



COMPANIES & MARKETS

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A CONSTANT WAVE OF INNOVATION ENABLES LEDO TO ENGAGE WITH CONSUMERS FROM ALL AGE GROUPS AS WELL AS TO RAISE ITS VISIBILITY OUTSIDE OF CROATIA

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Croatian Ledo takes ice cream innovation up a notch

- Ledo's strong leadership in the Croatian ice cream market is underpinned by the immense popularity of its brands and extensive distribution coverage as well as its innovation-led strategy
- Despite the deeply rooted love for traditional ice cream flavours in Croatia, Ledo is taking flavour innovation to a new level by expanding beyond chocolate and vanilla
- To reinforce its leading position further, Ledo is also exploring other avenues, including premiumisation, celebrity endorsement, a nostalgia-based positioning and crowd sourcing

Ledo, the unrivalled leader in the Croatian ice cream market

With an innovation-driven focus, broad distribution and strong marketing support, Ledo dominates the Croatian ice cream market both in retail value and volume terms. The company was established in 1958 and in 1992 became a joint stock company. Since 1994 the majority of the shares have been owned by the Agrokor group. Despite its well-established position, Ledo does not rest on its laurels and continues to invest heavily in new product development. In 2014 the company launched 40 new ice cream products, whilst the 2015 season has seen 35 new varieties being added to the range. Furthermore, Ledo's launches have gained industry recognition, including a number of awards given by the International Ice Cream Consortium (IICC). For example, in 2013 Ledo Blueberry and White Chocolate Cake on a Stick was proclaimed the world's best ice cream, whilst in 2014 Ledo Ice Snack, a chocolate covered vanilla flavoured ice cream combined with a raspberry and strawberry flavoured cereal bar, was recognised as the world's most innovative ice cream product.

It is estimated that per capita consumption of ice cream (packaged and unpackaged)

in Croatia reached 5.7 litres, suggesting considerable potential for further expansion given that the average for some other European countries is much higher, e.g. Finland with 11.5 litres. With take-home varieties enjoying immense popularity (58% volume share in 2014), opportunities are opening up to drive innovation within the impulse segment in a bid to generate stronger consumer interest in the category. (See Figure 1)

Exploring new flavour notes to excite consumers

The foremost flavour components seen on European ice cream launches introduced between January 2014 and June 2015 were chocolate, vanilla and strawberry. Croatia is no exception, with chocolate and vanilla hitting the top ranks. (See Figure 2)

The love for tradition is also reflected in the brand preference as for example Ledo's Snjeguljica (Snow White) is one of the best-selling products in the company's portfolio. This is a vanilla-flavoured ice cream with cocoa coating, which was the first product ever manufactured by Ledo back in 1958. The company claims that Snjeguljica's recipe hasn't changed since its launch. Despite its girlish packaging design, the product is targeted at children of both genders as well as adults of all ages.

Ledo Ice Snack

Ledo Ice Snack
Sladoled Okusa
Vanilije sa
Zitaricama i Cokoladnim Prejjevom (Vanilla Ice Cream with Cereals and a Chocolate Topping) is now available. The product retails in a 65ml pack.



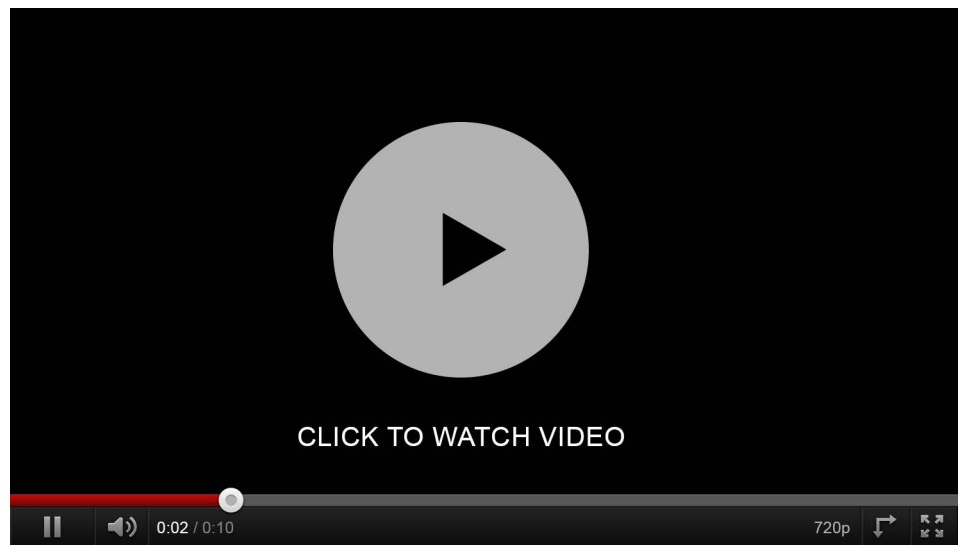
FIGURE 1: THE ICE CREAM MARKET (PACKAGED AND UNPACKAGED), MARKET SEGMENTATION BY VOLUME, CROATIA, 2014

