## PACCARI CHOCOLATES - FAMILY COMPANY BECOMES A BUSINESS THAT REVOLUTIONIZES THE COCOA INDUSTRY IN ECUADOR AND IN THE WORLD

## April 2025

Paccari Chocolate is a family business founded in 2002 by Santiago Peralta and Carla Barbotó with the aim of changing the history of chocolate in Ecuador. What began as a family enterprise became a business that revolutionized the industry, not only in the country, but throughout the entire Latin American region.

More than 150,337 families depend economically on cocoa production in Ecuador. Ensuring stable and fair prices for the national supply of cocoa was one of Paccari's first sustainable practices, recognizing the historical quality and promoting family farming passed down from generation to generation.



In November 2023, <u>Ecuadorian brand Paccari emerged as the big</u> <u>winner in the International Chocolate Awards</u>, winning eight prestigious awards that consolidate its position in the fine chocolate industry. The International Chocolate Awards are recognized as the only independent global competition for fine chocolate, rewarding excellence in chocolate making and products made exclusively with quality ingredients.

Paccari (nature in Quechua language) was founded in 2002 by the initiative of Santiago Peralta and Carla Barbotó, who created the company that produces organic and biodynamic cocoa. More than 3,000 peasant families provide the fruit that the company turns into chocolate in its factory in Quito, at a rate of 24,000 bars a day. Nearly a hundred employees select the cocoa beans, peel, roast, grind, and then transform them into powder. From there, they go to the mixer, which turns them into that dark liquid that delights consumers; then, they go to the moulds, where they are mixed with a wide range of flavours. Ingredients such as jasmine, cardamom, Andean berries, Andean rose or Maras salt from the salt mines of Cuzco enhance the new flavours.

70% of the world's fine cocoa is grown in Ecuador; in the country this agricultural activity is carried out by around 150 thousand families of small producers. However, although the world demand for fine aroma cocoa known as Arriba Nacional, which is used to make premium chocolates, increases annually, the income and standard of living of small farmers have not increased in parallel. Only 8% of the cocoa produced by Ecuador is exported in the form of chocolate as the final product. This dynamic of exporting raw material (92%) causes prices in the cocoa sector to vary depending on world supply and demand, and the instability in the prices paid to small producers seriously affects their economy.



On the other hand, it is estimated that around 86% of cocoa production is marketed through intermediaries and this system implies that the producer receives less than 50% of the value per quintal of dry cocoa. This dynamic has also caused productivity and profit levels in the peasant family farming sector to be so low that they do not cover production costs. Added to this problem of profitability and low productivity is the fact that around 90% of farmers do not have access to credit, which makes it difficult to improve the production process and the possibilities of advancing in desirable technological changes to improve quality.

Paccari seeks to break these market and intermediation dynamics by paying a fair price to producers, thus recognizing organic quality and providing a future expectation for family farming. Currently, Paccari focuses on contacting and establishing a direct commercial relationship with small producers in the provinces of Manabí, Esmeraldas, Los Ríos and Napo, which are around 3,500 families. By having a direct trade model, not only is a better price offered to the farmers, but they are also accompanied in the process of improving their quality of life, through training and social projects. Paccari is recognized as a leading company in Ecuador and Latin America, and its philosophy can inspire more entrepreneurs to recognize the work of small producers and replicate Paccari's actions in their own initiatives.

To increase the productivity and quality of the fine aroma cocoa known as Arriba Nacional organic, the Paccari company has implemented a work with three specific objectives:

- Promote organic production methods attached to ancestral practices. Paccari provides through experts periodic training and technical support to families of small producers on organic, biodynamic methodologies and pest control through microorganisms.
- Improve the living conditions of small farmers in a sustainable way. Paccari has facilitated access to green energy and clean water. It has also promoted schools with earthquake-resistant construction in rural areas of the Esmeraldas coast. In 2018, once the areas of greatest need were identified, around 250 water filters were also distributed to different rural Ecuadorian communities.
- Manage training and technical assistance for the associations. Paccari has managed several training projects within cocoa producer associations. In 2018, for instance, it started a program with financing from ReEmprende, a Program that manages funds from a trust for the reconstruction and reactivation of production. The program benefits 60 small cocoa producers in Manabí and ensures technical support to generate the capacity to manage an equitable collection system, productive control and financial management to increase the quality of productivity. Paccari benefits buying better quality cocoa and supply its demand.

One of the main contributions to the cocoa sector and what makes Paccari different is being a pioneer in the cultivation of organic cocoa and the production of premium organic chocolate. Nowadays, Paccari produces more than 100 different chocolate products and manufactures more than five million chocolate bars per year. This differentiation has generated an increase in international demand for Paccari products, with an approximate growth of 10% annually. Paccari has been recognized for 7 consecutive years with more than 200 awards, by the International Chocolate Awards. This has given it the title of the best organic chocolate in the world. Additionally, it has organic and good manufacturing practice certifications.



Paccari provides the following social, environmental and economic benefits to its member associations and to the territories as a whole:

- The first impact is the revaluation of ancestral practices for caring for crops. These practices keep cocoa crops, for example, free of chemicals, but resistant to possible pests. By encouraging and providing periodic training to farmers, organic crop diversification practices are developed which are less invasive for the environment.
- Another aspect is that the self-esteem of the agricultural sector have also changed. Farmers taste the chocolate they help create, and now they also know the value of their work and the specialness of their crops. Paccari has revolutionized the cocoa industry by giving direct and active participation to small farmers, promoting transparent, fair and direct trade. At the beginning, only one association of 400 farming families accompanied Paccari in the venture, however, now there are 7 associations representing 3,500 families of small producers; and many more want to join and are in the process of accreditation. Additionally, with the growth and international recognition that Paccari has had, the resources that the company can invest in social projects are greater.
- There has also been greater recognition by government authorities of the needs of farmers. This gives greater support to the practices that Paccari carries out and they are now beginning to be widespread. Paccari helps with financing so that small producers can form associations, buy technology for productive improvement and cover the expenses to obtain international certifications.
- Price stability and control of the production capacity of each association are other key aspects. In the traditional cocoa production chain, the price that farmers receive for cocoa fluctuates between 25 and 120 Euro per quintal. Paccari decides not to be governed by market norms and pays at least 130 Euro per quintal. Additionally, it economically recognizes the efforts of the producer associations for quality, social responsibility and community development, verifying these aspects through field visits and support in the organic certification process. By having stable prices for the raw material, the company can also establish strategic prices for the insertion of the brand in new markets in an efficient and useful way.
- By having direct contact with small producer associations, Pacari can offer its customers a 100% traceability guarantee. This is an advantage over other companies in the chocolate industry and would not be possible if working with intermediaries.

Paccari Chocolate is currently sold in 47 countries around the world. The Pacari website contains <u>information on the 400 awards</u> <u>won internationally</u>, as well as information on ongoing work and <u>news that demonstrate the company's great success</u> internationally and for its associated producers.

## To know more

Paccari webpage

Comunidad Cacao Sostenible in paccari website



## Paccari-experience .com

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