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Organizador



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Alternative channels for marketing Brazilian cocoa/chocolate

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SUMMARY

New production and marketing methods for cocoa/chocolate take off from trends in consumption style, which are associated with values of well-being and socio-environmental concerns. The key elements classified as organic, fine cocoa, with sustainability certification and indication seal of Origin of the almond in South Bahia/Brazil are the attributes of the specific qualities of the cocoa bean. The insertion of these superior qualities is in the context of alternative agrifood systems, which broadens the marketing channels as the perception of the quality of industrialized cocoa/chocolate is lost. The aim of the article is to systematically describe the alternative commercialization and market channels for cocoa/chocolate production, as well as the stages and actors involved in this process of cocoa production and distribution in the southern region of Bahia. Specifically, the stages and actors involved in the process of production and distribution of cocoa/chocolate from South Bahia are observed. Governance modalities in the cocoa/chocolate segments resulting from market integration strategies adopted by local producers: (a) the local vertical integration strategy downstream tree to bar, in which the cocoa grower coordinates the superior quality of the chocolate bar; (b) the local vertical integration strategy upstream bean to bar, in which the chocolate makers coordinate. The reorganisation of the local value chain is a result of the production of high-quality almonds for the production of special chocolates, known as “bean to bar” and “tree to bar”.

Keywords: Integration Strategies, Quality Turn, Alternative Agrifood Systems, Geographical Indication.



■ INTRODUCTION

Brazil has stood out as one of the main exporting countries of the commodity cocoa market. Until the 1990s, such leadership reflected the Brazilian cocoa cycle, commanded by the cocoa farming elites of the southern Bahia region. Internal and external factors changed this leadership position. On the one hand, the internal situation of falling productivity and the attack of the witch's broom, a harmful plague on the cocoa fields of the region. On the other hand, the external conjuncture, when Brazil loses space in the world commodity cocoa market while new cocoa producing/exporting countries emerged, particularly the African ones.

Brazil is currently the sixth cocoa producer in the world, the eighth largest processor of fruit seeds and occupies the forty-seventh place in the world ranking of per capita consumption, which is equivalent to less than 1 kg of chocolate consumed per inhabitant according to data from 2015 (EUROMONITOR, 2016).

The world's leading processors of cocoa beans are: Archer Daniels Midland-ADM (acquired by Olam), Cargill and Barry-Callebaut, specializing in the large-scale or commodity production of cocoa in their cocoa butter and liquor plants in the region, activities that are the basis for the production of chocolates. They have been located in the industrial district of the city of Ilhéus-BA since the second half of the 20th century. By mid-2015, ADM's decision to sell its grinding facility further concentrated the activities of the mill, leaving only two companies buying cocoa beans, a market structure that local cocoa farmers face to negotiate prices and quantities of their production.

The world market situation, with a sharp drop in prices and productivity of commodity cocoa in the mid-1990s, brought considerable losses to cocoa farmers, particularly in the southern region of Bahia. Nevertheless, new local forces are driving the reorganization of cocoa/chocolate production and distribution. Segments of cocoa producers, new rural entrepreneurs in the region, and at the same time, changes in the recommendations of official bodies and non-governmental agencies to take advantage of changes in cocoa consumption related to the vision of environmental preservation and the high price environment in the markets, in particular for premium cocoa, are being realized. Under this context, alternative horizons emerge for the traditional production of high quality cocoa in the southern coastal region of Bahia.

The valorization of the superior quality almond is linked to the demand for special chocolates, these being prestigious by consumers due to their functional aspects that determine the production of a superior quality diversity of cocoa beans, classified as fine* cocoa, organic and compatible with the environment, very relevant aspects for the region of the south coast of Bahia (SOARES; COSTA; NASCIMENTO, 2016). On the other hand, there is a high degree of demand with regard to production, of prime importance in all its stages from planting





to harvesting and subsequently in the initial processing stages of the almonds: fermentation and drying (SANTOS; SANTOS; SANTOS, 2016).

This picture is more delineated in view of the growing demand for special cocoa/chocolate, which is constantly growing to meet the demands of a market that is also seeking to meet this demand in a sustainable manner, maintaining food security and the supply of quality food. However, in this growing demand for quality food, here highlighting the special cocoa/chocolate South of Bahia shows a process of industrialization that seems to distance the food from people, as it makes it difficult to perceive the origin of the ingredients that make up this food. Due to this difficulty in having the perception of the components that are composing the food and that give the flavor, specifically in the case of chocolate, which leads to a growing change in the demand for industrialized food to a demand for appreciation of traditional products, of origin and spatial proximity.

