

MarketLine Case Study

# Mars Case Study

Missed opportunities in evolving  
consumer trends

**MarketLine**

# OVERVIEW

## Catalyst

The Mars confectionery brand suffered a decline in UK sales in 2010, despite significant investment in a marketing campaign that coincided with the 2010 World Cup. Various reasons have been suggested for the brand's declining sales; these include the poor performance of the England football team in the aforementioned football tournament having a negative impact on Mars's primary marketing focus for the year, and variants of the Mars Bar brand – such as Mars Delight and Mars Planets – underperforming. However, given that the company's flagship Mars Bar has also witnessed a fall in sales, it has been suggested that the brand is becoming increasingly out of touch with prevailing consumer trends in the chocolate confectionery market.

## Summary

Snacking occasions continue to increase in popularity in the UK for a variety of reasons. However, it is crucial that chocolate confectionery manufacturers enhance perceptions of value through their offerings at a time when consumers are demonstrating frugal mindsets and manufacturers are finding it necessary to transfer rising raw material costs along the supply chain. By its very nature, consumption of chocolate confectionery is inherently indulgent, and buying behavior is becoming more complex as consumers seek out premium products that help satisfy feelings of self-entitlement but are less detrimental to their health. Increasingly, shoppers are also looking to enjoy these consumption experiences in the company of others. Canadean has identified four key trends influencing consumers' choice of confectionery product and willingness to loosen their purse strings. This case study assesses the extent to which the Mars brand aligns with these trends, and what can be done to increase its appeal in the future.

- Health – Consumers are seeking out "better for you" offerings and are less willing to make a trade-off between health and sensory appeal. As such, it is crucial that manufacturers seek to alleviate the guilt associated with chocolate consumption. Mars has reduced the saturated fat content of its flagship product, and needs to ensure that consumers are confident that this move will not impact upon taste.
- Sensory appeal – Consumers are seeking out affordable indulgences and want premium products that satisfy feelings of entitlement. More contemporary packaging designs in the chocolate countline sector can give products a more upscale image and entice consumers. Although Mars's packaging and branding is iconic and universally recognized, its packaging has been seen by some industry experts as misaligning with more modern and stylish offerings in the market.
- Comfort – Escapism has been a key driver of chocolate confectionery occasions over the last couple of years, with shoppers looking for a temporary break from the pressures of everyday life. This has resulted in a plethora of nostalgia-themed product launches and marketing campaigns in the UK reminding people of simpler times. Whilst Mars has successfully tapped into the nostalgia trend before, its 2010 World Cup campaign was too dependent on external factors.
- Sharing – The desire to maximize personal relationships with family and friends while saving money by visiting bars and restaurants less has resulted in consumers socializing at home more regularly, looking for affordable indulgences that can act as a social facilitator. The difficulty for Mars's countline offering is that its flagship product has not been ideally placed to tap into the rising number of sharing occasions, meaning that it has had to target this growing market with brand extensions that are not as recognized by consumers.

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# ANALYSIS

## Mars needs to ensure that its brand aligns with consumer attitudes and behavioral traits

### The UK chocolate market is experiencing a period of stagnation, as consumer spending becomes more considered

The UK chocolate countline market (chocolate-covered bars designed to be eaten in one sitting, also including bitesize countlines sold in multipacks) is in a period of stagnation, with the market witnessing incremental growth in value over 2005–10. This can be attributed to rises in raw material prices such as cocoa and sugar being passed on to the end consumer, rather than shoppers changing their purchasing habits. This is reflected in the fact that market volume has fallen over the period. Canadean forecasts that there will be minimal change to these value and volume patterns in the foreseeable future, with raw material costs continuing to inflate product price and being the main driver behind any growth, rather than any fundamental changes in buying behavior.

**Table 1: UK chocolate countline market by value and volume, 2004–15f**

| Value       | 2005     | 2010     | 2011f    | 2012f    | 2013f    | 2014f    | 2015f    | CAGR 2005–10 | CAGR 2010–15 |
|-------------|----------|----------|----------|----------|----------|----------|----------|--------------|--------------|
| \$m         | 2,384.90 | 2,552.70 | 2,605.90 | 2,662.70 | 2,723.80 | 2,789.50 | 2,848.60 | 1.40%        | 2.20%        |
| Volume      | 2005     | 2010     | 2011f    | 2012f    | 2013f    | 2014f    | 2015f    | CAGR 2005–10 | CAGR 2010–15 |
| Million kgs | 267.1    | 254.3    | 253.3    | 254      | 256.2    | 260.4    | 262      | -1.00%       | 0.60%        |

SOURCE: MARKETLINE

MARKETLINE

However, while Canadean forecasts that the market will continue to witness incremental growth rates, industry experts are recognizing that, as consumers continue to demonstrate uncertainty about the direction of their country (such as the long-term implication of austerity measures), they will become increasingly reluctant to absorb these rising product costs, particularly for products that are characterized by a lack of innovation.

*"Single bars are quite simply becoming very expensive, yet the prices are continuing to rise... A high proportion of shoppers remain value-oriented, spending carefully and purchasing better value treats when they can. Single bars rely on the impulsive purchaser looking for a treat or a hunger fix at that point in time – but hungry shoppers are still value-conscious and will purchase fewer countlines as prices rise."*

**Jonathan Summerley, Hancocks purchasing director, The Grocer, December 2010**

At the same time, the stagnating sales witnessed over the last couple of years could be seen as somewhat surprising, given that consumers continue to seek out small moments of indulgence on a regular basis, while the additional pressures brought about by the economic downturn and continued uncertainty often drive demand for comfort foods that offer moments of escapism.

Canadean analysis of the total UK chocolate market shows that other sub-categories are witnessing similar trends to those in the chocolate countline sector, namely that value growth is incremental and driven by rising raw material prices pushing up unit prices, with volume trends remaining largely static and revealing no significant shift in consumer buying behavior. Chocolate countlines remains the largest sub-category, with boxed chocolate in second. Moreover, boxed chocolate witnessed the biggest growth in market value over 2005–10, which shows that consumers are increasingly

turning to confectionery offerings that are positioned around sharing. However, this growth is still relatively minimal when rising raw material costs are taken into account.

