

Mondelez reopens acquisition talks with Hershey's amid chocolate industry headwinds

Article

The news: Oreo maker Mondelez is in preliminary talks to acquire Hershey's, per Bloomberg.

- Discussions are still in the early stages, and a deal is not guaranteed, sources told the news outlet.
- Should Mondelez make an offer, Hershey's current market valuation of over \$40 billion would make it one of the largest CPG acquisitions in recent memory—surpassing [Mars' \\$35.9 billion purchase of Kellanova](#)—and create a snack and confectionary giant with nearly \$50 billion in annual sales.

The rationale: A combined Mondelez-Hershey would be better equipped to navigate the challenges facing the chocolate sector, which include skyrocketing cocoa prices, reduced consumption from GLP-1 users, and softer demand from cost-conscious consumers.

Those challenges are particularly acute for Hershey's.

- The company blamed its Q3 sales and earnings misses on historically high cocoa costs and a “stretched” consumer that is shopping less at drug and [convenience stores](#), where the company overindexes, and more at club, dollar, and ecommerce retailers, where Hershey's has a smaller presence.
- Hershey's is also experiencing a “mild” impact from [growing GLP-1 adoption](#), with users of the drugs noticeably reducing their snack and candy consumption.

For Mondelez, the acquisition would unlock further growth for its chocolate business, which currently accounts for 30% of annual sales and is one of the company's three core categories, alongside biscuits and baked goods.

- The company expects those three categories to account for 90% of revenues by 2030, up from 79% in 2023.
- Chocolate sales rose 9.2% YoY in Q3—although the majority of that growth was the result of higher pricing to offset elevated cocoa costs, which caused volumes to shrink by 1.2% YoY.
- While those cost pressures are expected to continue into 2025, Mondelez plans to protect share and sales volumes as much as possible by keeping entry-level and low-unit pricing stable, offering more products at multiple price points, and investing in marketing to stay top-of-mind with consumers.

Looking ahead: A deal is far from assured—especially considering this is Mondelez's second attempt at acquiring Hershey's after its \$23 billion bid in 2016 was unanimously rejected by

the latter's board. The acquisition would also likely face scrutiny from antitrust regulators, although the environment for such deals is expected to be much friendlier under the [incoming Trump administration](#) than it has been during **Joe Biden's** presidency.

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