

Press release from May 14th 2024

Difficult market environment and successful product launches at Appenzeller[®] cheese in fiscal year 2023

The downward trend in sales and production that began in 2022 continued in fiscal year 2023. Consumer sentiment remained highly restrained, which is hardly surprising given the prevailing uncertainty about Europe's political and economic future. One positive aspect, however, resulting from the cost-saving measures that were introduced, is that the company was able to present an annual financial statement that was virtually balanced despite a decrease in income and that the decline in export sales slowed significantly compared to the previous year. The successful launch of the new Appenzellerin[®] Elegant cheese also enabled SO Appenzeller Käse GmbH to appeal to new consumers, thereby laying the foundations for future growth.

Total sales dropped sharply by 8.5% to 8,257 metric tons, with the domestic business being hit particularly hard with a decline of 12.4%, while the export business only lost 4.5%. The export share of total sales increased by 2.1 percentage points to 51.5%. The Appenzeller[®] Fondue business also had a difficult year due to the warm weather and was down 10.2% compared to the previous year, with the decline split evenly between domestic sales and exports. The US market developed positively, with sales increasing from 31 metric tons in the previous year to 112 metric tons in fiscal year 2023. The launch in Switzerland of the two innovations; Appenzeller[®] Organic Demeter Orange Label and Appenzellerin[®] Elegant has developed new customer groups and set a positive course.

Production and quality

A total of 8,194 metric tons of Appenzeller[®] cheese were produced in fiscal year 2023. This corresponds to a decline of 3.2% compared to the previous year in which 8,462 metric tons were produced. The renewed decline reflects the difficult market conditions, yet it was not equally severe for all varieties. Stock levels remained largely stable, dropping by only 2.6% compared to the previous year. This is attributable to production volumes being adjusted in line with demand and the associated higher production cuts. There is good news to report on quality: The share of premium cheese was 98.68% of the total volume produced, which underscores the high level of quality awareness and professionalism of our cheesemakers and milk producers.

Development of the individual business areas

The Appenzeller[®] White Label even saw a slight increase in production of 1.3% compared to the previous year, while Appenzeller[®] Organic production fell by 24 metric tons or 5.9%. The latter was not due to a lack of demand, however, but rather to technical problems, which meant that the required quantities could not always be supplied. In terms of volume, the Appenzeller[®] standard full-fat range suffered the sharpest drop in production, with a shortfall of 389 metric tons compared to the previous year, which corresponds to a decline of 5.1%. Appenzeller[®] for Raclette also fell short of the previous year by approximately 22 metric tons. Encouragingly, approximately 153 metric tons of innovations were produced in fiscal year 2023, with Appenzellerin[®] Elegant accounting for the lion's share.

Innovation as an important growth factor

The new Appenzellerin[®] Elegant is the most important innovation of 2023, and it was created to reach a new target group. Although it is also made with untreated raw milk from the traditional area of origin between Lake Constance and the Alpstein region and is regularly treated with the secret herbal brine during the maturing process, it is produced as a hard cheese and not as a semi-hard cheese. More importantly, Appenzellerin[®] Elegant has a completely different taste. It is very mild with a rather floral and fruity flavor, and it appeals specifically to those customers who find the classic Appenzeller[®] cheese too tangy. Thanks to this innovation, it should be possible to further increase household penetration and expand sales in the coming years.

Broad-based advertising and sales promotion activities

In 2023, Appenzellerin[®] Elegant also marked a milestone in advertising and communication. While a broad-based cross-media campaign in Switzerland promoted tasting and thus the purchase of the new product, a tasting campaign was also launched in Germany in collaboration with a new partner company, resulting in a significant increase in demo days of approximately 40% compared to the previous year. In both core markets, television campaigns were supported by out-of-home advertising campaigns. In addition, investments were made in Internet campaigns, participation in trade fairs and events and a wide range of sales promotion activities in the retail sector. Targeted marketing strategies were developed for smaller markets to generate maximum sales support within limited budgets.

In view of the current challenges posed by declining sales figures, it was and remains crucial to use our marketing mix and sales promotion activities to ensure that Appenzeller[®] cheese finds its way back into the shopping baskets and onto the menus of our customers. Therefore, the focus will remain on sales promotion activities at the point of sale, the further expansion of distribution of our innovations for increased availability and the targeted development and expansion of new sales markets overseas.

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