**Table 2: Total UK chocolate market (\$m), UK, 2004–14f**

|                         | 2005     | 2010     | 2011f    | 2012f    | 2013f    | 2014f    | 2015f    | CAGR 2005–10 | CAGR 2010–15 |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|--------------|--------------|
| Chocolate countlines    | 2,384.90 | 2,552.70 | 2,605.90 | 2,662.70 | 2,723.80 | 2,789.50 | 2,848.60 | 1.40%        | 2.20%        |
| Boxed chocolate         | 1,484.70 | 1,638.50 | 1,673.00 | 1,709.70 | 1,748.80 | 1,790.30 | 1,828.20 | 2.00%        | 2.20%        |
| Molded bars             | 1,091.60 | 1,181.50 | 1,207.20 | 1,234.70 | 1,264.10 | 1,295.70 | 1,324.20 | 1.60%        | 2.30%        |
| Novelties               | 985.6    | 1,071.40 | 1,094.60 | 1,120.30 | 1,148.30 | 1,178.80 | 1,205.60 | 1.70%        | 2.40%        |
| Chocolate straightlines | 814.2    | 868.1    | 880.7    | 894.4    | 909.2    | 925.2    | 939.5    | 1.30%        | 1.60%        |
| Other chocolate         | 13.8     | 13.3     | 13.2     | 13.1     | 13.1     | 13       | 12.9     | -0.70%       | -0.60%       |

SOURCE: MARKETLINE

MARKETLINE

Figures published by Nielsen and The Grocer in December 2010 show that there were mixed fortunes for some of the leading brands in the chocolate confectionery market, with Cadbury growing sales by £36.5m (aided by the introduction of Dairy Milk Caramel Nibbles) and Galaxy (a Mars brand) also doing particularly well due to the introduction of new formats such as Galaxy Bubbles and Galaxy Counters. However, two major brands also witnessed a noticeable fall in sales; Mars saw revenue fall by £5.7m and Cadbury Roses experienced a sales dip of £4.3m.

**Figure 1: The performance of the Mars Bar product is behind that of other leading chocolate confectionery brands in the UK**

**Five leading brands in the UK chocolate confectionery market, December 2010 (for the year ending October 2010)**

|   | Brand              | Manufacturer | £ million | Change (£m) | Change (%) |
|---|--------------------|--------------|-----------|-------------|------------|
| 1 | Cadbury Dairy Milk | Cadbury      | 410.6     | 36.5        | 9.8%       |
| 2 | Galaxy             | Mars         | 223.6     | 31.2        | 16.2%      |
| 3 | Maltesers          | Mars         | 143.1     | 7.3         | 5.4%       |
| 4 | Kit Kat            | Nestle       | 102.2     | -0.3        | -0.3%      |
| 5 | Mars               | Mars         | 95.3      | -5.7        | -5.6%      |

SOURCE: MARKETLINE

MARKETLINE

## Mars suffered from a poor sales performance in 2010

In March 2011, The Grocer published more Nielsen figures showing that, during the 52 weeks up to December 2010, total sales of the Mars brand in the UK declined by £17m in value (a year-on-year decline of 14.2%), while volume sales fell by 13.9%. During the same period, sales of the flagship Mars Bar fell by around 6%. The feature concluded by stating that while sales of Mars's products had fallen, sales of all the other leading chocolate confectionery brands are on the rise.

The brand's disappointing performance has also been attributed to a drop in sales experienced by Mars Delight and Mars Planets, while novelty and Easter lines also underperformed in 2010. However, some industry experts have stated that the fall in sales is indicative of how the Mars brand is increasingly misaligning with evolving trends in the chocolate confectionery market.

*"Mars is looking a bit past its sell-by date. Look at its black, red, and gold branding...it's the Ford Capri of chocolate bars. In Scotland, they're not putting Green & Black's Espresso bars in deep-fat fryers, they're using Mars bars. That sort of negative image is very damaging to a brand."*

**Richard Buchanan, director of branding agency The Clearing, The Grocer, March 2011**

## The company's flagship Mars Bar offering witnessed a fall in sales despite investment in advertising

Figures show that Mars's flagship Mars Bar offering witnessed a fall of 5.7% in year-on-year sales in 2010. This was despite Mars dedicating £7.4m on advertising over the course of the year (Source: Ebiquity, quoted in The Grocer, March 2011), including repackaging its bars in a St. George's cross wrapper and getting ex-footballer John Barnes to replicate his part in the 1990 New Order music video World in Motion (which was the official song of the 1990 England football team) to coincide with the June/July 2010 World Cup.

**Figure 2: Mars focused the marketing for its flagship brand around England's 2010 World Cup campaign**

**Mars introduced a marketing campaign to coincide with the 2010 England football team's World Cup campaign**



**The chocolate bar's trademark black and gold coloring was replaced with a design of the St George's flag and England Football team badge**



**Mars also launched a TV ad campaign using the 1990 song World in Motion, which was the official song of England's 1990 World Cup campaign**

SOURCE: MARKETLINE

MARKETLINE

Research has shown that major sporting events can help boost domestic sales of food and drink products if a national team performs well, as positive sentiment among consumers is parlayed into improved confidence and a greater willingness to spend money. Indeed, in June 2010 Verdict Retail forecasted that £1.1bn extra would be spent on food and groceries over June and July 2010 – the period during which the most recent World Cup was held – representing an increase of 5.2% compared to 2009. This uptake can be related to factors such as more people holding parties at home, as well as products and brands looking to emphasize and take advantage of positive consumer sentiments (which is why a number of brands use ethnocentric-related marketing campaigns during certain big occasions). While investing in promotions of this nature can prove beneficial if successful, there are also potential risks involved, the most significant of which is that the mental wellbeing of consumers is somewhat reliant on the performance of their supported team.

*"Any potential fillip that the tournament provides will inevitably be heavily reliant on the successes of the English national team and the ensuing feel good factor that these generate."*

**Joseph Robinson, analyst at Verdict Research, June 2010**

The reliance on the performance of the England football team to create a feel good factor will have had a significant impact upon the success of Mars's World Cup promotion, with the tournament in question being remembered more for the team's poor performances and allegations of behind-the-scenes bust-ups than any success on the pitch. Indeed, a 2010 survey conducted by Magnum found that for 60% of UK males and 53% of UK females, the England football team's performance in 2010 World Cup was the low point of their summer. This is hardly the type of sentiment that inspires consumers to purchase a product specifically because it is presented in limited edition packaging to coincide with the actual event.

## **It is crucial that perceptions of value are enhanced as consumers demonstrate a willingness to cut spending on confectionery**

The global economic downturn resulted in shoppers scrutinizing their spending habits more closely. A 2009 Canadean Consumer survey found that 71% of UK consumers were placing more emphasis on obtaining value for money. Given that consumers continue to demonstrate feelings of uncertainty about the state of the economy (and considering the negative implications of any economic stagnation/contraction), it seems safe to say that this intensified focus on value will persist in the near future.

This creates an interesting scenario for chocolate confectionery manufacturers. On the one hand, consumers feeling pressurized about their situation will continue to seek out comfort foods that offer a temporary escape from the pressures of everyday life, with chocolate commonly being seen as a product that can help satisfy this need. On the other hand, a monthly tracker survey conducted by Canadean over the period covering June 2009 to June 2010 found that 46% of all shoppers (95% of which purchased confectionery) said that they were looking to reduce spending on confectionery products in order to save money. This is of particular relevance to the chocolate confectionery market, given that rising raw material costs are being pushed on to the consumer, and creates a situation whereby consumers want moments of escapism but also view confectionery as one of the products they are looking to cut spending on, because it is seen as an unnecessary cost.

