

Uk chocolate market analysis marketing plan marketing essay



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UK chocolate market is considered the 2nd largest market amongst the EU after Germany, with an average consumption between 4kg to 10kg per head. Not only UK is among greatest chocolate consumers in EU but also holds highest share on sales of confectionery market since 2003. Average annual growth rates in last few years in chocolate market show an increasing trend in volume sales reaching £4. 83bn, and expected to reach up to 684, 000 tons till end of 2010, growing at rate of 2. 4%.

The changing consumer purchase patterns towards how products are produced in terms of their impact on environment and health are considered factors on which future market growth of chocolate will be depending on. For this reason the confectionery and chocolate market has started struggling due to the lobby created by healthy eating, health conscious community. “The organic chocolate market” is thus becoming the recent trend for consumers because of the increasing awareness of the economic and environmental concerns surrounding cocoa production. These changes are well monitored by market players whose response towards these changes is evident from entering of organic companies into chocolate market and big conventional manufacturers’ investments in the processing of organic chocolates. Yet, although organic chocolate markets expected to grow at exceptional growth rates, the sector is still niche market when compared to the conventional and possess very little share in the total chocolate market. Moreover, with the squeeze on disposable incomes, an increased focus on price, the ‘ buy one get one free offers have been replaced with ‘ special price’, ‘ multibuy’ and ‘round-pound’ type deals.

Continuous innovations in rival sectors such as biscuits and cakes etc are offering tough challenges for chocolate market. The outlook for the market still remains positive, but chocolate brands need strong effort in terms of providing customers with high value and healthy products.

The major players of Chocolate in UK market fighting neck to neck in the battle of market share are

Cadbury & Kraft, combined market share of around 40%, after Cadbury's takeover by Kraft.

Mars, market share of 15% and turnover of more than 9.6 billion pounds

Nestle Kitkat, market share of 20.4%

Green & Blacks, market share of around 5% in conventional and more than 90% share in organic chocolate market

For the information regarding the current trends in UK chocolate market, it is evident that the focus of communities are now towards healthy eating for which they now are conscious as of what ingredients are their products made up of. Thus if a company desires to enter chocolate market in such demanding trends where customers have full range of variety to choose from the safest path to choose will be organic chocolate market. This would be safer in that sense that as trends of people are shifting from only fun and enjoyment food towards healthy safe food, soon it is expected that the conventional market leaders will also be converting existing brands to organic and natural ingredients used products.

Market Segmentation, Targeting and Positioning

For this section statistic data about consumer attitude towards chocolate in UK by age, sex, social grade etc is required. This data is available in Keynote market research report to which there is no access from here. However , I have tried my best to broadly describe the target segment but still as per requirement of the instructor, detailed data figures are required.

The organic chocolate market is considered amongst those popular opportunities which have been derived by changing consumer trends and liking towards healthier and environmentally safer food items, specifically the focus on use of healthier and environmentally safer ingredients.

Consumers driving growth

According to a market research demand for organic food items including organic chocolate is spread across the social spectrum, including workers, pensioners, students and people on benefits, and accounts for almost 33% of their total spending. For the purpose of our organic chocolate segment a significant portion of worker and student class will be our main target market segment.

Descriptive Data

For Organic chocolate market segment, as a new entrant our target market would include working class and students.

The total population of UK is divided into following age group segments:

For our organic chocolate segment, we would target population ranging from year 10 to 44. This would account for almost 48% of the total population of

UK , obviously the whole 48% will not be part of our target market as organic chocolate is a niche of conventional chocolate market, our working and student class will be covered in these age group description. So as an estimate organic chocolate demand can be expected from 40% of the 48% target population.

Socio-demographic Description

The segment aimed as target segment will be people living in North West of England. This is so as we are initially introducing our product in test market covering NW of England only. Target customers will be in age group of year 10 to approximately 44. Children below 10 are essentially not part of our target segment because it requires awareness to choose healthy food items for which reason children above year 10 are selected. The age limit selected till 44 is for the reason that above this age group most people are suffering from heart and diabetic deceases thus for them at a later stage diet or low sugar items shall be introduced.

Target segment will be constituting of students and working class.

Psychographic/behavioral Description

Our chosen segment is people with health conscious attitudes and preference towards safe and healthy food. This segment has awareness about environmental issues also and thus do not have wild fun loving lifestyle but a graceful lifestyle with healthy and enjoyable eating patterns.

Positioning

The current segmentation in UK chocolate market described in view of a perceptual map is shown below:

Thus we will be positioning our product in high quality depicting its healthy making nut that much high price. It will be positioned similar to milk tray shown above in figure but bit higher in quality.

Product Specification and Branding Strategy

There are already few very popular organic chocolate brands in UK including Green and Blacks which holds a very significant share in organic chocolate market. Thus the introduction of our organic chocolate brand needs some cutting edge or competitive advantage over others. We will introduce this difference with providing our organic chocolate lovers a variety of combinations and natural healthy flavors in our chocolate products.

First of all, our brand choco naturals will be classified in three ranges targeting three set of places with different usage style.

Organic chocolate bars

After dinner mints items

Organic chocolate gift boxes

The basic composition and ingredients of all three variety of our brand will be almost same, i. e.

Dark Chocolate – dark bitter chocolate made from 70% organic cocoa solids, brown cane sugar, vanilla and soya lecithin

Semisweet Chocolate- organic sugar, organic chocolate, organic cocoa butter, organic flavors, milk fat and soya lecithin

White Chocolate- no cocoa solids, but organic cocoa butter, sugar, vanilla and milk

On this basic organic composition of our brand the cutting edge would be its natural and healthy flavoring and combo mixing of white and dark chocolates. The conventional choco bars available in market have introduced all kind of variety including nuts, wafers, biscuits etc, but as our brand is providing its customers with chocolate that is good for health also we will enhance their flavor and appetite by mixing fruit chunks in our brands and good cholesterol nuts i. e. almonds and walnuts. Moreover providing combo mixing of dark and white chocolate will deliver chocolate lovers taste of two in one and with added advantage of health benefits of dark chocolate.