It is in this context that alternative agri-food systems, such as short chains and other re-connection and re-integration strategies between producers and consumers, become better understood and accepted as examples of reciprocity in the quality and reliability of the products offered.

These new forms of emerging production and consumption are growing as an alternative to questions about the limits and relevance of consumers to the policies for building the quality of food offered by modern agriculture. Besides being linked to social, environmental and traditional values, alternative agri-food systems do not represent a substitute structure for conventional and hegemonic forms of food production, but rather a possibility of boosting local economies in specific rural regions. The region of the south coast of Bahia, becomes an opportunity of choice for those consumers more aware and critical about the production of special foods, here highlighting the cocoa / chocolate South Bahia, credited by technical specifications standardized and recognized nationally and worldwide, with the unequivocal purpose of valuing and protecting this environmental, economic and cultural heritage (ASCB, 2016).

The production mechanisms and processes of cocoa bean valorization and the production of special chocolates are part of the strategies of diversification of the productive and commercial activity, resulting in new market niches. Faced with this new scenario, the following question arises: what and how do the concepts coming from the alternative channels of cocoa/chocolate commercialization contribute to the cocoa productive activity in the South of Bahia?

The article aims to describe in a systematic way the circuit of alternative channels of market and marketing of cocoa/chocolate production, as well as the stages and actors involved in this process of production and distribution of cocoa in the South Bahia region.

In order to carry out the theoretical research that subsidized the elaboration of this article, starting from the introduction, the text is structured in four sections. The first section the





importance of quality turn and its consequences; two, the methodological procedures, in the three section, an analysis of the new alternative market and marketing channels for cocoa/ chocolate and, finally, the final considerations.

■ LITERATURE REVIEW

Quality turn and its developments

Quality turn is an expression that identifies the relevance of consumers in the policy of building quality, a “quality oriented” that presents itself as a leverage element of initiatives contrary to the homogenizing and/or conventional proposals present in the markets, which evokes the debate of notions of trust and embeddedness (GOODMAN, 2003; MURDOCH *et al.*, 2000).

Food consumption is constantly growing to meet the demands of the consumer market. However, the requirement to ensure sustainable food production, food safety and the supply of quality food to society act as constraints on production activities. In addition, industrialization is perceived as a process that can distance food from people, especially because there is a certain difficulty in perceiving the origin of the ingredients that make up this or that food, a fact that is changing the perception to obtain food, which are being replaced, albeit sparingly, by traditional products and spatial proximity (DORNELES *et al.*, 2017).

From then on, Dorneles *et al.* (2017, p.1) also reiterate that “alternative agri-food systems, such as short chains and other re-connection strategies between producers and consumers, are now understood as examples of reciprocity, demonstrating quality and confidence in the products offered”.

Although loaded with social, environmental and traditional values, alternative agri-food systems do not represent a substitute structure for conventional and hegemonic forms of food production, but present themselves as a possibility of boosting local economies in specific rural regions, as well as presenting an opportunity of choice for certain movements of consumers more aware and critical of food production (DORNELES *et al.*, 2017).

The “quality orientation” is associated with the notion of alternative food networks that have stimulated critical reflections on the large-scale conventional production and distribution system. In this context, authors have advocated strategies for the re-vitalization of rural areas by stimulating the growing confidence, quality and transparency of short production and consumption circuits in all localities. (GOODMAN, 2002, 2004; SONINO and MARSDEN, 2013; PLOEG, 2008).

The social construction of the *quality turn* market, according to Maye and Kirwan (2010), follows approaches that are based on three central concepts: *Short Food Supply Chains* or SFSC, the theory of convention or EC and social embeddedness.





The first approach- Short Food Supply Chains or SFSC means, for economic theory, the reduction of the number of intermediaries operating between consumers and producers, because the greater the number of intermediaries, the longer the supply chains are, so the greater the impact in relation to logistics. However, Marsden *et al* (2000) explain that this would not be the only determining factor, considering that there are two types of short supply chains: (a) spatially close and (b) extended.

The SFSC is spatially close to the selling point in the production region and has the ability to socialize and regionalize the place where food is produced, allowing the connection between producer and consumer.

In contrast, the extended SFSC stems from the sale of products to consumers who are located outside the production region and/or do not have people with knowledge in the area, such as sales made via the Internet, for example, when the recognition of points of sale (stores) is made because of quality (certification).