In order to pass on rising costs to the consumer while preventing shoppers from changing their buying habits, chocolate confectionery manufacturers need to ensure that their products are seen as offering maximum value for money, something that can be achieved through innovation; for example, by looking at product formulation and positioning to overcome concerns related to health, while also leveraging traits such as comfort, indulgence, and connectivity to overcome frugality and maintain perceptions of value even if unit prices rise.

**Figure 3: UK consumers are keen to reduce their spending in the confectionery category**

|                            | Stopped spending | Cut spend a lot | Cut spend a little | Maintained spend | Increased spend | Have never bought |
|----------------------------|------------------|-----------------|--------------------|------------------|-----------------|-------------------|
| Spirits & Wines            | 8%               | 23%             | 19%                | 36%              | 1%              | 12%               |
| Other alcoholic beverages  | 8%               | 22%             | 19%                | 36%              | 1%              | 13%               |
| Fresh fruit and vegetables | 2%               | 9%              | 15%                | 68%              | 5%              | 1%                |
| Fruit juices & smoothies   | 4%               | 14%             | 19%                | 52%              | 2%              | 9%                |
| Carbonated Soft Drinks     | 6%               | 16%             | 19%                | 46%              | 1%              | 12%               |
| <b>Confectionery</b>       | <b>5%</b>        | <b>21%</b>      | <b>25%</b>         | <b>43%</b>       | <b>1%</b>       | <b>5%</b>         |
| Biscuits & cakes           | 4%               | 21%             | 25%                | 44%              | 1%              | 4%                |
| Bread & Bakery             | 2%               | 12%             | 18%                | 66%              | 1%              | 2%                |
| Dairy products             | 2%               | 11%             | 16%                | 69%              | 1%              | 1%                |
| Cereals                    | 2%               | 10%             | 16%                | 67%              | 2%              | 3%                |
| Crisps and savory snacks   | 5%               | 17%             | 25%                | 46%              | 1%              | 5%                |
| Chilled ready meals        | 9%               | 18%             | 19%                | 36%              | 1%              | 17%               |
| Frozen ready meals         | 9%               | 17%             | 19%                | 36%              | 1%              | 18%               |
| Sauces & dressings         | 4%               | 16%             | 21%                | 52%              | 1%              | 6%                |
| Oils & Fats                | 3%               | 14%             | 20%                | 58%              | 1%              | 3%                |
| Rice and Pasta             | 2%               | 9%              | 16%                | 65%              | 3%              | 3%                |
| Chilled desserts           | 7%               | 17%             | 21%                | 43%              | 1%              | 12%               |
| Frozen desserts            | 8%               | 17%             | 20%                | 41%              | 1%              | 14%               |

SOURCE: MARKETLINE

MARKETLINE

### Branded manufacturers need to enhance value perceptions to stave off the threat posed by private label products

The figures published by Nielsen and The Grocer in December 2010 showed that, while private label products accounted for less than 10% of total value sales generated, store brand chocolate confectionery sales increased by £23.2m (a year-on-year increase of 9.5%) to record revenues of £268.5m.

The presence of private label products has grown in the UK chocolate confectionery market in recent years, brought about by a greater consumer focus on saving money and, in addition, improving quality perceptions when it comes to store-branded products. Indeed, the 2010 Canadian Consumer survey highlighted that 49% of UK consumers were buying more private label groceries than they were in 2009. Moreover, the survey found that 67% believed that private label food is of equal – if not better – quality.

This is particularly relevant to the confectionery market, as consumers continue to seek out small indulgences on a regular basis, while simultaneously looking to reduce spend on non-essentials such as confectionery. This is something that is reflected in the success of Sainsbury's own brand chocolate, with the retailer stating that its own label range was a star performer in 2010.

*"Customers have recognized the quality of our own-label chocolate, especially with our re-launched Taste The Difference range, which is showing growth of over 25% year-on-year."*

**Ben Wheeley, Sainsbury's confectionery buyer, The Grocer, December 2010**

## **Ensuring products are aligned with evolving consumer trends is an important lesson from the Mars brand performance**

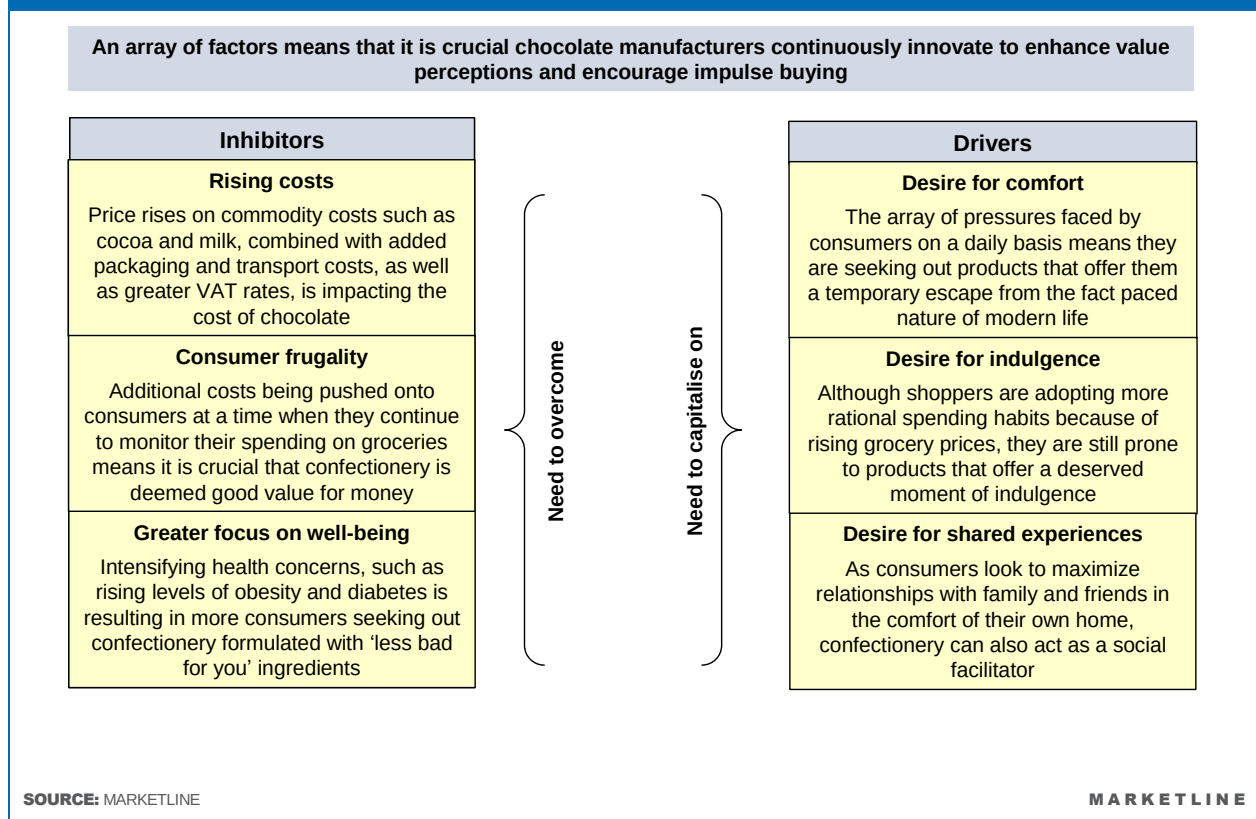
### **Correct product formulation and positioning is key in an industry characterized by dynamic industry forces and evolving consumers trends**

