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PRESS RELEASE

Cocoa Prices Drop Fourfold, but Chocolate Prices Barely Change (10/03/2026)

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Comment to the media.
The comment is directly related to the activities of Vilniaus Pergalė, as it discusses the main factors determining chocolate production costs – cocoa raw material prices, the supply chain, and other cost components. A representative of the company explains how changes in the global cocoa market affect the final product price, the timing of these changes, and the company's specific responses to fluctuations in raw material prices. The comment also highlights how the company has managed rising costs and the actions it has taken to remain competitive.

Comment by Justas Razmus, Marketing Manager of Vilniaus Pergalė

The price of cocoa beans on the exchange has fallen to about one quarter of its peak last year. However, according to data from the State Data Agency, we do not observe a significant decline in chocolate prices in Lithuania.

When assessing cocoa price changes, it is important to distinguish between two factors: the spot price of cocoa on the exchange and the final retail price of chocolate products.

In fact, in 2024, we saw a historic spike in the world market price of cocoa, when it exceeded €11,000–12,000. This is around four times the previous long-term price of cocoa. The market subsequently corrected itself, and today the price of cocoa is around €3,000–4,000. This represents a drop of approximately 65–75%, although the price level is still higher than what the sector is accustomed to. The important point is that the fall in cocoa prices is not due to a sudden surplus on the market, but rather to a drop in consumption following the record price spike, which has led some producers and buyers of raw cocoa to reduce their orders.

The second factor is that forecasts for future harvests have improved, leading to a correction in exchange prices; however, this still does not compensate for the previous deficit. For example, according to the International Cocoa Organisation, the 2023/24 season ended with a deficit of around 489,000 tonnes of cocoa on the world market, the largest in decades. The 2024/25 season was originally predicted to be in surplus by about 49,000 tonnes, and the latest 2026 estimates have revised this figure upwards to around 75,000 tonnes. In other words, the market is slowly stabilising after the extreme supply shock, but the effects of the imbalances from previous years are still being felt.

Moreover, the final price of the product is also influenced by the fact that chocolate producers do not purchase raw materials "for today". Much of the cocoa is purchased in advance under long-term supply contracts and through hedging transactions, which means there is a time lag in how changes in the exchange price are passed through to the final product price. The price stabilisation observed today is not primarily driven by excess earnings, but by the market's attempt to return to a more sustainable and economically sound balance after a period of extreme stress.

Regarding our specific situation, I would like to emphasise that we did not increase the prices of our product supplies during that stressful period to the extent that would have fully compensated for the raw material price shock. There were even periods when some of our products were sold at zero or minimal margins. Additionally, at that time, promotional offers had to be suspended, as increased sales would have resulted in immediate losses under such circumstances.

AB Vilniaus Pergalė

Legal entity code 222262320
The data is collected and stored at the Register of Legal Entities
VAT identification number: LT222623219

Registered office address: V. A. Graičiūno g. 26, LT-02241 Vilnius, Lithuania
Tel.: +3705 2751311, info@pergale.lt, www.pergale.lt
Bank account No. LT24 7044 0600 0627 7894
AB SEB bank

Has the fall in cocoa bean prices affected the prices of your products? Maybe you have lowered them as a result?

Changes in cocoa prices reach producers with a certain delay for the reasons mentioned above, so chocolate prices in shops do not adjust immediately. It takes time before the fall in world market prices translates into lower production costs. But change is happening – as we are now able to purchase cocoa on more favourable terms, we have already reduced our prices for our retail partners this year. However, the final product price is determined by retailers based on their costs and margins, so price changes may be reflected differently across shops.

What constitutes the cost of chocolate? What proportion of the price of chocolate comes from cocoa beans?

Another reason prices do not adjust so sharply is that cocoa is a critical, but not the only, component of chocolate production costs. In recent years, producers have been under pressure not only from “crazy” cocoa prices, but also from rising logistics, energy, packaging, and labour costs. According to figures from FoodDrinkEurope, the European food and drink industry’s trade body, these costs continue to increase and impact the overall cost of food products. This can be illustrated in a practical way: one of the most recent chocolate production cost models for 2026 calculated that raw materials account for around 68.6% of the total cost of milk chocolate, while labour, energy, logistics, packaging, and other operational costs make up the remaining 31.4%.

Even now, with cocoa prices down on the exchange, all players in the sector face the same situation: international chocolate producers acknowledge that there is almost no room for rapid price reductions, since part of the raw materials for 2026 have already been purchased at higher prices, and other cost components also remain elevated.

About the future.

Unfortunately, things will never be the same – chocolate prices are expected to stabilise over time, yet are unlikely to reach the levels seen before the raw material crisis of recent years. As I mentioned earlier, the economics of chocolate production have changed significantly in recent years, not only due to cocoa, but also because of rising labour, energy, logistics, and packaging costs.

In addition, the chocolate sector is increasingly influenced by other long-term factors. Climate change is having a major impact on cocoa harvests in West Africa, which produces around 60% of the world’s cocoa. More extreme weather, plant diseases, and lower harvests have made cocoa supply increasingly unpredictable in recent years.

There are also growing demands for sustainability and transparency in the supply chain. For example, new EU regulations on forest protection and raw material traceability, which also apply to cocoa, are coming into force. This leads to greater transparency in the supply chain, but on the other hand, it also increases administrative and supply costs, which in turn raise production costs across the chocolate industry.