

Richard Cannon



Todd Stitzer, Cadbury's chief executive, could see sales hit by the salmonella alert

Cadbury scare may cost five times first estimate

THE chocolate salmonella scare could cost Cadbury Schweppes £25m — five times its own estimate, writes *Richard Fletcher*.

The prediction comes amid reports that a further 30 products could be affected.

Cadbury Schweppes was forced to recall more than 1m bars of chocolate nine days ago because of a salmonella scare at one of its factories.

But JP Morgan Cazenove, the broker, warned clients last week that the total cost of the scare could reach £25m. "The cost of product withdrawal is estimated at £5m," it said. "Of greater significance is the risk to consumer confidence over the Cadbury brand and the impact this may have on volumes in the UK."

Cazenove estimates that the damage to Cadbury's home

sales could top £20m. Super-market sales of Cadbury products fell last week, although not as sharply as expected.

But as the Food Standards Agency investigates why Cadbury failed to alert it immediately on finding salmonella at its Malbrook plant near Leominster, Herefordshire, in January, there could be further damage to the brand.

