

Living Income Compensation Implementation Model Cocoa for Retailers

(Just summarizing the particular steps to take for a Living Income Compensation chocolate bar, not just any chocolate bar)

Marketing & Sales

Create your idea of the Living Income Compensation chocolate bar:

- Product concept:
 - Volume (important because of finding the right segregated flow of beans)
 - Next to your current assortment, new varieties, or on top
 - Determine if you want certification (Fairtrade, Rainforest Alliance etc.)
 - Size of the bar (linked to the price tag)
 - Composition (ingredients, varieties)
 - Shape (look at Tony Choclonely (Tony's)
 - Consumer packaging (for story telling you can use the bar itself, the inner packaging, the outer consumer packaging, and certified packaging material)
- Price tag
 - Look at brand's and other retailer's activity (examples now with Tony's, Belvas, Fairafric, and Albert Heijn coming up with a 'Tony's' bar assortment under Delicata €0,10 above current offering)
 - Linking to your current offering. At par or extra.
- Logistics
 - Outer packaging (do you want to communicate the story, also for handlers and store staff, and certified packaging material)
- Promotion tactics
 - Press release
 - Website and social media coverage (don't forget LinkedIn)
 - Point of Sale material to tell the story in-store next to the packaging (bring it down to the farmer)
 - Advertising (this might be a story you want to advertise)

Sourcing & Supplies

The nitty gritty of sourcing a Living Income Compensation chocolate bar:

- Origin
 - Where are you going to source the beans (Ghana, Ivory Coast, other countries) and from which coop, farmer group (also related to your Private Label-supplier).
 - Are you going to team with Tony's (they love that). They have 5 principles they want you to adhere to: traceable beans (segregation), living income price (duh...), support farmers to professionalize, long term contracts, and investing in quality and productivity. And if you adhere to those principles that are open to share their cocoa streams with you, which makes sourcing more efficient.

- Find out about your Private Label-supplier:
 - Experience with segregated flows. You need a segregated flow to do your story telling, make sure that your supplier maps the flow, and have it checked by experts (e.g. Fairtrade) because this is a crucial element of your strategy.
 - You can, if you want, choose for soft or hard segregation. Soft being that you select the communities that you will pay the living income compensation to, but not necessarily using their beans, because they are not segregated. That makes story telling somewhat more complicated. Hard segregation is of course that you segregate all the way: the living income compensation is then connected to the beans you are sourcing.
 - Connections to specific coops, farmer groups that you can then also work with.
- Determine:
 - If you are going to work with long term contracts (that might be useful for your own good also to create the right story)
 - Undertaking a needs assessment for the farmers you are going to work with to potentially put in an extra effort. You are going to find out is there any hot spots that you want to work with the farmers. It's all those issues that either have a significant negative impact now or those issues that could have a significant positive impact in the future.
 - Doing extra projects around deforestation with the [Cocoa Forest Initiative](#), quality, productivity, gender, child labor etc. (for child labor the golden route is via the [International Cocoa Initiative](#) creating a Child Labor Remediation and Monitoring system)
 - If you want impact research to check if your efforts pay out (e.g. Fairtrade). Meaning that you want to make sure if you pay extra money to the farmers that their quality of life actually improves e.g.
- Living Income Compensation:
 - Decide on the amounts that you want to invest into the Living Income Compensation. You can create your own model, the Tony's model, the Fairtrade model or other. You best base anything you do on the Living Income Benchmarks (stating what income a farmer needs to sustain his or her family) of the [Living Income Community of Practice](#). And whatever model you are using, make sure that you have a credibility check on that model by a independent and well respected organization to avoid criticism when you are implementing.
 - How you are going to pay the Living Income Compensation, make a payment flow that shows where the extra payment is coming from, in what way it is being transferred, and who is receiving the money.
 - Have the Living Income Compensation disbursement checked, and make sure you have an independent source for control on the disbursement of those funds and the spend (e.g. Fairtrade).

Support Backstop

- If you are puzzled you can send your questions to us. We will get back to you within 1 working day.
- Our network covers standards, civil society, governments, science, and of course business. So, we know what we are talking about.