

NAFTA

2017 sales in the “NAFTA” segment dipped slightly by -1.6% to CHF 1.6 billion, mainly due to changes in the US retail landscape and the strategic realignment of Russell Stover’s product portfolio.

After a period of stagnation in recent years, the overall US chocolate market performed better both in terms of sales growth and volumes.

A highlight in the region was the outstanding result achieved by Lindt Canada, which posted double-digit sales growth. The American companies Lindt and Ghirardelli recorded modest growth in a rapidly changing retail environment, due to the repositioning of the drugstore channel (a key channel for chocolate sales) and traditional department stores struggling with a decline in customer traffic. Russell Stover faced a decline in sales caused by the combination of a weaker market in general, the difficulties experienced by individual retail partners, and adjustments to its product portfolio. Action steps included the successful relaunch of the sugar-free chocolate line based on Stevia extract, while new packaging and additional attractive price points helped deliver buoyant sales during the Christmas period.

With the three brands Lindt, Ghirardelli and Russell Stover, the Group is No. 1 in the premium segment and No. 3 in the US chocolate market as a whole. With the continued strategic realignment of Russell Stover and the activities scheduled for Lindt and Ghirardelli, Lindt & Sprüngli remains well on track in the world’s biggest chocolate market and has managed to lay the foundation during the last financial year for further profitable growth.

Lindt & Sprüngli USA

In a highly competitive American market, Lindt & Sprüngli (USA) Inc. still managed to achieve sales growth of +1.0% and to expand its market share. The two brands Lindor and Excellence, as well as the seasonal business, were once more the major growth drivers.

Lindor generated growth both through product innovations and its existing product portfolio. A new product, Lindor Fudge Swirl, was launched especially for the US market and was very well received by consumers. The seasonal editions Strawberry & Cream, White Chocolate Peppermint and Gingerbread were also very popular and made



The new Lindor Fudge Swirl was very well received by our US consumers.

a positive contribution to sales. Large-scale nationwide and customer-specific product samplings at retail outlets helped to boost Lindor sales as well. The American consumer trend towards dark chocolate continued in 2017. The Excellence line established itself as clear No. 1 in the premium chocolate segment. The launch of the new Excellence dark chocolate bars with 78% cocoa, along with a 90% edition, helped to boost sales of this line. Lindt’s sales were also higher than average during the peak sales periods of Valentine’s Day, Easter and Christmas. The seasonal business was once again supported by product innovations, eye-catching point-of-sale displays and advertising campaigns.

Lindt USA acted as official sponsor for the Golden Globe Awards for the third year running, where it presented Lindor Milk in customized gift boxes especially designed by a top illustrator, for the enjoyment of guests at every table. VIP guests were also pampered with Lindor, Excellence and pralinés at a special booth manned by Lindt Master Chocolatiers. This prestigious event is a very effective tool for raising Lindt’s brand visibility in the US.

Investments in the US subsidiary in Stratham, New Hampshire, have further improved the efficiency of the production line through greater automation and have equipped the production plant for future growth.

Ghirardelli Chocolate Company

Ghirardelli Chocolate Company achieved modest sales growth in 2017 and grew faster than the overall market. Ghirardelli’s sales of its year-round assortment were boosted by the popular classic Caramel Square and the product innovation Bourbon Caramel. To raise the product’s visibility, Ghirardelli sponsored America’s biggest race meeting, the Kentucky Derby. Visitors tasted over 25,000 samples of the new Bourbon Caramel Squares rolled out to coincide with the event. This partnership generated 32 million online impressions.



Also 2017, Lindt & Sprüngli acted as official sponsor at the Golden Globes and delighted the Hollywood Stars in an elegant atmosphere with Swiss chocolate creations prepared by the Lindt Master Chocolatiers.



Ghirardelli's new Bourbon Caramel Squares which consumers could taste for the first time at the biggest race meeting in the US, the Kentucky Derby.

Dark chocolate continues to grow in popularity with the US consumers where Ghirardelli already ranks No. 3 in this segment. Ghirardelli Intense Dark, with 72% cocoa, is the biggest contributor to sales growth. Ghirardelli's seasonal business is growing the fastest and is supported mainly by the classic Peppermint Bark Squares at Christmas and exciting new products from the Novelty Shape assortment.

Ghirardelli's baking business achieved the No. 2 position in the US baking market. Contributing factors to this success include sales growth on baking chips, candy making, and baking cocoa.

Russell Stover Chocolates

The process of integrating Russell Stover Chocolates LLC into the Lindt & Sprüngli Group continued during the reporting period, along with the strategic realignment of the product portfolio. Russell Stover introduced numerous operational



Russell Stover relaunched its Sugar Free Bites with a new Stevia-extract based recipe in a fresh, new packaging.



Canada presented a Christmas Gift Box that leaves nothing to be desired.

initiatives to optimize retail support, logistics and quality to enhance efficiency. In 2017, Russell Stover launched a number of new initiatives. The company reinforced its leadership in the Sugar Free segment by relaunching its business behind fresh, new packaging and a new Stevia-extract based recipe.

Russell Stover also celebrated the 175th anniversary of Whitman's Chocolate with commemorative sampler boxes and a partnership with the United Service Organization (USO), a nonprofit organization which supports the welfare of the US Armed Forces. Over the same time period, the brand has begun to improve its consumer communication through targeted advertising and social media.

Lindt & Sprüngli Canada

Lindt & Sprüngli (Canada) Inc. once more achieved very impressive sales growth of 18.7% in 2017. Lindt extended its market leadership in the premium segment in a very special year for Canada, which celebrated the 150th anniversary of the Confederation. Lindt's market success is based on a customer-focused strategy including a series of successful campaigns that has managed to establish the Lindor and Excellence lines as No. 1 in the marketplace and strengthen customer loyalty.

Apart from the core products, a number of attractive product launches and the creative, multilayered marketing campaign for the Christmas season also played their part. For the third time in a row, around 45,000 consumers voted for Lindt as Canada's most trusted chocolate brand (Brand Spark Canadian Shopper Study).