In an interview with The Grocer in March 2011, director of branding agency The Clearing, Richard Buchanan, stated that the Mars Bar was looking "a bit past its sell-by date," suggesting that the distinctive packaging is becoming out of sync with the general movement of the industry towards more sophisticated and premium products, which are touted as "more feminine" because of their better for you positioning.

The trend towards such positioning has gathered momentum due to various products being launched or redeveloped with a low/lower content of certain ingredients such as saturated fat and sugar, as well as using ingredients that give chocolate a healthier positioning (such as high quality cocoa beans, organic ingredients, and the use of dark chocolate because of its antioxidant content). At a time when obesity and diabetes rates continue to rise, and the government and other stakeholders with an interest in consumer health are increasingly promoting the importance of healthy eating, chocolate bars positioned as better for you help alleviate some of the guilt associated with snacking.

If chocolate confectionery manufacturers can overcome feelings of guilt related to the nutritional content of the products they offer, then they will find themselves in a strong position to capitalize on consumers' desire for moments of comfort, indulgence, and socialization with family and friends, three trends that help drive sales in the UK confectionery market. If manufacturers can tap into these trends while providing products with a healthier positioning, it will enhance value perception, which in turn will lead to increased consumer willingness to make non-essential impulse purchases for which they will pay a higher price.

**Figure 4: Chocolate confectionery consumption occasions are influenced by a number of drivers and inhibitors**



## UK consumers are demonstrating favorable perceptions towards better for you offerings

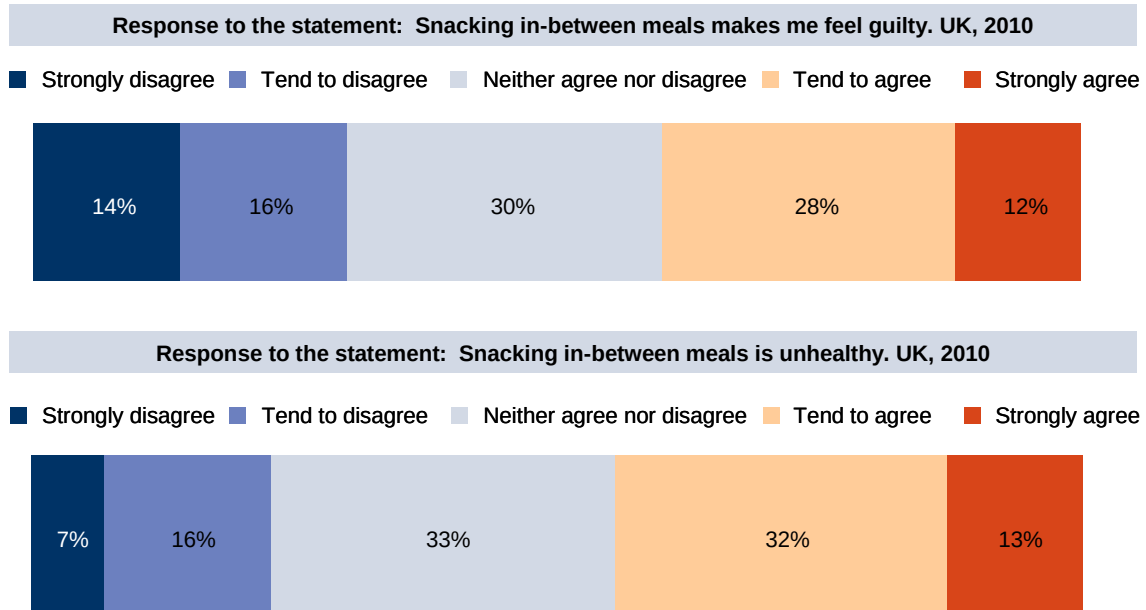
### Snacking is inherently perceived by consumers as being detrimental to health

UK shoppers attach unfavorable sentiments towards snacking occasions, with the 2010 Canadean Consumer survey finding that 45% of consumers believe that snacking between meals is unhealthy, while a similar proportion (40%) say that snacking between meals makes them feel guilty.

Still, the number of snacking occasions continues to rise for a variety of reasons, ranging from the weakening of traditional mealtime patterns, to feelings of self-entitlement and a desire for comfort, to issues such as the need for an energy boost or a temporary relief from boredom. Regardless of the reasons, the rise in snacking occasions is occurring at a time when 50% of UK consumers are actively looking to lose weight, and a further 20% say that they are trying to maintain their current weight; results which mean that consumers will be placing a greater emphasis on ensuring that snacking patterns do not compromise their weight management plans.

Canadean research shows that snacking patterns in the morning are generally more aligned with healthy eating, with products consumed as a substitute for an actual breakfast or for a mid-morning energy boost more likely to be chosen based on health credentials. It is in the afternoon and evening when snacking occasions become more indulgent, with consumers selecting products based on their ability to satisfy more sensory issues such as feelings of self-entitlement.