	Volume share (%)
Take-home	58
Impulse	29
Artisanal	13

Source: Ledo/Mintel

However, with the aim of playing up the sensory experience and creating a point of difference, Ledo has been actively experimenting with less common flavours. Some of the inspiring examples have included panna cotta, cheesecake, chestnut, coconut cake, lime and kiwano, Zuppa Inglese, tiramisu, pancake, muffin, lavender, wafer, speculoos, sponge cake and brownie. In a partnership with Mondelēz, Ledo has also developed a co-branded offering, i.e. Milka flavoured ice cream. Another interesting development is Ledo Hot Love, recognised by IICC as the world's most innovative ice cream in 2012, a combination of vanilla ice cream and two sauces - chocolate and sour cherry - which come in separate cups and are designed to be served hot on the top of the ice cream.

LEDO SNJEGULJICA - LJUBAV NA PRVI LIZ



Experimenting with other approaches for boosting appeal

To engage with adventurous consumers, the Millennial generation in particular, Ledo has been trialling some other strategies beyond flavour experimentation, e.g. new ice cream shapes, celebrity endorsement, premiumisation, a free-from approach as well as a nostalgia-based positioning.

Moreover, with the recent launch of Ledo Jackpot, a vanilla flavoured ice cream stick with a nougat sauce, adult consumers can enjoy the thrill of victory. Every package

contains an instant win scratch card and the prize pool reaches HRK810,000 (EUR107k). Ledo FC Barcelona is another interesting development, being targeted at Barça fans. This is a vanilla flavoured ice cream with nougat and a crispy cocoa topping that comes in the shape of a football shoe and with one of four FC Barcelona-themed gifts, i.e. a 3D magnet, a badge, a sticker or a pendant.

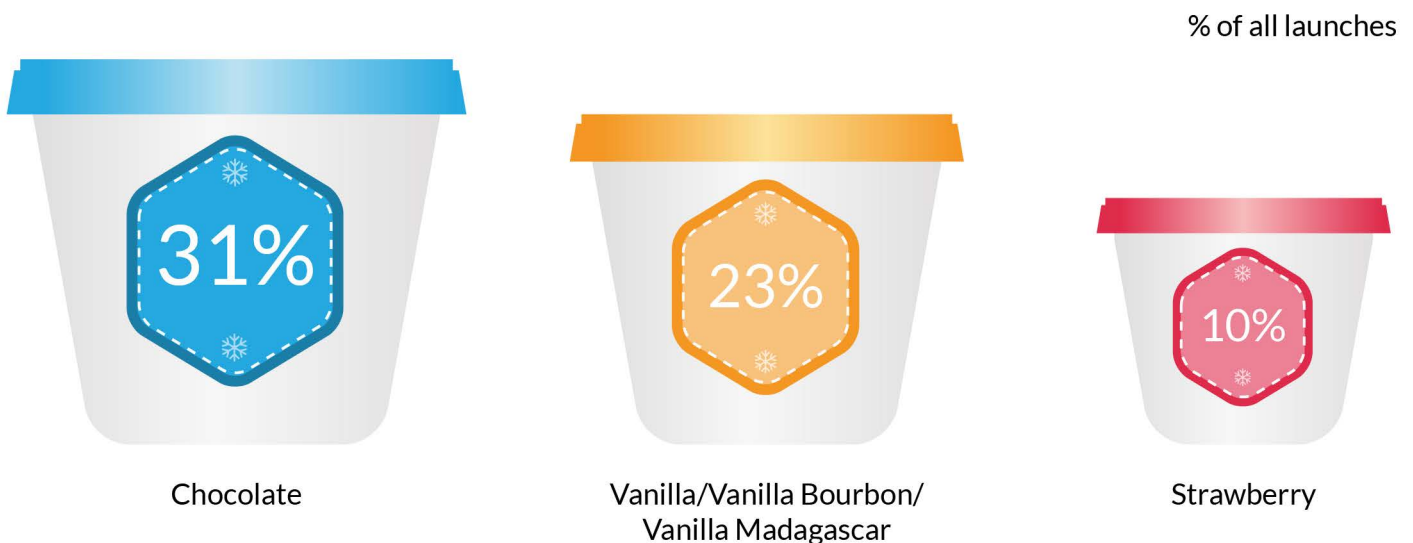
Ledo has also been using the crowd-sourcing concept to drive NPD activity. For the third time in a row, consumers, working in teams of two, were invited to create their

Ledo Snjeguljica

Ledo Snjeguljica Krem Sladoled Okusa Vanilije (Vanilla Flavoured Ice Cream with Cocoa Coating) has been repackaged with a new design. The product has been produced for more than 50 years and retails in a 325ml pack that contains five 65ml units.



