Macro Trend: Consumer

> Shifting the marketing approach – no hard sell to children
  
  • Parents are extremely important to future growth- they are the gatekeepers
  
  • Provide parents with solutions for children:
    
    • **Educate** – on packaging or website – history of holiday
    
    • **Entertain** – puzzles, activities - ie. Dove Valentine’s Libs
    
    • **Pleasure** – inspire fun – how to make an apple shaped box for Christmas for a teacher filled with chocolate

> Incentivising children to be active through on-pack or in-store promotions is a minimum requirement

  • **National Confectioners Association** – voluntary set of guide lines for candy manufacturers - healthy-eating and proper-exercise initiatives
Macro Trend: Consumer

> Manufacturers announce sponsorships of sporting events
  
  • **Mars** teamed with the English Football Association – 2009.
  
  • **Mars** signed a 4 year deal with the Scottish Football Association – 2010
  
  • **Hershey** Canada became the official candy and chocolate supplier to the NHL
  
  • **Hershey** is in negotiations with NASCAR and the NCAA (National Collegiate Athletic Association)
  
  • **Cadbury** sponsoring the 2012 Summer Olympic games

> Consumer groups feel manufacturers are sending wrong message
  
  • Other manufacturers as well – the Winter Olympics was sponsored by: McDonald’s, Coca Cola and P&G’s Pringles.
Macro Trend: Consumer

> Consumer groups main focus: Children and obesity
  • Do these sponsorships encourage unhealthy foods?
  • Are children encouraged to copy teams’ athleticism?

> Parents in the US not sure who to blame for childhood obesity
  • *Who is responsible for this obesity epidemic:*
  • 78% believe parents
  • 41% believe food manufacturers
  • 39% believe fast food restaurants
  • 36% believe children themselves
Macro Trend: Fairtrade

> Fairtrade is slower to catch on in the US vs Europe
> In US aspiration attainment more of a driver
> Growing interest in natural foods will drive growth
  • 66% of US consumers interested in natural foods
  • 34% of US consumers interested in fairtrade products
> Mainstream manufacturers entering with fairtrade coffee lines
  • Sam’s Club
  • Starbucks Coffee
  • Peet’s Coffee
  • McDonald’s
Macro Trend: Fairtrade

> Ben and Jerry’s ice cream will be 100% fairtrade by 2013
  • 5.7% of ice cream market in US

> Chocolate Category
  • 2% of new products launched since 2008 in US have fairtrade designation
  • 7% of new products launched since 2008 in UK have fairtrade designation
  • No new launches came from mainstream manufacturers in US
  • Hershey has Dagoba which is primarily fairtrade
  • Mars has chosen (UTZ / Rainforest Alliance Certification) – harvest all cocoa from sustainable farms by 2020
  • Mars has no UTZ mainstream products on the market in the US yet
Macro Trend: **Product Innovation**

> **Chocolate’s benefits continues to drive functional launches**

- Dark chocolate benefits
  - 1 - 2 ounces per day can reduce stroke by 52% (Harvard)
  - Nestle claims: 40g per day can change metabolism and benefit gut health
  - Improved blood flow
  - Elasticity in blood vessels
  - Lower blood pressure
  - Heart Health
  - Decreases LDL – bad cholesterol

> **Consumers are aware of positive attributes – anti-oxidants etc.**

- They are hesitant to switch brands for that sole reason
Macro Trend: Product Innovation

> New product launches with functional claims:
  - 100% increase in product launches from 2008
  - 23.1% have **cardiovascular** benefit claims
  - 18.5% have **digestive** benefit claims
  - 13.8% have **brain** and **nervous system** benefit claims
  - 6.2% have **beauty** benefit claims
  - 4.6% have immune system benefit claims
  - 1.5% have **bone health** benefit claims

> Most functional products are made with dark chocolate – another obstacle
Macro Trend: **Product Innovation**

> **Consumers look to Chocolate to satisfy a craving or “make them feel better”**

- Mood enhancement
- Energy boosting
- Stress reduction

> **Realistically consumers are more sold on the indulgence factor**

- They will not sacrifice taste / flavor for health benefits
- Only 8% of consumers purchase chocolate because of positive medical reviews.
Macro Trend: **Product Innovation**

> **Sugar-free**
  - Mars - Dove Sugar Free Chocolates

> **Gluten free**
  - 7 of the 191 new product launches of 2010 have this claim

> **Flavonols**
  - Mars - cocoa flavonols could more than double cells associated with repair & maintenance of blood vessels
  - Mars - Valentine’s Day 2010 - launch of its Dove Dark Chocolate Rose