



L-R: Elisabeth Amberger, Angus Kennedy, Andreas Loacker, Lara Consoli. Angus poses with his hosts with the famous Sciliar mountain behind them; an integral part of Loacker's brand

# The Loacker Dream

Angus Kennedy, editor, heads to the Loacker factory in the legendary Tyrolean mountains in Italy to find out how this family-run business has achieved such phenomenal success

I don't think I have ever written a story with the words 'once upon a time'. But the story of the Loacker family's incredible chocolate and wafer company's rise to dizzy heights (I mean that literally as you will discover!) – is a fairytale!

What with the factory I visited positioned high up in the Tyrolean mountains, local legends of kings, castles and dwarfs, and a magical compound annual growth of a 10 percent a year to current sales of €313m plus a rising production of 35,000 tonnes per annum. Well, this was an occasion that I wasn't to miss. So when the invitation came from Andreas Loacker, M.D. of Loacker, Italy, to meet his brother and cousin and visit the state-of-the-art Bolzano factory and join

him for dinner, it was my golden ticket.

Loacker today claims to be the premium number one wafer brand in the world, as its CEO Ulrich Zuenelli very proudly informed me. The company produces 850 million units of product a year armed with 864 employees, and commands a 55 percent share of the Italian wafer market. Even the combination of Elledi, Cabrioni, Chrich, Balocco, and all its other competitors together, we are told, do not currently match their dominance in the Italian wafer market. That's nothing compared to the huge success they have enjoyed, with exports kicking off in the 1970s that now account for 73 percent of sales turnover, of which the Middle East is their most popular market at 51 percent.

This is the story of how the Loacker

family remains on top of the game, how it's so easy to tune into the their infectious passion that weaves itself throughout the company and their unique approach to production, raw materials and global market strategy.

Upon arrival at Innsbruck – which offers a magnificent backdrop of the Austrian Alps – I was greeted by Elisabeth Amberger, assistant to Andreas Loacker. "Angus, I have been here for almost 20 years, and I love it here. I have seen things grow, factories built and extended, and products launched. It's amazing how we are all living the Loacker dream and we are all so happy to be part of it; the entire workforce."

I was happy to hear it! Even though I had met Andreas in Switzerland



Angus gets down to business with Andreas Loacker (left) and Ulrich Zuenelli (right), who gave Kennedy's key insight into the company's strategy

earlier this year, I still remembered his quite extraordinary enthusiasm for the wellbeing of the staff and his unique focus in both the origin of ingredients and performance and efficiencies of his chocolate and wafer plants.

I was greeted by Andreas in one of Loacker's flagship cafés in the centre of the ancient trading city of Bolzano, not far from their factory (which was literally on the mountain nearby). The café is one of seven Loacker franchised cafés started in 2008, built so that consumers can enjoy the Loacker experience of products, patisserie, ice creams, and an ingenious new 'fill your own patisserie' service, where consumers can choose their own fillings and see their patisserie made onsite in the store and then enjoy outside in the summer terraces of the square.

This, Andreas told me, was an example of how Loacker likes to get back to its roots of baking and presenting its products at the same time. "This is how it all began", he added. "It helps us stay in touch directly with our consumer's product aspirations and expectations. We are, if you think about it, a family of patisserie makers over four generations and we love to keep this aspect of our heritage alive."

Even though Loacker is a formidable player in the wafer market, it also has a wide range of bakery, ice cream and health bar products to add to its growing product range; all of which they made themselves. Andreas and I then headed for his grandfather's first house, a short walk from the central square in Bolzano.

"Here was where it all started", he announced. "My grandfather Alfons Loacker lived here. I can remember coming here and visiting them and playing in the streets opposite where we stand now. It was really busy then, loads of cars and trucks and a hype of activity and many, many small businesses working together.

"Alfons started making wafers so he could get out and play football!" Andreas added – now laughing. "He needed a business and a good product to keep him on the pitch, and I guess the football team fed too. The bakery products he made became quite popular, so production commenced in 1925 and ran through to 1940. It didn't last long here on this site – we soon grew out of space and it was in 1958 that Armin Loacker, my father, began the industrialisation phase and took things to another level. It was my aunt, Christine Zuenelli-Loacker, who was far-sighted enough to

go international at the end of the 1970s, which is when it really took off. Soon after that, we became market leader in Italy in 1985".

I was keen to ask him about why a factory (one of three factories now) should be located in such a beauty spot, literally on a mountain. "I wondered about that too Angus. Why a factory so high up? Well, in the 1930s, there was a lot of pollution in the valley, and it was decided to have the factory there so that my grandfather's love for a natural environment and ingredients could be truly realised."