FIGURE 2: ICE CREAM* LAUNCHES, BY TOP FLAVOUR COMPONENTS, EUROPE, JANUARY 2014 - JUNE 2015



*Dairy-based frozen products and water-based frozen desserts
Source: Mintel GNPD

own ice cream to be featured in the 2015 product line-up. The hazelnut and waffle flavoured ice cream with a milk chocolate sauce and a milk chocolate topping with waffle sprinkles turned out to be the winning invention.

What's more, Ledo is actively engaged in raising its profile abroad. At the moment, its products are being exported to more than twenty countries in Europe, Africa and Asia. Furthermore, in mid-2015, the company has signed a cooperation agreement with the American chain Kroger, one of the world's largest grocery retailers. The multi-pack ice cream sticks supplied by Ledo will be sold under the Private Selection premium private label.

With the ongoing focus on innovation, Ledo is well placed to continue to inspire other ice cream players. However, due to the indulgent nature of its recent launches, Ledo could also look to exploit the health and wellness positioning more

boldly, for example by using natural sugar alternatives, e.g. stevia, and by expanding its free-from sub-range with new dairy-

free options to address the needs of lactose intolerants, vegans and consumers seeking to add more variety to their diets.

FLAVOUR INNOVATION BY LEDO

Ledo Jamnica Sensation Asia Lime Kiwano Flavoured Frozen Dessert



Ledo Jamnica Sensation Asia Smrznuti Aromatizirani Desert Okusa Lime Kiwano (Asia Lime Kiwano Flavoured Frozen Dessert) is now available. The product retails in a 110g recyclable pack.

Ledo Strauss Winter Speculoos and Roasted Almond Ice Cream



Ledo Strauss Winter Speculaas Przeni Badem (Winter Speculoos and Roasted Almond Ice Cream) is made with speculoos biscuits and roasted almonds. This product retails in a 500ml pack.

King Prestige Brownies Gold Edition Ice Cream



King Prestige Sladoled s Cokolodom i Brownie Komadicima (Prestige Brownies Gold Edition Ice Cream) features an irresistible brownie flavour and a layer of gold dust applied to the chocolate coating. The product retails in a 90ml pack.

Ledo Chestnut Snack with Whipped Cream



Ledo Kesten Snack Sa Slagom (Chestnut Snack with Whipped Cream) is made with golden chestnuts, enriched with creamy whipped cream and wrapped in a thick milk chocolate coating. The product retails in a 210g pack, containing five 42g units.

INSPIRING LAUNCHES BY LEDO

Ledo Jackpot



Ledo Jackpot Sladoled Okusa Vanilije s Nougat Sosom (Vanilla Flavoured Ice Cream with Nougat Sauce) is now available. This product is targeted at over-18s and retails in a 100ml pack, which contains a lottery scratch ticket.

Ledo FC Barcelona



Ledo FC Barcelona Sladoled Okusa Vanilije I Nougata (Vanilla & Nougat Flavoured Ice Cream) is now available. The product retails in a 76ml (51g) pack containing a free gift inside and bearing the FC Barcelona Official Product logo.

Ledonardo



Ledonardo Sladoled od Ljesnjaka i Vafle (Hazelnut and Waffle Ice Cream) is now available. The product, created by two Ledo fans, retails in an 80ml pack.



THE ANALYST'S VIEW

- With its innovation-led strategy backed by widespread promotional support, Ledo is well placed to further reinforce its leading position in the Croatian ice cream market. However, a stronger focus on health and wellness could enable the company to connect with health-driven audiences as well.
- Simplifying ingredient lists could be an interesting route to explore as seen in the example of Häagen-Dazs Five.
- Opportunities also exist to expand export capabilities further, with a recent cooperation agreement with the American retail chain Kroger being a huge step for raising Ledo's visibility abroad.



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Biography

Honorata joined Mintel in 2013 as a Food and Drink Analyst for Poland. Her focus area is food categories with a particular interest in health and wellness trends as well as product innovations. With almost a decade of previous experience in market research, Honorata has analysed various sectors in Poland, including packaged food, retailing, beauty and personal care, home care, tissue and hygiene; consumer health, tobacco, pet food and pet care products.

Beyond her market research expertise, Honorata has also engaged in marketing and promotional activities, while working for such prominent players in Poland like LPP and Oceanic as well as advertising agency Tequila\BTL Group (now Tequila\Polska).

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