

Assessment - 2
Marketing Management
Lecturer: Prof. Huw Thomas
SBMA7102D

**The Role and Activities of the Marketing
Department at MARS Inc.**

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INTRODUCTION

Topic: "The Role and Activities of the Marketing Department".

The company I have chosen for discussion on this topic is
MARS Incorporated.

The essay will attempt to:

firstly, to discuss the marketing department within MARS Inc.
with regards to its structure, its relationship with other
departments and its relevance to the organisation.

secondly, to discuss the company's target market/s and main
audiences.

thirdly, to discuss the use of media channels and the
company's preferred options.

Lastly, to discuss measuring success with regards to the
effectiveness of campaigns and how this will impact on sales,
brand development and an improved market share.

In addition to the discussion around, the MARS marketing
strategy, the essay uses relevant concepts, theories and
models in providing a critical analysis of the marketing
function within MARS Inc.

As a basis for this essay, secondary research has been conducted using reports, websites, academic literature, scholarly articles and books, journals and academic theories and models.

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A. FIGURES

1. MARS Five Principles
2. MARS Sales per Business Segment
3. MARS Communication and Social Style
4. MARS Current Markets
5. MARS Flywheel Model

B. MARS Inc. COMPANY BACKGROUND

Mars, founded in 1911 by Frank C Mars, is an American global manufacturer of confectionery, pet food, and other food products and a provider of animal care services. MARS boasts annual sales in excess of US\$33 billion and is ranked by Forbes as the 6th largest private company in the USA.

The company's headquarters are based in McLean, Virginia, United States and the company is entirely owned by the Mars family. Mars operates in six business segments, (Petcare, Chocolate, Wrigley gum, Food, Drinks and Symbioscience), around the world and has a presence in over 78 countries.

The operations of the company are guided by 5 key principles: Responsibility, Mutuality, Freedom, Quality, and Efficiency. See Figure 1 below:-

The company can best be described as, Private, Family-owned, Principled, Decentralized and Global.

The company's main competitors are Hershey's, Nestle, Mondelez International, Drools, etc.



Figure 1: MARS Five Principles

Source:

https://www.google.co.za/search?q=MARS+5+Principles+images&tbm=isch&source=iu&ictx=1&fir=vriow6f2OmCK7M%253A%252CFrFeqAwUfs47wM%252C_&usg=AFrqEzdQ3QNovn1sN7AX4r4ETmwOdp8cdg&sa=X&ved=2ahUKewjd_4fCu87cAhXBT8AKHR1pCjkQ9QEwA3oECAUQCg#imgsrc=vriow6f2OmCK7M

C. MARS MARKETING STRUCTURE AND STRATEGY

MARS, a multi-billion dollar global organisation demonstrates a remarkably flat and decentralized marketing structure. Beneath the Global CMO, each business segment has its own CMO, plus regional directors who are largely empowered to make their own local decisions. The MARS marketing department and agency partners encourage the free exchange of ideas between the top and lower rungs of the business.

The 6 business segments that MARS marketing department support are:

Petcare, Chocolate, Wrigley Gum, Food, Drinks and Symbioscience. It is worth noting that 90% of MARS sales are generated from the Petcare, Chocolate, Wrigley Gum business segments as depicted in Figure 2 below:

Sales by Business Segment

Our business segments

More than 90% of sales are generated from our **Petcare, Chocolate and Wrigley** segments

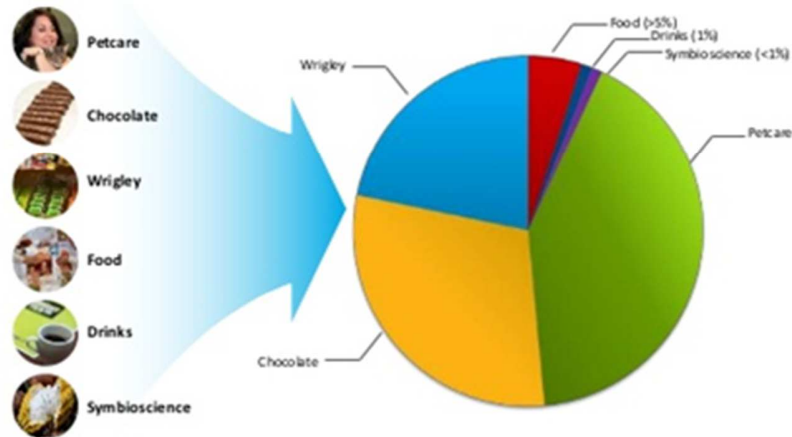


Figure 2: MARS - Sales by Business Segment

Source:

https://www.google.co.za/search?tbm=isch&sa=1&ei=lgZjW73YENHzgAac7qewDw&q=MARS+sales+images&oq=MARS+sales+images&gs_l=img.3...855979.856851.0.858599.5.5.0.0.0.245.245.2-1.1.0....0...1c.1.64.img..4.0.0....0.QwUtABj2Tj8#imgsrc=J4K_7yAgapbT2M

