



INSIGHT: Lindt hopes brand assault will boost share

25 August 2009 | **Source: just-food.com**

Lindt & Sprüngli is to plough "considerable" investment into marketing in key countries including France, Germany and the US, the chocolate maker told just-food today (25 August).

The Swiss firm, which earlier today reported a slump in half-year earnings, plans to support its upmarket brand in a bid to gain market share.

The company refused to disclose how much money it would spend on marketing in the second half of the year but a spokesperson said the plans include a nationwide TV campaign in the US.



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"This is a considerable acceleration of marketing investment in the second half of the year," the spokesperson said. "It's all over [the world]. In our important markets, in European markets like Germany, France and Italy, there will be important efforts. We are also making efforts in the US on a national basis."

She added: "For a premium and high-end label like Lindt & Sprüngli, this is a special opportunity and we have the means to do it."

Lindt's half-year profits tumbled 88% on the back of rising commodity costs and charges from the closure of retail outlets in the US.

The company also blamed the "difficult global economic situation" for its inability to fully pass on higher cocoa prices to its customers.

Independent analyst James Amoroso said Lindt had not been quick enough to follow the likes of Cadbury and Nestle and pass on rising costs last year.

"I find it disappointing that the company was unable to pass on necessary price increases. It is obviously much harder at a time when the retail trade does not want to be regarded as inflationary by the consumer," Amoroso said.

"This is not due to any weakness on the part of the brand. Instead, Lindt merely missed its chance last year when such price increases would have been readily accepted, as was the case for Cadbury, Nestle, Hershey and the others. Lindt was too slow and is now paying the price."

The spokesperson brushed off Amoroso's claims and said Lindt had passed on some costs last year. However, she revealed that Lindt was facing continued pressure on commodity costs but was reluctant to pass on prices during the second half of 2009 due to the global downturn.

She acknowledged that consumers in certain markets had switched to cheaper chocolate but insisted Lindt still has confidence in the premium chocolate sector and would spend to support its brand.

"In 2009 and 2010 we want to take the difficult economic situation seen on the consumers' side into consideration. This is the reason why we are very cautious in completely passing on the rise in

cocoa prices. The main focus in 2010 will be on gaining share from the market and investing into marketing - not completely in profit maximisation."

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