**Figure 5: Four out of 10 UK consumers have negative sentiment towards snacking**



SOURCE: MARKETLINE

MARKETLINE

## **Consumers want confectionery manufacturers to satisfy their desire for health and indulgence**

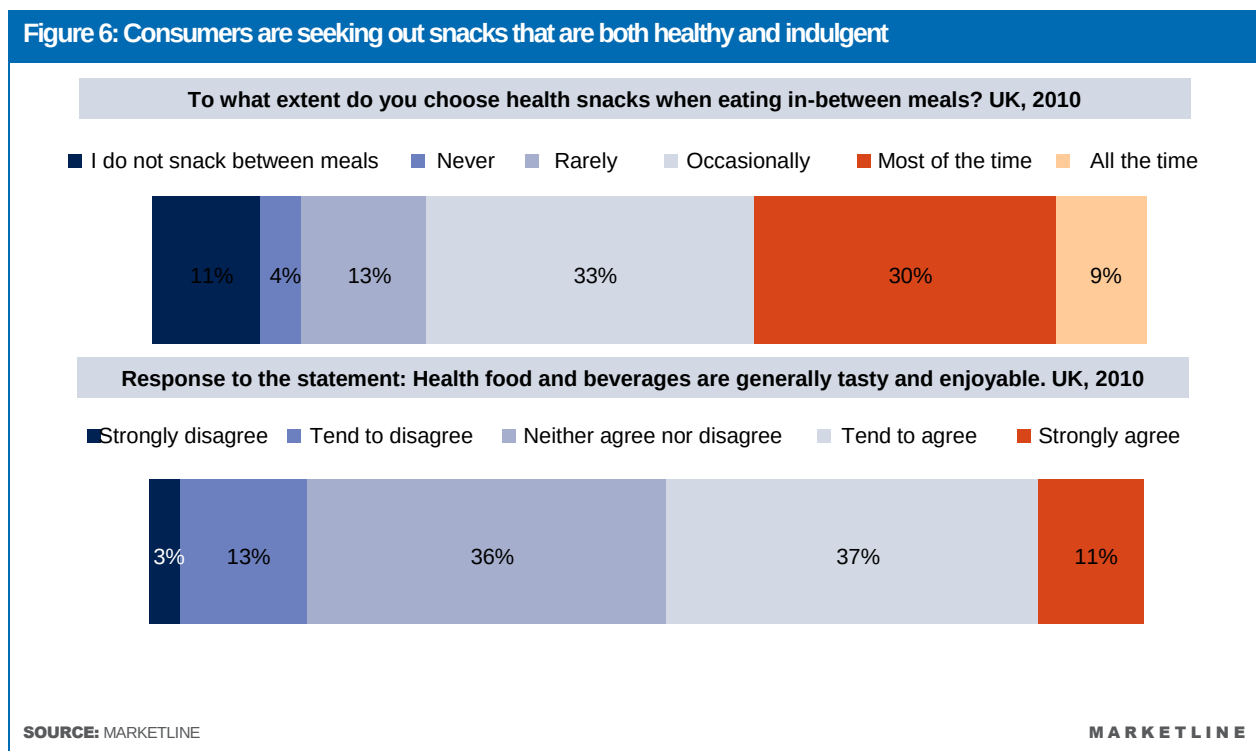
While afternoon and evening snacking occasions tend to be more indulgence-oriented (occasions that are more aligned with Mars's offerings), shoppers are becoming less receptive to the notion of having to make a trade-off between the desire for health and sensory appeal when snacking, believing that manufacturers should be able to satisfy both needs simultaneously. This has been the key driver for chocolate confectionery launches with a better for you positioning, as consumers seek out treats that can satisfy their desire for indulgence without having too much of an adverse effect on their weight management regimes.

Indeed, the 2010 Canadean Consumer survey found that four out of 10 UK consumers purchase healthy snacks between meals either "all" (9%) or "most" (30%) of the time (with a further 33% saying that they do so occasionally), while 48% believe that healthy food can also be tasty, eliminating the need to make a trade-off between desired attributes. The extent to which these attitudes are displayed among consumers means that the issue of health will become increasingly important, even as snacking occasions become more commonly associated with indulgence.

Moreover, the ability to tap into these needs simultaneously can pay dividends. In 2010, a Galaxy Bubble variant was released, targeted at women looking for a lighter mid-afternoon treat. The product contains fewer calories than a number of alternative chocolate bars, and is designed to alleviate the guilt associated with afternoon snacking. In September 2010,

Talking Retail announced that the product had generated £6m in sales since its launch at the beginning of 2010, contributing to the Galaxy brand growing at a rate of 28% for the year.

**Figure 6: Consumers are seeking out snacks that are both healthy and indulgent**



### Mars has reduced the fat content of its flagship Mars Bar and other countline offerings

In August 2010, Mars announced that it would be releasing reformulated variants of its flagship Mars, Snickers, Milky Way, and Tropic bars with a 15% reduction in saturated fat. In an official press release, the manufacturer stated that the bars now boast approximately 35–45% less saturated fat than the average of the top 25 chocolate brands per 100g. The company invested €10m and over 40,000 hours in research and development to ensure that the product tastes exactly the same.

Marketing and PR also show that the manufacturer is looking to be seen to be taking an active role in addressing weight management issues, rather than reacting to consumer demands. This is something not only reflected in the amount of time dedicated to reformulation, but also the fact that the action has been touted as a necessity to help create product differentiation.

*"Having been the nation's favourite for 78 years, the Mars Bar holds a special place with UK consumers – this made it all the more important for us to keep the same great taste, and is the reason that this reduction in saturated fat represents such an achievement. We are and remain committed to improving the nutritional content of our products."*

**Fiona Dawson, Mars Chocolate UK managing director, Mars public release, August 2010**

*"It's just the right thing to do."*

**Bep Dhaliwal, Mars trade communication manager, discussing saturated fat reduction in *The Grocer*, December 2010**

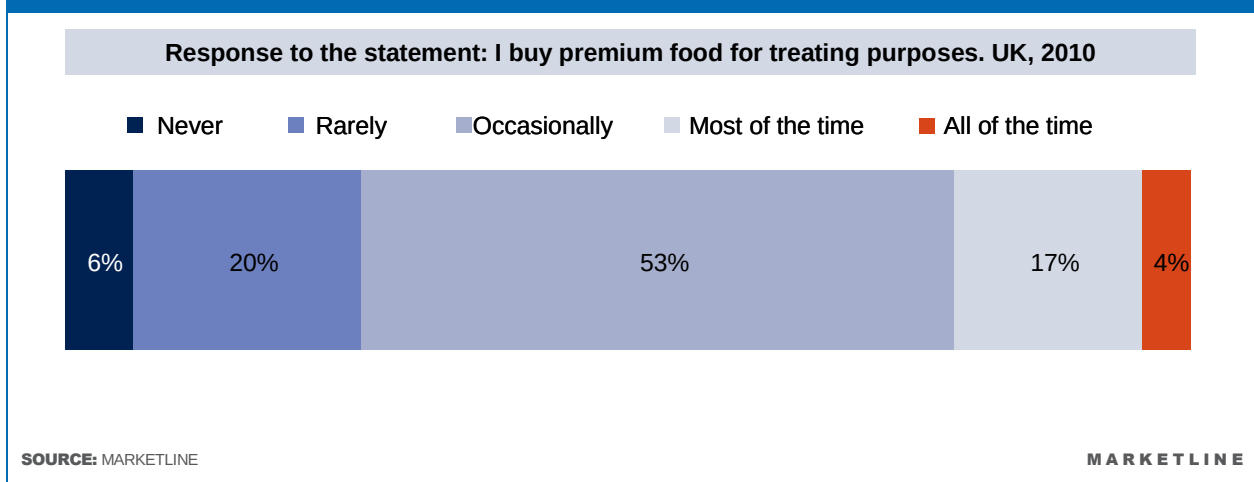
### Despite consumers looking to reduce spending on confectionery, they are still prone to purchase products that offer affordable indulgences

Despite consumers looking to cut back spend on confectionery products in recent years; they are still prone to making non-essential purchases when they are shopping for self entitlement purposes. A 2009–10 Canadean Consumer tracker survey found that 21% of UK shoppers regularly purchased premium food items for treating purposes.