In terms of product strategy, Mars Incorporation has divided its operations into strategic business units. Each business unit is used to target a specific market where it acts as a product or profit centre of the main company. The product strategy complements its target market strategy because each business unit is meant for a specific market (Pride & Ferrell, 2008). Each business unit sells a distinct set of products to specific customers competing with other companies selling the same product. Therefore, each

business unit evaluates its performance, revenue, targets, and strategic plans separately from the main company, since it operates in a different market setting that vary in terms of customers, degree of competition, and profit making. This product strategy allows every business unit to operate without pressure from the parent company or other business units in the same company (Rothacher, 2006). As such, every business unit is evaluated as a product at the end of the financial year, and its performance compared with similar products from competitors.

In its operations MARS demonstrates a dominant communication and social style as depicted in Figure 3 below:

ANALYTICAL Logical Precise Serious Systematic Prudent	DRIVER Efficient Independent Candid Decisive Pragmatic
AMIABLE Loyal Cooperative Supportive Diplomatic Patient	EXPRESSIVE Enthusiastic Outgoing Persuasive Fun – Loving Spontaneous

Figure 3: MARS Communication and Social Style

Source: Self Created

The following guide the MARS marketing department in their day to day operations:

- ✓ Empirical laws of marketing
- ✓ Neuroscience marketing
- ✓ Empirical laws of advertising
- ✓ Behavioural economics
- ✓ Archetype theory

The following form the key beliefs for the MARS marketing approach to marketing success:

- ✓ Penetration is king
- ✓ Brands must continually recruit
- ✓ Light buyers are the key to brand growth
- ✓ Loyalty marketing should not be a focus
- ✓ Brands grow through salience
- ✓ Mental and Physical availability are key to growth
- ✓ Reach is the key media strategy

D. MARS TARGET MARKET/s

At the recent MARS Chief Strategy Officer Summit in November 2017, Matt Lloyd, Vice President of Business Development for Mars Wrigley Confectionery U.S said , "Knowing your customer or consumer is absolutely critical. Knowing them better than you did last year, better than your competitors do."

MARS is a diversified business and each business segment follows a mid-premium pricing strategy because the primary target audiences for all the business segments are the people of all the age groups from upper and upper-middle class. Each business unit has been given the independence to set its own price of the products. The pricing strategy is decided by the business units after considering various factors such as production cost, marketing, and distribution, advertising, etc. The company follows mid-premium pricing strategy in its marketing mix and as such this approach is beneficial in maintaining the quality of the products at reasonable prices. This strategy helps in keeping the competitive edge with its main competitors.

MARS current markets is depicted in the Figure 4 below:



Figure 4: MARS Current Markets

Source:

https://www.google.co.za/search?tbm=isch&sa=1&ei=BQ9jW773GcXcgAb7_IWAAQ&q=MARS+incorporated+sales+images&oq=MARS+incorporated+sales+images&gs_l=img,12...51461.54509.0.56929.13.12.0.0.0.0.546.2027.2-4j1j0j1.6.0....0...1c.1.64.img..9.0.0....0.sdGmTYsWNRU#imgsrc=pRhdqDqBniZdFM:

The 4P's Marketing Mix of MARS

Mars has a strong marketing strategy that allows for market penetration and continuous product development to fulfill the needs of its customers. Using the 4P's marketing mix concept, the company has continued to grow overtime by exploiting the weaknesses of its competitors.

The MARS 4P's marketing mix is discussed below:

Product

MARS has divided its business into six business segments viz. Symbioscience, Drinks, Food, Wrigley Gum, Chocolate and Petcare.