The SFSC concept has proven to be a popular framework for understanding the nature of the path alternative products travel over time, extending the analysis of the emerging product chain, as Maye and Kirwan (2010) want, so that SFSCs are seen from the local level and the direct relationship between buyers and sellers, mainly because they have the capacity to re-socialize and re-socialize food: local foods and folkfoods. Therefore, they provide the opportunity to create a “new economic space” (NIEDERLE, 2009; GOODMAN, 2004).

The work on AFNs was strongly influenced by the theory of the Convention (EC), the second of the approaches analysed. Conventions are defined as the practices, routines, formal, informal and institutional agreements that bind the work together through mutual expectations. Maye and Kirwan (2010) argue that it is possible to identify specific standards, values and organisational forms for different food networks, each with different quality conventions or “value orders”.

An important and essential contribution of the JV is the work done by Boltanski and Thèvenot (1999), in which they reveal the hybrid nature of the production quality of AFNs, as food producers and processors that can exist simultaneously in “several production worlds”, for example: (a) a food specialist company may exist in a “domestic world”, calling conventions of tradition, trust and place; (b) an “ecological world” where conventions related to environmental sustainability are important; (c) a “business world” where conventions are related to price and monetary value. Esse quadro é essencialmente útil para aqueles especialistas do setor agroalimentar que cada vez mais questionam estruturas heurísticas que arbitrariamente dividem os mundos convencionais e alternativos.

Finally, the third approach analyses social embeddedness, which is associated with the idea that economic behaviour is embedded in a complex and extensive network of



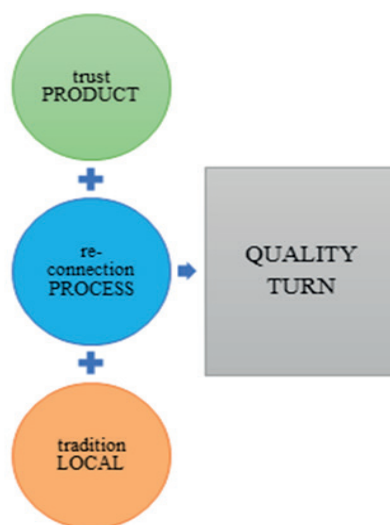


social relationships. This social embeddedness relationship recognises the importance of social connectivity and reciprocity, which although fundamental to life, are essential ingredients in initiatives.

The research of Ilbery *et al.* (2005) shows that the relevance of the quality turn movement is permeated by a set of values and principles that are based on the tripod product (origin/procedence defined by the certification seals), process (specific know-how of the culture of each region/producer where food is produced, processed, distributed and consumed) and location (territory/identity of the production space).

Dorneles *et al* (2017) also agree that the development of new forms of food production and consumption should be linked to the more general process of quality turn in which the agri-food issue involves a movement towards quality based on the confidence that represents the origin of the product, the tradition of the place and new forms of economic organization. However, it constitutes a set of relationships and values based on the know-how inherent to the culture of each region or to each farmer's own and the local production of food in relation to values. The basic dimensions of the quality turn movement are represented in figure 1.

Figura 1. Dimensões basilares do movimento *quality turnn*.



Source: Adapted from Ilbery *et al*, 2005; Dorneles *et al*, 2017.

It is this tripod that allows local producers to add value and expand markets as consumers move to qualify products and give credibility to an alternative path of agricultural development based on the differentiation of local quality food. From another perspective, protecting and improving the environment is a prime reason.

The combination of product, process and local links serves to create, identify and market the differences in the agrifood sector, which may occur depending on the strategies in





each case, grouped into two broad and interlinked rationalities, two analytical perspectives: rational territorial development / connection and critical rationality / food origin.

The first, rational territorial development/reconnection, emphasizes the link with the product and the final consumer, represented by rational territorial development and means that the product and local links are motivated by the desire to develop markets for products with distinct origins, protect livelihoods, build territorial identity and allow community cohesion.

Marketing strategies to market specific products with quality are labels, which serve as a form of protection of the local territory, designed to protect specific products of the local area. But these labels do not always have mandatory environmental standards. For Marsden (2004), a product that presents a label with information that gives the conditions to make connections and associations with a minimum of data about the place, the space where it was produced, the values, the people involved and the methods of production, are fundamental characteristics that allow differentiating this product in its quality and origin.

