



KAKOA

Introduction



Chocolate with a purpose

Kakoa Fine Indonesian Chocolate (PT. Aneka Coklat Kakoa)

Location: Indonesia

Industry: Agriculture; Food and Beverages

Founded in 2014

Image credit to Asia for Good

Kakoa was founded in 2014 by Sabrina Mustopo and Simon Wright, both who previously worked as management consultants with McKinsey and Company. Kakoa is a “bean to bar” chocolate maker which partners with smallholder cocoa farmers, and operates down the cocoa value chain to bring premium quality, locally sourced and produced chocolate to Indonesian customers. Kakoa aims to improve the yield, quality and profitability of cocoa plantations of beneficiaries, and to create value through production of its own chocolate bars.

Highlights

- Kakoa is one of the 12 finalists in the DBS-NUS Social Venture Challenge 2015
- Kakoa has worked with 60 farmers with 90 hectares of land in 2014

Social Problem

Although Indonesia is the third largest cocoa beans producer in the world, it imports most of its chocolate. There are 1.6 million cocoa farmers in the country, who earn on average less than USD\$110 per month, and their livelihoods are often affected by price fluctuation. They have also been increasingly seeing plant diseases, which could lead to difficulties in extracting the cocoa beans from the cocoa fruit, and weakening of the stems of the plant. Such occurrences are rather recent and many farmers do not know how to cope with these plant diseases. As a result, the average productivity of a plot of cocoa plantation in Indonesia is only around 25% of the yield of a healthy plot. Poor quality of beans also means that good beans and defective ones are often mixed together, and consequently, they cannot be sold for a better price.



CEO and Founder,
Sabrina Mustopo on
site in Lampung

Image credit to
DailySocial

Social Intervention and Impact Created

Kakoa aims to solve three related problems:

- Low yield, quality and farm profitability amongst cocoa farmers
- Environmental degradation and increasing conflict with wildlife due to agricultural expansion
- Lack of downstream processing in the Indonesian cocoa sector

To do so, Kakoa conducts an eight-week workshop which includes technical training and practical sessions to combat plant diseases, make organic compost, and ferment cocoa beans, among other topics. Kakoa also provide free equipment to farmers and post-harvest management. With the higher quality of beans produced, Kakoa is then able to pay farmers much higher prices for their cocoa beans, around twice that of the market rate. This is made possible by having a local chocolate production plant, which produces premium chocolate bars which Kakoa then sells for around S\$4, through reducing the intermediaries involved between the sales of the cocoa beans to the manufacturing of chocolate bars.

In 2014, Kakoa has trained 60 farmers (cumulative), and developed sustainable farming practices for 90 hectares of land. These (cumulative) numbers are projected to grow to 260 farmers and 390 hectares in 2015.

Business Model

Kakoa buys cocoa beans directly from their farmers, and in doing so eliminates 4 to 7 intermediaries in a typical chocolate value chain from the cocoa bean to the chocolate bar. It is a win-win situation since partnering farmers can make more money from higher quality beans as a result of technical training from Kakoa, and through the elimination of intermediaries. Kakoa in turn can produce premium chocolate that meet the standards of the growing appetites from developing countries now and in the future.

Kakoa is currently moving out of an operational phase to a growth phase as it continues to scale up its impact.

Partnerships

Kakoa has managed to raise funds from LGT Venture Philanthropy and Angel Investment Network Indonesia. In particular, LGT Venture Philanthropy has offered a USD 50'000 loan to finance additional processing equipment, a client grant of USD 21'000 to provide farmers with training, equipment, and ongoing monitoring and support, and access to LGT Venture Philanthropy's network and ongoing mentoring support.

Current Marketing Efforts

Online presence and social media

- Online store (<https://www.bukalapak.com/kakoachocolate>): the online store is in Bahasa, and only delivers to Indonesia.
- Facebook (Kakoa Chocolate): 6364 likes, around 3 new posts per week
- Instagram (kakoachocolate): 1667 followers.
- Twitter (@kakoachocolate): 256 followers, 21 likes, in English.
- Youtube (Kakoa Chocolate): 5 uploaded videos

News and Media Coverage

Kakoa is featured in local media and television programmes. It was on a programme on Kompas TV, and has articles written about it on the Jakarta Globe and Forbes Indonesia among others.

Challenges Faced and Project Scope

In the hyper-competitive chocolate market, Kakoa's challenge is in creating a brand and a message that not only stand out from other chocolate brands, but also resonates with consumers.

Kakoa hopes that participants can help to define the key target audience who will be the first to adopt the product (the 'who'), the message and the story Kakoa conveys (the 'what'), and the channels and formats that Kakoa can use to reach its target audience (the 'how').

The target geography of the project will be Singapore, and the team will not only help to develop the marketing strategy, but also play a part in executing and implementing it.

Useful Links and Resources

Company Website: <http://www.kakoachocolate.com/>

Facebook: <http://www.facebook.com/kakoachocolate/>

Additional references

SVCAsia 2015 Finalist Kakoa Pitch (Video): https://www.youtube.com/watch?v=lnvm1Nf_00c

Case study of Kakoa, DBS-NUS Social Venture Challenge Asia 2015:

https://drive.google.com/file/d/0ByxPsY6P_0SfeXFnbjllZTE1ekk/view

Kakoa Semi-Finalist Profile, DBS-NUS Social Venture Challenge Asia 2015:

<https://www.dbs.com.sg/iwov-resources/images/sgsme/dbscontent/products/businessclass/events/community/info-graphics/kakoa.pdf>

Kakoa Profile on LGT Venture Philanthropy

<http://www.lgtvp.com/Uber-uns/Portfolio/Organisation/Kakoa.aspx>

Does your chocolate do good?

<http://www.ourbetterworld.org/story/does-your-chocolate-do-good>

Kakoa Profile on Impact Connect Asia

<http://impactconnect.asia/social-enterprise/kakoa/266/>