Place

The product presence of MARS spreads over many countries like United States, United Kingdom, Canada, India, China, Indonesia, Germany, Australia, France, Ireland and Japan. The company has different location heads for different businesses both in the United States and other countries. The company has a strong distribution channel of wholesalers and retailers and their products are easily available to consumers via supermarkets, discount stores and hypermarkets.

Price.

MARS is a global brand and target the upper and upper-middle class society who want a quality product. The pricing strategy is generally dependent on factors such as production cost, advertising, marketing, distribution and other variables.

The pricing strategy is also impacted on the prices set up by rival brands. To address the issue of price setting, Mars has a team that takes into consideration all these factors and recommends projected prices. The company has adopted a mid-premium pricing policy for its products and this strategy helps in maintaining their premium quality and keeps product rates affordable and reasonable so that it does not lose its competitive edge in the market.

Promotion

MARS uses many promotional strategies for its marketing including electronic media, newspapers, magazines, radio and billboards. In recent times it has also started advertising using social media platforms. The company uses famous personalities to act in its ads and increase its brand awareness. The company is also a keen contributor to social responsibility programs.

SWOT Analysis of Mars

Strengths

Strong geographic presence

Sustainability initiatives: Elimination of Greenhouse gases from Mars' operations by 2040. Efficient water usage and reducing its waste creation.

Strong product portfolio.

Offering Nutritious products: Mars is reducing the calorific content in its products.

Weaknesses

Product recalls hamper image.

Opposition for using animal rennet.

Children under 12 years: As per the MARS marketing code the company cannot advertise to children under 12.

Opportunities

Growth in confectionery market.

Growth in Petcare industry.

Merging Mars and Wrigley businesses will increase penetration.

Emerging markets like India and China create a demand for MARS products

Threats

Intense competition across all product categories impacts directly on market share and induces price wars which affect profitability.

Increasing Health consciousness consumers allow for new entrants into the market.

Increasing wages and transportation in the US impact negatively on production costs for MARS.

E. MARKETING COMMUNICATION AND ADVERTISING

A general manager at Mars, Inc., recently stated, "We used to look at advertising, PR, promotion plans, each piece as separate. Now every piece of communication from package to Internet has to reflect the same message."

Mars CEO and President, Grant F. Reid, said: "Digital is changing the way our consumers and customers experience our products and services. New expectations, competition, distribution channels and opportunities present themselves every day."

When it comes to the choice of media channel communications MARS subjects its products to "scale brand" methodology using an internally developed model called the "Flywheel, depicted in Figure 5 below. Each product is subjected to the strict criteria yardstick set out in the "Flywheel". Using the model, the test result for each product type, determines which media channels to use, how much the investment should be and what strategy should be implemented for the product within the defined target market and audience.