In the second category, of critical/origin food rationality (interaction of product and process links), it means that labels are used to guide attention to the environmental and social aspects constant in the distribution processes associated with the products and distance them from the negative consequences of product standardization, mass marketing, environmental degradation and health and safety concerns, highlighting in the labels, organic indications, biodynamic agriculture and fair trade.

■ METHODOLOGICAL PROCEDURES

Considering the objective of the article, the research is classified as exploratory and descriptive. Exploratory because it is linked to issues not yet addressed in this modality of local vertical integration downstream tree to bar and local vertical integration upstream bean to bar, in analyses of national and international literature.

The descriptive character of the work is conferred by the search to describe how the factors identified in the exploratory part affect the quality turn and the short circuits. For the literature review, publications related to the theme were raised in scientific databases such as the Capes platform, Web of Science and Scielo. In addition, publications related to alternative and conventional agri-food networks were sought. Ceplac (2015) and Ferreira (2017) publications were adopted as reference source.

The State of Bahia is the largest producer of cocoa in Brazil, with emphasis on the southern coast region, considered one of the largest producing regions with specific highlights for the production of the municipalities of Ilhéus, Uruçuca and Itabuna.

A região sul da Bahia é formada por 83 municípios, entre os paralelos 13°03' a 18°21'Sul e os meridianos 38°51' a 40°49'Oeste de Greenwich. A área total da região é de 15.741,50 km².





In this territory stands out the production of the southern coastal region represented by 27 municipalities where an estimated population of 843,680 inhabitants lives, of which 231,273 (25.74%) live in rural areas. In this context, the population density is 54.6 inhab/km², well above the state's average population density of 33.8 inhab/km².

The average human development index (HDI) of the region is 0.67, below the Brazilian average considered by the Territories of Citizenship Program Coordination.

Figure 2. shows the map of the State of Bahia with emphasis on the 27 municipalities that make up the cocoa/chocolate producing region of the southern coast of Bahia.

Figure 2. Map of the State of Bahia - Southern Coastal Region - 2016.

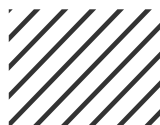


Sorce: Ceplac, 2015.

For Ferreira and Sant'Ana (2017), cocoa (then chocolate) is the first identity of the people of this region and is in the stories, food and local scene.

History shows that the cocoa produced in southern Bahia has much more than the two hundred years of history and tradition told. Cocoa is a unique product and, as the authors reflect, "it is the face of Bahia! (FERREIRA; SANT'ANA, 2017, p.18).

The product has a very characteristic and own cultivation form, known as cacao cabruca: cacao is produced under large trees of the Atlantic Forest, thus preserving rare species of





fauna and flora, such as the golden face lion tamarin and jequitibá, in addition to the water, soil and air of this region, meeting the prospects of sustainability (CEPLAC, 2015; (FERREIRA; SANT'ANA, 2017).

Due to a rigorous selection criteria and production control, in which the sensory notes in the chocolate produced from these almonds stand out, the region has today stood out, winning international awards and taking the best of the cocoa taste from Bahia to Brazil and the world, a region definitely recognized for producing a unique and special product that has a characteristic local “know-how” and a differentiated quality (see figure 1).

To map the companies in the region, which qualify as producers of special chocolates, the selection criteria was determined by the adoption of tree to bar and bean to bar insertion strategies.

About 50 companies are located in the region of the south coast of Bahia, of which 18 are located in the municipality of Ilhéus. Among these, 13 adopt the tree to bar strategy, that is, they are run by cacao farmers, while the other 5 adopt the bean to bar strategy, that is, they are run by chocolatmakers. These data are available in table 3.

Table 3. Tree to bar/bean to bar special chocolate brands. Bahia, 2018.

Municipalities	Chocolate brand	<i>tree to bar bean to bar</i>	
Ilhéus	18	13	5
Uruçuca	7	7	0
Itacaré	3	3	0
Itabuna	2	1	1
Jequié	2	1	1
Arataca	2	1	1
Barro Preto	2	2	0
Una	1	1	0
Porto Seguro	1	1	0
Ibirataia	2	1	0
Ibicaraí	1	1	1
Barra da Rocha	1	1	0
Gandu	1	1	0
Ubatã	1	1	0
Ibirapitanga	1	1	0
Itajuípe	1	1	0
Buerarema	1	1	0
Mutuípe	1	1	0
Ubaitaba	1	1	0
Ibirapitanga	1	1	0
Total: 20*	50	41	09

* The mapping of these companies is difficult, certainly there are some companies that were not accounted for. These figures should be understood as estimates.