*"While consumers have become more frugal overall, they continue to indulge in affordable treats."*

**Stephen Joseph, Tangerine chairman, *The Grocer*, March 2011**

**Figure 7: One in five consumers say that they regularly purchase premium food for treating purposes**



### Modern and stylish packaging design has become an important way of enticing confectionery consumers

In recent years, the chocolate confectionery market has moved towards more premium and sophisticated products, positioned as offering a moment of affordable indulgence. Although the very nature of chocolate confectionery consumption means that it is promoted as a treat that should be enjoyed as part of a balanced diet, the more modern and stylish packaging designs of countline offerings such as Green & Black's and Cadbury Bournville can be seen as helping enhance perceptions of reward and indulgence. More contemporary packaging for countline chocolate bars is also being introduced in the private label sector, such as Sainsbury's Taste The Difference range also being presented in premium style packaging.

Whilst the packaging and branding of the Mars flagship offering is universally recognized and iconic, it misaligns with the more contemporary packaging being introduced in the chocolate countline market. This is also something that can be said of other Mars's offerings such as Snickers and Milky Way bars.

## Premium packaging can influence product choice

Packaging design can influence purchasing behavior in the chocolate confectionery market through emphasizing premium credentials. The 2010 Canadean Consumer survey highlighted that 15% of UK consumers said that a fashionable/unique design has a "high" (10%) or "very high" (4%) influence on the grocery products they purchase, with a further 33% saying it has a "medium" level of influence. Although this question was asked in relation to buying behavior across the whole of the fast-moving consumer goods spectrum, the emotive nature of chocolate confectionery consumption means that it is likely it will have a higher level of influence on buying behavior compared to everyday, non-emotive grocery products.

In February 2011, the website EzineMark published an article entitled "Chocolate packaging in HD photo" which focused on packaging in the product category. The article referred to packaging design as an "important and intelligent marketing tool" and that it is "the glue that connects logic and reason with imaginations and feelings as it can stimulate consumers' buying and consumption behavior. If food products are low in quality packaging, this will definitely drive away customers."

## Mars has successfully tapped into the nostalgia trend, but its 2010 campaign was too reliant on a single sporting event

Over the last couple of years, there has been a plethora of nostalgia-centered product re-launches and marketing campaigns in the UK confectionery market, as manufacturers sought to capitalize on consumers seeking out groceries that trigger feelings of comfort and security by reminding them of simpler times in their life. This has ranged from products being reintroduced into the market (such as Cadbury's Wispa), to retro packaging designs such as Walkers reintroducing the original Monster Munch pack sizes, to featuring on-pack characters used in past advertising campaigns, such as Cadbury Dairy Milk reintroducing the Caramel Bunny and Mars's Milky Way bringing back its "the red car and the blue car had a race" advert.

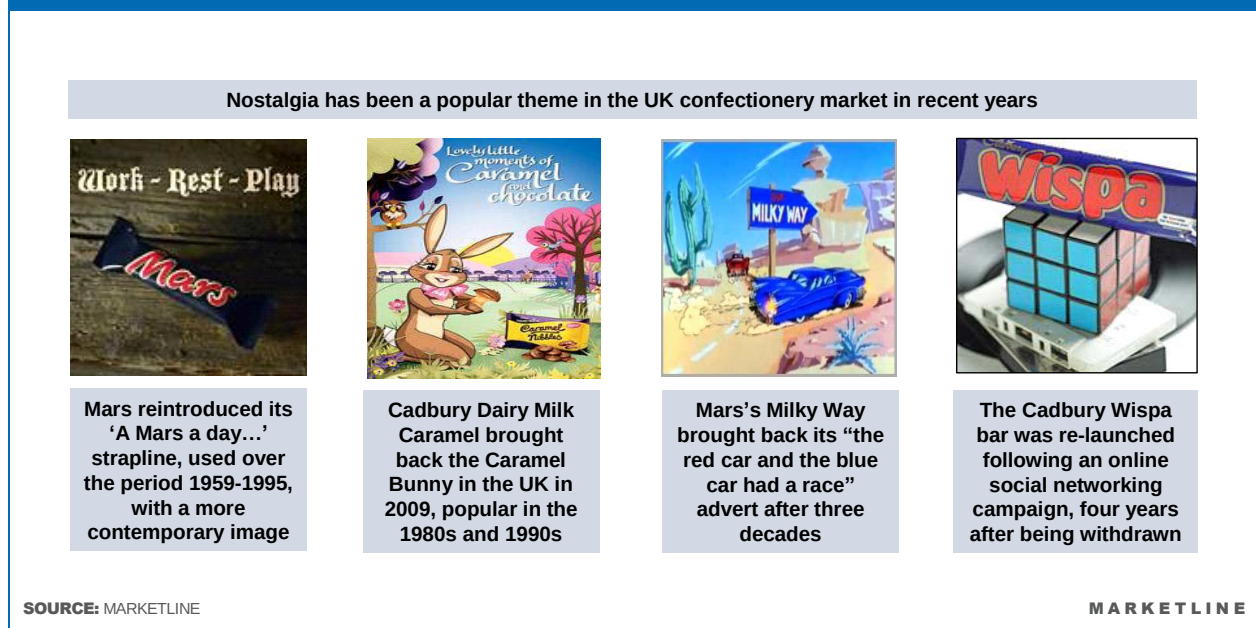
If successful, these nostalgic product and marketing campaigns can illicit an emotional reaction among consumers and encourage impulse buying by reminding them of happier times.

*"The retro market is fashionable because in times of economic strife, consumers want to buy a brand they trust."*

**Mark Walker, Swizzels Matlow sales director, The Grocer, March 2011**

In March 2008, Mars introduced a nostalgic marketing campaign for its flagship Mars bar offering, deploying a television advertisement that featured a contemporary take on the product's vintage "Work, Rest, and Play" strapline which had previously been retired in 2005. The advert featured a number of monks conducting bell-ringing duties, before enjoying a Mars Bar and carrying out their duties in a more energetic manner, with the song "Jump Around" by House of Pain playing in the background. In May 2008 Talking Retail stated that sales of Mars Bars were up by 5.7% in the immediate aftermath of the advert. This success resulted in Mars announcing that the campaign would be brought back later that year as part of wider promotional efforts.