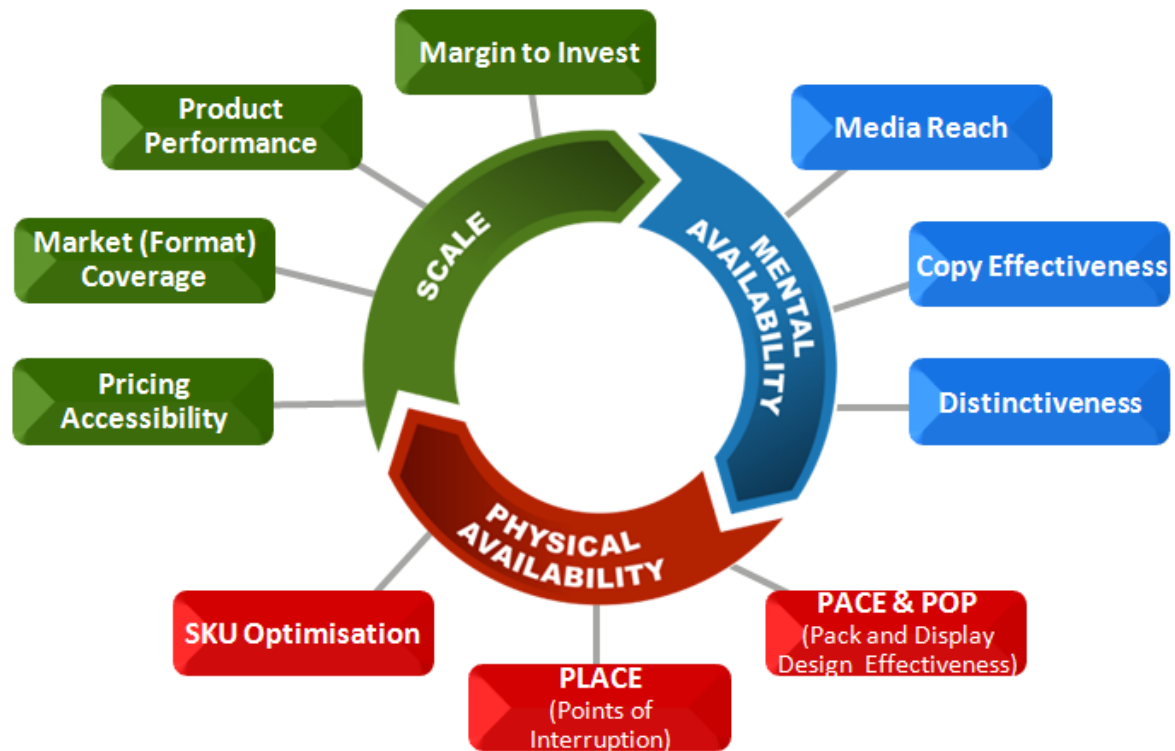


Figure 5: MARS Flywheel Model

Source: MARS Training Deck For New Starters (2014) - Internal Document

Generally, due to its proven marketing success over the years, MARS favours the video (TV and Online Video) option over other media channels for communication when it come to channel selection. The MARS marketing philosophy in this regard is that "Media success is only measured by achieving reach and sales lift" and " Research dollars are to be committed on proven reach and sales lift".

With regard to its research methodology, MARS, measure channels by continuously collecting behavioural performance metrics like viewability or completion rates for optimising campaign executions.

Within MARS, maximising media, ROI is achieved through prioritising scale brands. A scale brand is defined as a brand for which the cost of an annual growth media plan is less than 5% of its yearly NSV. Marketers are advised to prioritise, from a financial perspective, the biggest brands for advertising and only support smaller brands if the following are all true:

- There is a long-term business plan to grow the brand is in place.
- The brand is already in growth stage
- Creative assets pass the research test .

MARS does not support small brands without a long-term focused, holistic brand strategy, including media investment. They believe that the size of the brand, along with tested creative effectiveness, is the main driver of the return on investment at constant spend level and that optimising media plan elements cannot make up for untested creative assets.

On advertising MARS is of the opinion that the impact of advertising decays immediately after the end of the campaign and if advertising doesn't have short-term impact, it won't have an impact later.

MARS does not use niche targeting strategies that don't cover the full market of category users .Audio-visual communication is the most impactful way to drive emotion, build brand reach and consequently drive sales.

Marketers are encouraged to avoid digital display where other alternatives exist stating that banner blindness is real and to further avoid buying display advertising where other alternatives exist but want marketers to always select video (viewable, sight, sound and motion) as the preferred option instead of Mobile, Facebook, Twitter and Ad Network Display which they state perform equally poorly.

With regard to Social Media, MARS marketers are advised not to expect significant earned media reach, not to use toxic measures of success (e.g.: #likes, #followers, #shares), nor to treat Social Media in isolation of the rest of the media plan.

Today, some of Mars' most notable practices include marketing the business using contemporary practices. For example, the company uses its own social media and YouTube channels to promote itself,

as it understands how marketing has become more interactive and ephemeral.

Investments in communication channels like Radio, Out of Home , Cinema, Print, etc. are acceptable as long as they meet the tactical campaign objectives and achieve the desired results .

The MARS MARKETING CODE

The Mars Marketing Code is primarily for internal use and is intended to assist all our Associates (and especially those involved in marketing, sales, corporate affairs or commercial/ procurement) in ensuring that all our marketing practices are responsible, reflect the values and concerns of our consumers and are globally consistent.

The MARS ADVERTISING CODE

Mars, Incorporated is committed to advertising its products in a manner consistent with the principles which guide us in all aspects of our business. This impacts the content of our marketing communications, as well as the placement of marketing messages.

F. MEASURING SUCCESS

Mars marketing measures success with methods as sophisticated as biometric tracking for their business. Using digital metrics and taking advantage of as many sources of data as possible they are able to see the best results from a campaign and glean the best insights for the future which helps to drive better planning, strategy and activation.