Source: Research and graphics by Claudete Rejane Weiss





Alternative cocoa/chocolate marketing channels from southern Bahia

This section brings, distributed in the subsections, a description of the new alternative channels of market and commercialization of the cocoa/chocolate of the South of Bahia.

Pillars of the “tree to bar” and “bean to bar” market niche

The *quality turn* has expanded the paradigm of cocoa/chocolate production, transposed by the dispute involving the processes of specific qualification of cocoa. This process has resulted in marketing differentiation strategies, or product insertion, of the southern coast region of Bahia, defined by (a) local vertical integration downstream or tree to bar and (b) vertical integration upstream or bean to bar, object of the discussion that happens in the sequence.

The new alternative channels of market and commercialization appeared to the detriment of the attributes of the differentiated quality of the cocoa bean and by the flexibilization coming from the technology (low entry barriers) in the cocoa agribusiness. The Brazilian cocoa bean is now differentiated due to the following classifications: (a) commodity, conventional or bulk cocoa, (b) fine or flavored cocoa, (c) organic cocoa, (d) sustainability certified cocoa from 2004 or Fair for Life and Rainforest Alliance (ESTIVAL; LAGENESTRA, 2015). It should be noted that the bulk bean market represents 97% of Brazilian production, while the remaining 3% is made up of fine or flavored cocoa (1%), organic cocoa (1%) and cocoa with sustainability certification (1%), according to Pwc (2012), so that the market for differentiated cocoa beans is represented only by this 3%, but it is a market in frank and growing expansion due to the restructuring of production and commercial activity of cocoa.

The process of differentiating the superior quality of cocoa beans existed until the “witch’s broom crisis” in the 1980s, when there were differentiated prices paid for cocoa classified as “Cacau Bahia Superior”. However, since the year 2000, Brazil has been reinserted in the cocoa quality markets (fine and organic), the cocoa bean market is now characterized by the possibility of product differentiation (cocoa beans) and recognition by the purchasing cocoa market as the holder of attributes, variables and additional value of fine and organic cocoa produced in the country (ESTIVAL; LAGENESTRA, 2015).

A major milestone in this process was the transition factor of cocoa/commodity to the rise of superior cocoa bean quality that took place between 2010 and 2012, resulting from the “Cocoa of Excellence” award during the International Salon of Chocolate in Paris, in the category dried fruit from South America. This recognition showed that the cocoa produced in the region was not of low quality, but of a raw material with superior quality, being used in the production of fine chocolates.





Then came the process of certifications that opened the range of expansion with the key factors in building the cocoa quality market in the region, a relevant fact in this process of recovery of cocoa production in Brazil.

To demonstrate the relevance of this fact, I present a summary of the steps that led to leverage the main activities that contributed to the cocoa certifications in Bahia, as adapted to the timeline described by Estival (2013):

2002 - Cabruca Cooperative started the plantation of differentiated cocoa, with the objective of producing and commercializing fine cocoa beans and organic cocoa, besides the production and development of cocoa products.

2004 - the first commercialization of fine cocoa produced in Brazil occurs through the Association of Fine and Special Cocoa Professionals (APCFE), based on an articulation between the French cocoa producer and the Bahian cocoa producers, with the main objectives of developing traceability, certification and promotion of fine and special cocoa production.

2007 - Rainforest Alliance sustainability certification of Brazil's first cocoa farms in Bahia.

2010 - start of the Cocoa Geographical Indication process in Bahia conducted by the Associação dos Produtores de Cacau Sul da Bahia (APC); Instituto Cabruca and Associação dos Profissionais do Cacau Fino e Especial (APCFE).

2013 - Certification of the Green Seal Cacau Cabruca, directly related to the preservation of the Atlantic Forest biome.

2018- Approval of the Geographical Indication seal of origin in South Bahia.

It should be noted that certifications are a mechanism for standardizing and recognizing specific quality standards that are anchored in formal production values and not just in impersonal product quality. This is a way to conquer new market niches in a lasting way, as diagnosed by Wilkinson (2008), while for Akerlof (1970) and Stiglitz (1987), the existence of asymmetries in market information opens space for opportunistic behavior because, as Willianson (1995) opposes, in the neo-institutionalist economy opportunism is a constant source of uncertainties and transaction costs, because in the drafting of a contract the rights and obligations to be fulfilled by the parties are established, but even so, some points remain incomplete.

