's largest grower, does, and India imports over half its cocoa requirements. Euromonitor International, a market research firm, pegs the Indian chocolate confectionery market in India in 2017 at around Rs 12,000 crore. Besides Earth Loaf, there are a few well-known 'bean-to-bar' chocolate makers, including Auroville-based Mason & Co, all of whose chocolate bars are single-origin, organic and vegan. "We love the idea of single origin/estate as it allows us to work on developing the unique flavours that can be developed at a farm level and create different and interesting chocolates," says cofounder Jane Mason. Among the company's unusual offerings are black sesame and raisin dark chocolate, and coconut masala chai dark chocolate. Mason says a premium bean-to-bar organic chocolate bar is priced 3-4 times higher than a mass-market bar.

What works for single origin...

Better flavour profiles, which may be unique to a particular estate or a particular region, thanks to its soil, microclimate and other factors

Allows the consumer to **relate to where the product is coming from**

Better traceability than in products sourced from multiple regions



...and what doesn't

Single origin could be a **misleading term unless specified** whether the product is from a single estate or a single region

It may be **hard for anyone but a connoisseur** to tell a single-origin product from the rest

In some products like coffee, a **blend of produce from different estates or regions may provide a more balanced output** than a single-origin variant



Mason & Co sells around 10,000 bars a month, in addition to cacao powder, nibs and drinking chocolate. Belo says cacao which is grown with arecanut or coconut ends up with notes of those crops. That is true of coffee, too. "A lot of the shade-grown coffee will have a mild influence of the fruit it's growth with," says Ashish D'Abreo, who with Tej Thammaiah set up the Flying Squirrel, a specialty coffee brand. He adds the altitude also makes a difference to the coffee, with higher-altitude coffee plants taking longer to ripen and the beans being sweeter. The Flying Squirrel has coffees both from Thammaiah's estate in Coorg and other plantations. The company recently released a coffee made from beans from tennis player Rohan Bopanna's estate in Coorg.

"A single-estate coffee could have high acidity or fruitiness or bitterness. When people are looking for a balanced cup, blended coffees work," says D'Abreo, a former adman. Coorg and Chikmagalur, both in Karnataka, are the country's largest coffee-growing regions. The Flying Squirrel's coffees are priced at `325-450 for a 250-gram pack.

Differentiation Matters Kunal Ross, founder of the Indian Bean, another artisanal coffee company, says it is not easy to convince consumers to try these new coffees. "People are used to chicory and instant coffee." Among its single-origin coffees is the monkey-bitten coffee from Andhra's Araku valley, where monkeys pick the coffee fruit, eat bean out. It is a bit like Indonesia's kopi luwak, a coffee made from beans sorted from the faeces of the Asian palm civet, a wild cat, which eats coffee cherries.

Besides better flavours and premium pricing, Arshiya Bose, who started Black Baza Coffee two years ago, believes traceability is a key reason for choosing single-origin produce. "It brings integrity into the value chain." Lately, traceability has become a crucial part of the debate on sustainable food. "We have control over the quality of our bean from the point of harvest and secondly it (traceability) means that the farmer inevitably is paid more for their produce as there are no middle men," says Mason.

Publication: Economic Times Online

Date: 3 February 2018

Headline: How better pricing is driving companies to introduce single-origin chocolates and beverages



We pay huge premiums to our farmers. Most of our single-estate coffee is 100% Arabica" Kunal Ross, founder, The Indian Bean.

Bose notes that planters are also keen to differentiate their coffee from their neighbours'. "That's where single origin becomes important." Black Baza, which Bose says is more a social and conservation enterprise than a specialty coffee company, is in the process of getting its coffee from Biligirirangana Hills Fairtrade-certified, thereby ensuring the farmers are paid well for their produce, there is no child labour or forced labour, there is gender equality and there is no ecological damage.

Abhishek Jani, chief executive of Fairtrade India, says single origin helps re-establish the link we used to have with our food and those who brought it to us, like the grocer and the milkman. "When you dehumanise a product, people get into commodity pricing and it's a race to the bottom. When you put a name and origin to it, that brings out an additional emotional connect."

Publication: Economic Times Online

Date: 3 February 2018

Headline: How better pricing is driving companies to introduce single-origin chocolates and beverages



We love the idea of single origin/estate as it allows us to work on developing the unique flavours that can be developed at a farm level and create different and interesting chocolates" Jane Mason, cofounder, Mason & Co.

But it's still not an easy road ahead for singleorigin products. "A connoisseur will be able to differentiate between elevations and estates, but not the average drinker," says Ajai Thandi, cofounder of Sleepy Owl Coffee, which sells cold brew in boxes in the National Capital Region. These companies sell their products on their own websites, on ecommerce platforms and at cafes and high-end retail stores. Sleepy Owl's brew, for instance, is available at 30 stores across NCR, besides on its website.

Jay Jhaveri, chief operating officer of Foodhall, Future Group's premium store, says consumers may not be fully aware of the concept of single origin, but only for a specific product category that they are interested in. "It's not very easy to sell. It helps to have communication within the store." Foodhall sells Mason & Co chocolates and Sleepy Owl coffee, among other single-origin brands.

Publication: Economic Times Online

Date: 3 February 2018

Headline: How better pricing is driving companies to introduce single-origin chocolates and beverages



Tea is very much like wine. Each estate has its own speciality" Kausshal Dugarr, founder, Teabox.

One product where single origin is no longer a novelty in India is whisky. Homegrown brands like Amrut, Paul John and, most recently, Rampur (from the Radico Khaitan stable) have raised the popularity of single malt, which is whisky made from malted grain in a single distillery, besides imported brands. "It starts from the type of grain used, the distillation design and style to the entire process which also includes the type of casks used, the maturing location and maturation style," says a spokesperson for John Distilleries, which makes Paul John at its distillery in Goa.

In wines, single origin could mean grapes from a single vineyard. Fratelli Wines claims it is the first to introduce a single-vineyard wine, Vitae Sangiovese, in India in early-2016. Alessio Secci, director of Fratelli Wines, says it is a growing trend globally to make single-vineyard wines.

Publication: Economic Times Online

Date: 3 February 2018

Headline: How better pricing is driving companies to introduce single-origin chocolates and beverages



"The main objective was to let our customers try our best expression of Sangiovese (a Tuscan grape) made right here in India, in particular from the rocky and mineral soil of Akluj from our single vineyard plot C in Garwar." Garwar is in Akluj in Maharashtra's Solapur district.

Single origin is still such a small subset of the premium segment in different product categories it is hard to put a number on its market size. But as consumers become more discerning, single-origin brands are sure to grow in number and be more widely available.