Some of the key elements that contribute to the successes at MARS marketing are attributed to:-

- The forging of long-term agency relationships built on trust.
- Giving agencies the freedom to create their best work.
- The making of fewer, better ads that run for longer periods, and avoid unnecessary package redesigns that confuse consumers.
- The promotion to rule by "provocation and support."
- The encouraging of conducting "own research" and forging adventurous partnerships to get it.
- The minimising of the hierarchy
- The giving of clear, direct briefs that lay bare your business challenges to agencies.

MARS demonstrate a huge appetite for embracing technology as a tool to further its marketing ambitions. They are of the opinion that new technologies are reshaping industries and changing how people discover and interact with brands. An example of a digital campaign is the Cannes-winning 'Hungerithm' campaign, which changed the price of "Snickers" (a MARS chocolate product) in real time depending on the mood of the internet.

Campaign 1 - LAUNCHPAD

In 2016, MARS wanted to bring some of their iconic brands into the digital world. The goal was to help their brands harness and leverage the power of technology, to stay relevant and best placed to reach, engage and convert consumers in a fast- changing, digitally-influenced, world. The solution was to create "Launchpad", a global program to deliver marketing and sales innovation through partnerships with startups and other technology companies.

Launchpad works by asking Mars associates from the markets to submit a business challenge or identify an opportunity for business growth leveraging data and technology. The challenges and ideas reflect the changes in the marketplace first hand in daily business. Suitable start-ups are identified and live pilots are executed in the areas of performance marketing, new conversation platforms, social and big data analytics.

Launchpad is a key pillar of MARS' overall digital transformation strategy and is helping MARS to stay agile and learn on the fly. In addition it helps MARS to take advantage of the new routes to markets and new routes to consumer engagement that are being developed almost every day. For MARS, Launchpad is bringing the "outside in" thus letting their associates benefit from their strength of their culture alongside outside expertise. The key here is that MARS can capture learnings and share that across their brands and geographies. Having its own funding and support structure Launchpad gives MARS marketing the freedom to take risks.

Digitisation has revolutionized the consumer path to purchase and with the introduction of Launchpad it brings with it the possibilities of discovering what's possible, connecting the dots, and turning hypotheses into facts and knowledge rapidly and inexpensively.

Some of the challenges facing MARS are:

- The store of the future will be different. There is heavy impact of digital inside and outside physical retail stores. Stores will move to no-checkout, there will be far more experiential stores, and e-commerce will continue to become a bigger percentage of retail sales. MARS needs to ensure that their brands stay relevant and present in this changing eco-system.

- The Internet of Things will change how MARS brands appear to consumers. By 2020 there will be 24 billion connected devices, so MARS needs to know how their brands can still be selected in a world of algorithms driven by new technologies such as
- Big data is only going to get more relevant. Every day MARS gets more data about consumers and their brands but they need to find better ways to understand, process and apply it.
- Digital conversations are increasingly powerful. Every dollar spent by consumers will be influenced by digital. The MARS brands need to ensure they are in the right conversations on the right channels, even as the landscape changes dramatically.

Campaign 2 - SKITTLES

The internet is the decisive key medium for global communication. It also allows companies communicate and interact directly with customers by using social media channels. A great example is how Mars, Inc. used the whole “rainbow of social media marketing” to develop their candy named “Skittles” in 2009. This unknown candy became popular within just only one day with the Skittles-site experiencing a 1332 percent jump in traffic on its first day alone

using a new form of marketing: the viral marketing. The marketing measure certainly got people talking. First, users flocked to Twitter and then Facebook to post Skittles-specific comments. Second, people began to talk about the campaign's significance in a broader sense. The campaign, which was considered a huge success, is now the topic of conversation among marketers who are considering social media investments.

Campaign 3 - MARS & ALIBABA

In 2016, Mars and Alibaba Group launched a global strategic business partnership to create an online shopping experience for the MARS products by leveraging the Alibaba ecosystem which is the world's largest online and mobile commerce company. It is MARS' intention to establish an integrated online and offline business model to more effectively serve its hundreds of millions of consumers in China.

G. CONCLUSION

To remain sustainable into the future and to achieve its growth objectives, the MARS management are urged to continue on the path that they have chosen which is to use technology as the driver in the areas of, data gathering, product promotions and advertising. The company is guided by set principles that must be adhered to at all times.

The lessons learnt from MARS' marketing operations are:

- MARS employs a flat structure
- MARS target market is global and their audiences are the upper to upper-middle class
- MARS preferred channel of communication is video
- MARS measure its marketing success through sales growth

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