The importance of the participation of the Cabruca cooperative in this process should be highlighted, as it is one of the institutions that values organic and agroforestry production, associated with the conservation of the Atlantic Forest. The production methods adopted are focused on soil preservation, prohibiting the use of chemical inputs such as pesticides and soluble fertilizers. It is represented by 32 farmers who are responsible for the commercialization of organic cocoa from the southern region of Bahia. In traditional commodity markets there are no parameters to identify environmental and social quality of production. This





institutional absence reflects incompatibility between the rules that are in force and the multiple dimensions that quality can assume, and not only assumed by the uncertainty about the presence of attributes desired by consumers, which are difficult to observe, but also by the different visions and interests of the actors involved in the new markets with the valorization of organic and agroforestry production associated with conservation.

The construction of an identity that can identify the differentiation of the superior quality of the almond depends on local governance, which is being coordinated by the actors through associations, technology parks, universities and private research centres that are outlined by a local governance as described below:

2015 - Povos da Mata Atlântica Network of Agroecology is made up of organizations, associations of family, quilombola, indigenous agriculture and agrarian reform that promotes agroecology. It is responsible for the certification of the Organic Seal Brazil in the participatory certification system - SPG (Sistema Participativo de Garantia).

2017 - Implementation of the Cocoa Innovation Center - CIC to help cocoa growers to value almonds and special chocolate.

2017. Chocolate Producers Association of Southern Bahia - Chocosul, form a cocoa identity with geographical indication -IG, through the seal of the special chocolate collective mark.

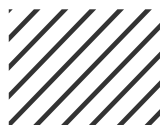
2017- implementation of the Southern Bahia Science and Technology Park (PCTsul) - and composed of five entities: Federal University of Southern Bahia - UFSB, State University of Santa Cruz -UESC, Executive Committee of the Cacao Farming Plan - CEPLAC, Federal Institute of Bahia -IFBA.

2018 - Approval of the Geographical Indication seal of origin in South Bahia.

The Science and Technology Park of Southern Bahia (PCTsul) inaugurated in March 2017, is a public institution that will contribute to the development of technologies in the cocoa area. The private research institution, such as the Center for Cocoa Innovation - CIC, allocated at the Santa Cruz State University - UESC, provides cocoa growers with technical analysis and specialized consulting services for the strategic development of superior cocoa bean quality.

The recognition of the Identification of Origin of Southern Bahia also had the participation of non-governmental and governmental organizations of the southern region of Bahia. Obtaining the Geographical Indication (GI) meets environmental, legal, local, social and traditional conditions and conditions the increase in productivity and quality of cocoa beans produced in the southern region of Bahia intrinsically linked to the development of new governance, from the Cocoa SulBahia Association - ACSB.

The proposed local governance model has the function of defining how resources and organizational assets will be planned and managed within the scope of institutional action





by establishing rights and responsibilities for the decision-making process in the selection, prioritization and optimization of their scope of work.

The adoption of processes, regulations, decisions, customs and ideas that show the way ACSB is directed and managed in order to ensure good practices and standards of effective controls and to expand its processes of cocoa quality control as well as its performance.

The rearticulations of the social organization of the cocoa bean's superior quality market bring about changes in the reorganization of social relations throughout the production system, from production to final distribution to consumers. These actions are made possible through cooperatives and producers' associations, which leads to the coexistence of the traditional commodity market and new forms of production. These new forms of production are associated with the social, environmental and traditional values originated by the "quality oriented" movement. For Dorneles *et al.* (2017), these alternative agro-food systems do not represent a substitute structure for the conventional and hegemonic forms of cocoa production, but present themselves as a possibility for the dynamization of local economies in specific rural regions, as well as an opportunity for choice for certain consumer movements more aware and critical of food production.

The second pillar in this process is the flexibility of the technology developed to specifically produce liquor, that is, to transform the almond into chocolate, in small and medium properties, with a better preservation of its sensory qualities, which occurred from the development of equipment for smaller industries, for the processing of cocoa beans.

In 2002, the Executive Committee of the Cacaueira Plan - CEPLAC, located in the city of Ilhéus-Bahia, implemented a pilot plant for the formulation of chocolate with a high proportion of cocoa mass, stimulating the development of small and medium-sized chocolate companies. The producers are oriented to produce quality cocoa, which is classified and destined to the market as fine, organic, and in some cases, as chocolate. The institution encourages the production of differentiated chocolate, with formulations presenting 56,6 % and 70 % cocoa mass (CEPLAC, 2015).

