

Macro Trends

Seasonal Chocolate



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