**Figure 8: Chocolate confectionery manufacturers have used nostalgia to entice consumers in recent years**



### **Mars's 2010 nostalgia campaign was too reliant on the success of the England football team**

As part of its 2010 World Cup promotion, Mars introduced a nostalgia-themed advertisement which involved former England footballer John Barnes reenacting his vocal part from the 1990 song "World in Motion" by New Order, which was the official song of England's World Cup campaign that year. The 30 second advert was given a contemporary makeover, with the lyrics being altered slightly to incorporate the word Mars into them. The advertising campaign was part of a £7.4m marketing campaign which also involved repackaging the Mars Bar as part of a five year sponsorship deal with the Football Association signed one year earlier.

In hindsight the advert had all the bearings for success. In April 2010, Marketing Week stated that the brand had decided to bring back Barnes to reprise his "World In Motion" role for the advert after research showed that the song was voted one of the country's top three favorite World Cup songs, 20 years after it was released. Moreover, a high number of Internet blogs showed that the part of the song known as "John Barnes's rap" was particularly enjoyed by England football fans. Additionally, the reference to the 1990 World Cup could have been seen as nostalgic to these same fans because Sir Bobby Robson, who was England manager in 2009 and one of the most widely regarded people in football, had recently passed away.

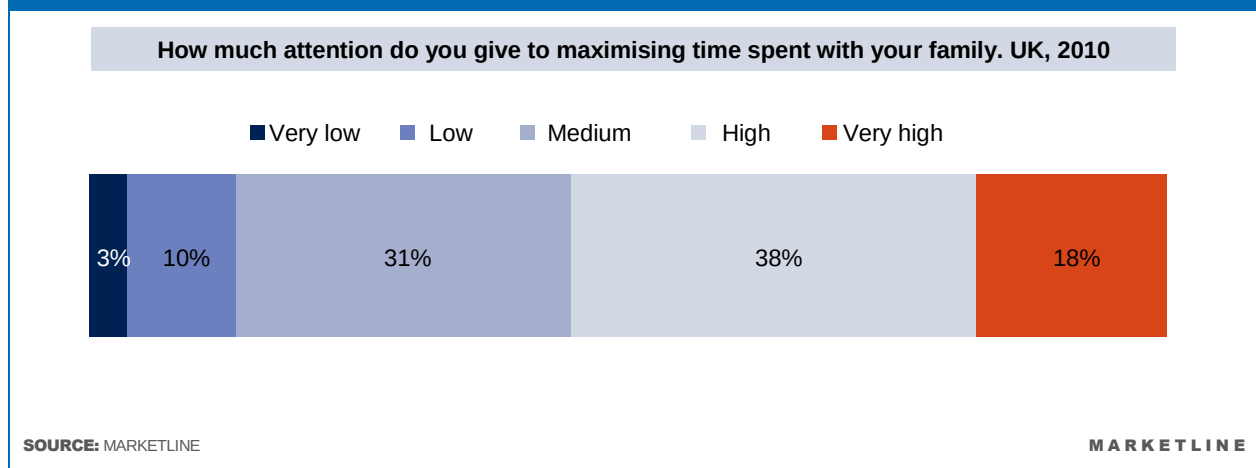
However, far from the lifting the spirits of the nation as was hoped, the England football team endured a miserable World Cup campaign that would be remembered for poor performances and early elimination. Indeed, rather than creating a feel good factor that translated into a boost in sales of products endorsing the tournament and increased feelings of national pride, the performance of England actually appeared to alienate the team from the public, meaning that Mars was not in a position to capitalize on feelings of ethnocentrism.

## Countline offerings are not ideally placed to profit from the growing number of sharing occasions

The recession has resulted in consumers looking to step back from the pressures of everyday life and reevaluate what is important to them, with the desire to maximize personal relationships with loved ones intensifying over the last couple of years. The 2009 Canadean Consumer survey showed that 63% of UK consumers said that they deemed it more important to spend time with family and friends than they did two years earlier (i.e. before the recession started), while the 2010 survey found that 56% view spending time with their loved ones as a high priority.

This increased focus on socializing with friends and family is occurring at a time when consumers continue to exhibit a more frugal approach to spending on leisure occasions, monitoring how much they spend in bars, restaurants, and other leisure-related channels. As such, over the last couple of years, consumers have increasingly looked to maximize personal relationships within their own home. A Canadean Consumer tracker survey taken over the period covering June 2009 to June 2010 found that 13% of UK respondents said they were dining at home more regularly with friends and family compared to before the recession, while the 2010 Canadean Consumer survey found that consumers are considerably more likely to consume alcohol at least once a week in their or somebody else's home (41%) compared to a bar, restaurant, or pub (29%).

**Figure 9: Spending time with family and friends is of paramount importance in the UK**



Socializing at home more regularly has led to a greater emphasis being placed on purchasing grocery products that act as a social facilitator, as well as satisfying individual needs such as hunger, comfort, and indulgence. This has resulted in chocolate confectionery manufacturers releasing large format products and offerings positioned as ideal for sharing to target consumers enjoying a night in with friends. For example, The Grocer highlighted that Cadbury has introduced Caramel Nibbles and Crunchie Rocks to its Cadbury Dairy Milk line to target sharing occasions. Sales of the Cadbury Dairy Milk brand up to October 2010 increased year-on-year by £36.5m, which suggests that these launches have been a success.

*"While consumers have become more frugal overall, they continue to indulge in affordable treats. The move towards sharing these moments of indulgence with friends or family, as an inexpensive way to socialize, is an extension of this."*