"The Sciliar mountain that you can see so clearly from our factory and what you see on all our Loacker packets and brands is symbol for naturalness and origin. This forms the very ethics of our production process as we use fresh mountain water, real bourbon vanilla pods and the highest quality chocolate and milk. Of course, we use no colourings, preservatives, flavourings, hydrogenated fats or genetically engineered ingredients. And yes, everyone is very happy to be working in such a lovely place on the mountain. But it doesn't stop there; for example, we have launched an agro-programme in Tuscany with the local university so we can provide knowledge and training for farmers to switch to grow hazelnuts locally and since we launched this programme, we have many local farmers now interested in growing hazelnuts"

The next day, we started immediately in the factory of Bolzano, which was built originally in 1974 and has recently gone through a €15m investment in 2010 – with a huge amount of investment over time to what it is today.

Loacker is keen to make investments wherever needed in its equipment. The factory is impressive and highly automated. Though Andreas is keen for me not to write too much about the production, he was able to share with me the fact that they work very hard with their suppliers: "Actually, we are always

pushing them to go further and to make the machines even more efficient than they were when we see them initially. Sometimes it works and we achieve great results.”

Andreas is all about running a highly efficient plant. For example, I am informed that near the site they have one of the largest tanks of propane gas in South Tyrol. And 100,000 litres of energy were saved last year alone from recycling heat from the oven lines.

I ask him what makes a good factory and it's clear: efficiency, clean, orderly and good quality machines and fresh, high quality ingredients with no compromise. Loacker continues to invest in extensive research and technology as I could see wherever we went. “We always choose the best equipment if we can – it's not worth buying a cheap copy of the real thing.” He was also keen to mention his lean management operation, where three years ago the company vastly improved its management efficiency with very satisfying results.

“We also need a plant that is flexible and able to adapt to the product, not the other way around Angus. “On some occasions, we have challenged suppliers to improve efficiency by 2-3 percent on standard models. We have great relationships with our suppliers, but I am not saying much more than that – other than from five years ago, we have doubled our production here on this site.”

The results were evident: this is a highly efficient wafer and chocolate moulding factory with another just built in Austria.

And the taste? I am handed a freshly made Loacker ‘mini’ with the trademark cream recipe directly from the line. All eyes are upon me for opinion, and one word comes to mind. “Fresh”, I announce to an approving audience. Yes it's true, I could taste the freshness and crispness of the product.

Martin Loacker is head of new product bakeryproduction.co.uk

development, and – like his brother – is also carrying a radiant smile. “Welcome to my kitchen”, he beams. “This is where we assess market potential of products, develop new ones while we are continuously working on new ideas and product concepts. I have a team here that works on sweets and biscuits, wafers, chocolate, new markets and retail”, said Martin.

I am thinking – now what on earth can anyone teach Loacker about wafers! “Well,” he adds, “You never stop learning, whether we are working on customising a new product for retail or looking at new ways to use our pure vanilla, innovation is key to the company's future. We also work closely with universities and go deeper into the properties of the materials and the ingredients we use.”

I was keen to find out about the new factory they had only just built in Heinfels, Austria. Andreas explained: “The plant will enable us to pretty much double production of the other two factories. It's a very nice plant and pretty much the same products will be produced there as they are here.” I was keen to find out about their strategy and sales and who better than the CEO Ulrich Zuenelli who was waiting to greet me over lunch.

“It's a very exciting time at Loacker”, says Ulrich, the slightly elder cousin of Martin and Andreas. “Even in the Italian market, we are up 4 percent from July to July last year, which is amazing. We have seen big growth here of over 20 percent in the last 10 years with a growing volume share of international business. As you have seen Angus, 65 percent of our turnover is outside Europe in 100 countries, with our number one market being the Middle East (closely followed by North America, Far East and China). In fact, we have a stronger market penetration at 80 percent in the Middle East than our local market, so it's been an amazing journey. Saudi Arabia is still our strongest single market.

Loacker's turnover is divided into Italy €73m, brand trading Italy €66m, International at €167m with retail at €7.5m.

Asking why it's all happened, he is convinced that it's not only to do with strong branding since 1925, but their focus on internationalisation, innovation and vertical integration. “And slowly but surely, we are making inroads in the UK with our product that you will now find with Tesco and Waitrose. We set out to provide the favourite number one international premium wafer brand and wafer based chocolate specialties and we believe we are the number one already.”

Loacker really is a lovely family run business, and they're living proof of how important it is to go out there at get smiling. In the end, that's all that matters in life – to smile. And it's clear this company is making this happen right across the world!

