

Comment: Emmi's shrewd move for Onken yoghurt

By: Dean Best | 11 November 2010

In April, speaking to just-food after Emmi announced plans to buy Swiss cheese maker Fromalp, the dairy giant's CFO Reto Conrad hinted that the company would make more acquisitions in Europe this year.

Although Conrad was coy about any targets he and Emmi had in mind, just two weeks before that interview, he had told just-food about a company target to grow the CHF680m of international sales the business generated in 2009 by a further CHF2bn in "five to seven years".



Analysts praised Emmi's move for Onken

Since then, in a venture with a regional Swiss dairy co-op, Emmi has snapped up the assets of a former dairy in its own market. The company has also announced plans to revamp its brand portfolio to drive sales.

However, to meet that target, it was clear that more acquisitions were needed and the move for Onken will enable Emmi to take a significant step towards its target.

This morning, Emmi announced it had bought the Onken yoghurt brand, a household name in the UK and Germany, from Dr Oetker, the German food group.

The deal, struck for an undisclosed sum, gives Emmi a greater presence in those two countries - long held up as two key international markets for a company looking to rely less on a mature Swiss market.

Emmi CEO Urs Riedener pointed to Onken's position in the UK and German markets for larger pots of yoghurt, where, he says, the brand is number one and number three respectively.

Riedener also said that adding Onken to Emmi's business will help it "lay the foundations for further growth" for its wider portfolio in both markets.

"The acquisition of Onken is a logical and important step for the Emmi Group. The brand opens up new sales channels and growth opportunities to us," Riedener said.

The addition of Onken, Emmi says, will give the business a "broader, more balanced portfolio" in both markets.

Emmi claims to hold a "strong position" in Germany's fresh-dairy sector with products like Caffè Latte and dessert brand Carameltöpfli.

In the UK, Emmi is building its fresh-dairy business with, for instance, marketing investment behind the Caffè Latte brand. Emmi argues that the UK has a "high degree of affinity for Swissness" and, with a "relatively low" per capita consumption of dairy products, is an "attractive" market for the business.

Patrick Schwendimann, an analyst at Zurcher Kantonalbank, praised the deal. In a note to clients today, Schwendimann said the Onken deal was Emmi's "best foreign transaction for some time" - notwithstanding the company's move for US cheese maker Roth Cheese in 2009.

"Emmi is strengthening its position in key markets in a high-margin and fast growing area," Schwendimann wrote.

Independent analyst James Amoroso described the acquisition as a "good step forward" for Emmi, especially in Germany. However, he argued Emmi will face challenges in the UK, where he says the Onken owner will meet competition from the likes of Muller, Nestle, Danone, organic players including Yeo Valley and private label.

"It will not be easy in the UK - but it's a start. Emmi has been looking for some time at a way to establish itself in the UK with an established yoghurt brand, having recognised that to build the Emmi brand from scratch would have taken too long and cost too much money," Amoroso said.

However, Amoroso suggested that Emmi had much to ponder when considering how to position Onken in the UK. "I am not sure how a Swiss company is going to develop a German brand in the British market. Emmi have no doubt considered this but there are lots of questions."

[There is currently 1 comment on this article](#)

James Amoroso usually knows what he's talking about but this time he missed the obvious solution to repositioning the Onken brand. Just look at the packs... The main brand is Dr. Oetker and the sub-brand is Onken. So why not just switch Dr. Oetker for Emmi. Then do an Emmi-style pack redesign and 'Hans is your uncle!' Your average Brit will not realise that Onken wasn't Swiss to start with. The Emmi brand can then add its Caffè Latte and Swiss Muesli to Onken to become a significant branded fresh dairy player overnight. Wake up, Amoroso! And well done, Emmi!

TheFoodAnalyst.com said 15 hours ago

[Reply to this comment](#) | [View all comments](#)