**Stephen Joseph, Tangerine chairman, The Grocer, March 2011**

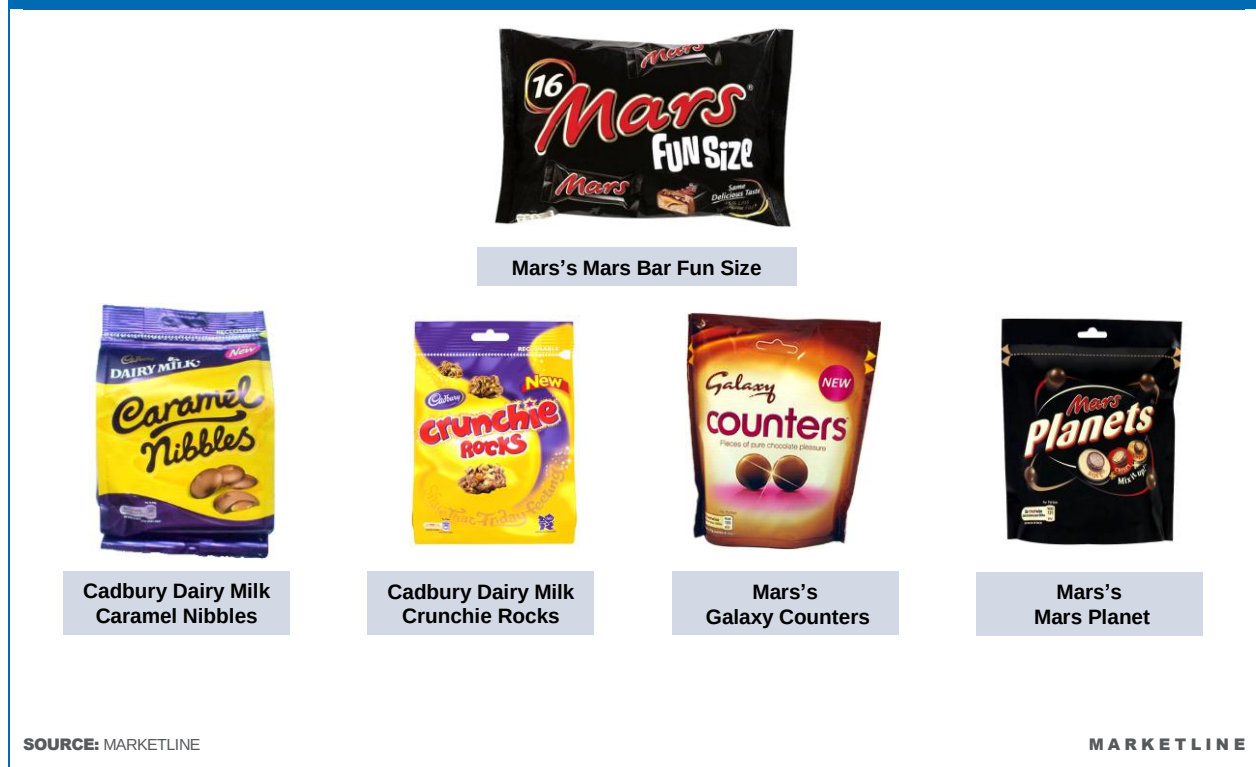
*"The introduction (of Cadbury Dairy Milk Caramel Nibbles and Crunchie Rocks) has brought different consumers to the brand and increased total bite-size penetration. Large block chocolate is also a popular choice and is in 11.4% growth. It provides a great opportunity for sharing."*

**Sarah Nash, Cadbury trade communication manager, The Grocer, 2010**

### Mars has introduced sharing formats in the UK, but not for its Mars Bar offering

Mars has recognized the growing tendency for consumers to purchase chocolate confectionery as an affordable treat to enjoy with family and friends, and has released offerings such as the Galaxy Counters and Mars Planets varieties to capitalize on this trend. However, while these products have been presented in packaging formats similar to those offered by Cadbury, Mars has not released its Mars Bar flagship offering in a similar format in the UK. Although Mars Bar Fun Size bags are readily available in UK retail outlets, this offering is long-established and is not presented in modern packaging, failing to enhance perceptions of indulgence among consumers. Moreover, industry experts stated in The Grocer in 2010 that Mars Planets has performed particularly poorly, suggesting that the product is failing to resonate with consumers

**Figure 10: Mars's Fun Size bags are not presented in the same format as other products positioned as ideal for sharing occasions**



## Conclusions and recommendations

As the prices of raw materials continue to rise and are pushed on to the consumer, it is crucial that Mars enhances perceptions of value to encourage consumers to continue purchasing. In order to do this, Mars needs to effectively position its flagship brand so that it aligns with key consumer needs currently driving consumption in the industry.

- **Health** – The announcement that Mars has reduced the saturated fat content of its flagship Mars Bar failed to reverse the drop in sales. This reduction in fat content helps alleviate some of the guilt associated with the inherently indulgent nature of the Mars brand, and will appeal to those consumers wanting products perceived as being less detrimental to their health. The key issue for Mars is ensuring that promoting the amount of time and money spent on R&D does not lead to the perception among shoppers that the taste of Mars products has been altered. Indeed, the reduction of saturated fat needs to be clearly highlighted on the front of packaging, with accompanying marketing reassuring consumers that the distinctive taste of the products has not diminished.
- **Sensory** – It has been stated by industry experts that the Mars packaging design, particularly for its flagship offering, looks a little dated. Given the heritage and universal recognition of the brand, it would be an unnecessary risk for Mars to make fundamental changes to the brand design. However, adjustments to the packaging can help enhance the brand's premium credentials, which will have been helped through the new better for you positioning. This could range from releasing products in a more modern countline wrapper (such as Cadbury's Bournville) to making the traditional colors used on packaging bolder, in order to enhance standout appeal.
- **Comfort** – Continued uncertainty about the direction of the economy and government-imposed austerity measures means that groceries that offer moments of comfort and feelings of simplicity will appeal favorably to consumers. Indeed, Mars witnessed an increase in sales following previous nostalgia-themed marketing campaigns in the past. If Mars is to capitalize on feelings of comfort and nostalgia, it should focus on utilizing and leveraging its own heritage, rather than tapping into events and competitions over which it ultimately has no control.
- **Sharing** – The Mars Planets offering underperformed in the UK market in 2010, despite being released in a format designed to target sharing occasions, suggesting that consumers are less receptive to extensions of Mars's flagship product (Mars Delight has also not had a particularly favorable year). Instead, targeting sharing occasions provides a good opportunity for Mars to leverage the premium and healthier credentials of its core offering by releasing its Mars Bar in a sharing format. This can be achieved by releasing the product in mini-sized offerings and in a resealable packet to enhance freshness, while also allowing for the opportunity to introduce new premium-style packaging.

It also has to be remembered that Mars has signed a long-term agreement with the English Football Association, meaning that there will be future marketing campaigns focused around football tournaments. The World Cup campaign for Mars in 2010 ran two months prior to the campaign starting and throughout the tournament. While sporting events of this nature have been shown to boost consumer sentiment – which can then translate into sales of products that are synonymous with feelings of national pride – packaging redesign and marketing campaigns of this nature carry the risk that the brand is reliant on an external source to generate positive sentiment. In the case of the England 2010 World Cup campaign, problems on and off the pitch both up to and during the competition negatively impacted consumer sentiment, meaning the campaign had a greatly reduced impact.

For future marketing and advertising campaigns, Mars should look to take a more active role in influencing favorable consumer sentiments, perhaps through social media campaigns encouraging consumers to submit footage of themselves and friends in order to win prizes.

# APPENDIX

## Ask the analyst

We hope that the data and analysis in this brief will help you make informed and imaginative business decisions. If you have any questions or further requirements, MarketLine's research team may be able to help you. The MarketLine Research team can be contacted at [ReachUs@MarketLine.com](mailto:ReachUs@MarketLine.com).

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