In Brazil, two companies develop products, machinery and technology for almond processing in small and medium cocoa agroindustries, which are called *mélangers*, responsible for the production of homemade or artisanal chocolate (FONTES, 2013). The production of special chocolates through the access to technological innovations in equipment triggers the breaking of entry barriers in this market, which is highly concentrated when compared to other agri-food markets.

From the construction of the quality market and the flexibility of the technology new marketing strategies of differentiation are used in the marketing of the almond and the insertion of a new by-product, the special chocolate of the region.



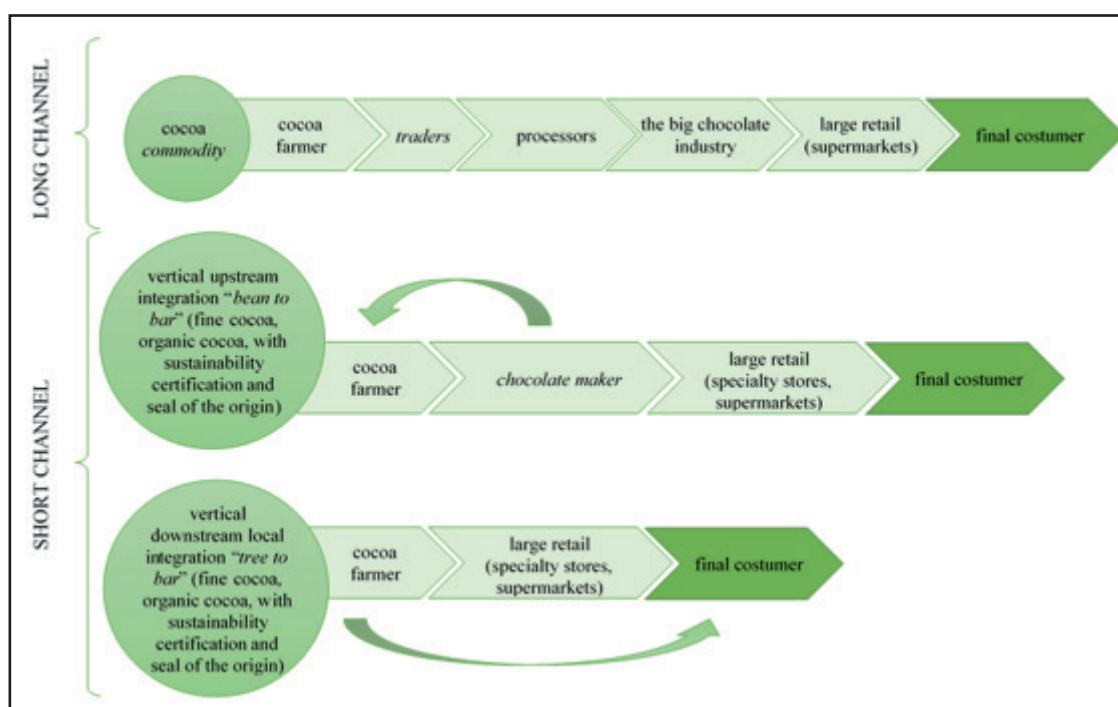


Analysis of new alternative marketing channels

Alternative marketing channels (or insertion strategies) that provide new niche markets are: local vertical integration downstream or tree to bar and vertical integration upstream or bean to bar.

From the construction of the quality market and the flexibilization of the technology, new marketing strategies started to be thought for the differentiation in the commercialization of the almond and for the insertion of a new by-product, the special chocolate of the region.

Figure 03. Description of cocoa/chocolate marketing channels.



Source: Research and graphics by Claudete Rejane Weiss

The concept of local vertical integration downstream tree to bar defines the strategy that the cocoa growers invest from the cultivation of the cocoa trees, through all its stages to the selection and processing of the almonds, generating a final product cocoa/chocolate of origin. The actors involved in the process range from planting, harvesting, handling the almonds and processing them into chocolate of origin, ready for consumption and marketing itself. This means that the entire process is carried out by the cocoa grower, being the main protagonist of the cocoa/chocolate value chain. This advance has become a mechanism to add value and increase the profitability of the cocoa grower by redistributing profits to the cocoa grower and consequently an advance in socioeconomic development.

Both upstream bean to bar and downstream tree to bar vertical integration use short circuits as marketing strategy. Short circuit, according to economic theory, means the reduction of intermediaries and logistics costs and the consequent increase in profits, while from





the point of view of economic sociology the new market niches mean that new alternatives arise from the construction of short agri-food networks.

The main differential tree to bar is traceability, stimulating the growth of chocolate brands so called. The new market niches allow the redistribution of added value to the value chain, which previously was concentrated only in the commodities market (export-oriented production) of large cocoa processors and/or local players.

The marketing of cocoa beans as a commodity is carried out through a long channel, where profits are focused on large companies. Returning to Figure 3, it can be seen that the cocoa grower has been modernizing the handling of the cocoa/chocolate product, although this fact does not seem to influence the price of the cocoa bean for the producer, because the purchase/sale value is directly linked to the supply and demand of commodities on the New York Stock Exchange. In other words, the production of the almond, in most cases, is dependent on traders, who control the stocks for chocolate production, and/or processors, who make the basis for chocolate production, and/or the large chocolate industry, which distributes the final product, and/or even, from distribution to the large retail, finally reaching the final consumer.

■ FINAL CONSIDERATIONS

The market enhancement of specific qualities of fine or flavored cocoa beans, organic cocoa, cacao with sustainability certification, cacao with seal of origin and the production of special chocolates from the southern coast region of Bahia represents an antagonistic process of commodity cocoa production models.

In the search around new definitions of qualities associated to the place as a strategy of re-location, from a specific context, generated by a turn for the quality of the chocolate produced in the South of Bahia. Therefore, it is observed that in this way, the valorization of specific attributes and the flexibilization of technology through the development of specific machines and equipment for the medium and small chocolate makers are responsible for the short circuits bean to bar and tree to bar.

Direct articulation with markets via upstream vertical integration bean to bar and downstream local vertical integration tree to bar is a short chain market social construction, which allows the construction of differentiated commercialization processes, facing an oligopolistic structure in which the dominance of large local players leads to (de)localization and loss of local identity.

The innovation of production processes, technology and governance relations, result in increased relations between cocoa/chocolate players such as associations, cooperatives and entrepreneurship in the region, exalting their particular characteristics by transforming





it into a different product from the standard product (bulk), seeking recognition and appreciation in the market, affirming the quality of the regional cocoa product through the use of alternative marketing channels that are integrated with the preservation of cabruca, a production technique that preserves part of the native forest in consortium with the cultivation of cocoa, preserving much of the ecosystem and natural biodiversity of the Atlantic Forest in southern Bahia.

Adoption of processes of technological diffusion facilitating access to technology and innovations of stagnant rural areas in a lagged productive process.

It is essential to bear in mind that the social construction of markets is not only about the possibility of access to new markets, but also about the construction of a new model of governance that identifies itself with the valorisation of the cocoa/chocolate product, and at the same time intertwines with the importance of cocoa farmers, the stamp of the almond from the geographical indication which is a prize received, for tradition and tacit knowledge, which strengthens the process by obtaining a cocoa bean of specific quality, coming from the cocoa plant (seedling), it goes through a sorting, then cultivation, handling and until arriving at the almond with the stamp of origin.

The special chocolate that is formed by a high cocoa content, which is stamped on the chocolate packages with bean to bar and tree to bar, has been promoted by alternative agro-food systems, which are stimulated by the growing appreciation of conscious consumers, within the quality and origin requirements, in force in today's society. The rise of alternative channels of commercialization of cocoa/chocolate is going through increasing transformations and are aligned with the trends in consumption style, which are associated with the values of well-being and socio-environmental concerns. The cocoa/chocolate is within a link that goes from the origin to the special chocolate tasted by the admirers of this product, where it is strengthened in the institutions that are part of local governance, which work to place the cocoa/chocolate of Southern Bahia in the national and international market with quality seal, acquired through local incentives.

The short and long channels co-evolve in the same spaces, and the battles that are to come will possibly take place in the fields of re-(de)location and superior quality. The biggest challenges are in the adoption of new forms of production and technologies, from harvesting, post-harvesting to fermentation, as the almond with specific attributes and the production of special chocolates has shown results in terms of valorisation and remuneration for cocoa farmers.

The new rising market niche bean to bar and tree to bar is a chocolate seen from a new context within the quality turn. The discussions and theoretical definitions are still unexplored because it is an innovative concept, which comes with new research and publications, as well





as the expansion of scientific knowledge focused on cocoa/chocolate agribusiness. On the other hand, the consumer is not yet familiar with the terms, because it is a product with market trend in the context of quality turn that is associated with the short circuit.

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