Our products will be offered in following sizes and weights

Organic chocolate bars

Initially as we are introducing our brand in test market we will only supply bars in 2 sizes i. e. 50g bar and 100g bar

After dinner mint items

These will be offered in round balls 100 g each to popular hotels and restaurants to serve their customers as after dinner items and will be provided with fruit chunks and combo variety explained above

Organic chocolate gift items

For our test market this will also be provided in two sizes i. e. 1 lb and 1 ½ lb box packing

As the specialty of this brand of chocolate lies in it being healthier, close to nature and for those who have high concern for health and environment , we will have high focus of packaging choco naturals_ chocolates in an environmentally friendly rappers which are biodegradable packaging and have zero waste components. Our three line of products will be properly labeled describing components and all details regarding calories, fats etc. As the brand has high insistence on being organic, the design of packaging of chocolates will show the making of chocolate from most natural and organic ingredients through its color and style creating a warm connection with those who love being close to nature, adding value for them.

Developing Brand Personality

As an introductory brand it is one of the most important responsibilities of us to define our brand and portraying its strengths which meet all standards set by the market. These include the consistency in taste and quality delivered etc. When developing brand identity consistent delivery of the value must match promises made to target customers. The logo, mark, theme line, and “ look and feel” as part of choco natural’s identity will create a recognition in

the minds of our target customers and will make them remember choco
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naturals. As choco naturals_ chocolates are made from fully organic ingredients with an added combination of natural fruit chunks that enhance the product benefits, the logo will depict such closeness to nature, health and taste. Similarly the mark and theme line will deliver same identity of the product.

Creating brand identity begins with having a clear idea of target customers. When a customer decides which brand they prefer to buy they have many considerations in mind including its price , quality, benefits but the final thing which eventually wins is the brands identity created in the mind of the customer. This if carefully developed, as in our case that choco naturals chocolates reflects the attributes and preferences of its target customers will make choco naturals chocolate win over other conventional brands. choco naturals chocolates will be developed as a sophisticated brand which is aimed as providing taste with health.

Pricing Strategy and Price

Strategy to opt:

Of the many pricing strategies, for choco naturals chocolates, four strategies are of value. These are

Competition based pricing

Market oriented pricing

Premium pricing

Psychological pricing

We will chose a combination of market oriented and psychological pricing. Premium pricing could also be opted but as our target market also includes students and worker class, it might create a luxury brand image which might effect the closeness we want our brand to develop with target customers. Similarly competition based pricing method would have also been a very safe strategy but for having an added value, we choose market oriented pricing which is based on analysis and research of target customers and on those prices if the effect of psychological pricing is also added it is expected to create more value for our products.

Pricing objectives:

Purpose of choosing this combination of pricing strategy is to provide such a price to the customers which is not too high to loose connection from target customers and not too low that can portray the brand as a low standard brand. The objective is to set such a price that can portray our target customers the essence of the organic image our brand portrays i. e. natural. In terms of sales, this strategy for pricing is expected to create a healthy market share in organic chocolate market at a good pace and constant increase in level of sales and profit. The positioning of this brand will also support this pricing strategy.

Recommended Price:

Organic Chocolate Bar

100g — £2. 95

50g — £ 1. 95

After dinner mints - Pack of 4 round balls 100g each for £6. 95

Organic chocolate Gift boxes (combo mix of dark white and multi flavored fruit chunks)

1 lb — £19. 95

1 ½ lb — £ 29. 95

Retail Distribution Strategy

As we are introducing 3 categories in organic chocolate brand, the distribution will to 3 different type of outlets. These are:

Organic Chocolate bars — Large super stores and coffee and tea cafes

After dinner mints — Three to five star Hotels

Organic Chocolate gift boxes — Large super stores

As initially we are introducing our brand in test market, choco naturals chocolate will be available in stores, cafes and hotels in north west of England mainly. The super stores which will sale our products include

Sainbury's super market Ltd, having 5 outlets in NEW

Tesco, having 9 outlets in NWE

Woo Sand super market, having 1 outlet in NWE

ASDA Stores Ltd, having 6 stores in NWE

WM Morrison supermarkets, having 6 stores in NWE

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The selective Hotels in which we would initially supply our after dinner mints will be some three to five star hotels with good reputations so that association of our brand with such names can deliver positive impression of our brand to the segment of our target market visiting those hotels. These include:

Holiday Inn

Hard Days Night Hotel

Beech Mount Hotel

Feathers Hotel

Trout Beck Inn Hotel

Park House Hotel

We will be opting selective distribution strategy to make our products available to our target market. The product will not be massively available as we initially want to access response from test market and moreover the sophistication of our product might get distracted if it gets available in each and every store. Thus at start selective supermarkets, hotels and cafes will offer our products to customers so that the brand may create its image with the help of the image of the places these are available at. Our products will not be available at web based distribution sources as it initially requires to develop a status in local market and then be available at global level.

Integrated Marketing Communications Strategy

The integrated marketing strategy we have planned for our product is hitting the market segment in North West in selective ways. We are not going for the guerilla marketing tactics because it's high quality product and market is not very wide. We have to introduce the product and usually the products in the early stages of their Product life cycle need careful tactics for marketing and advertising because profit margins are lower therefore selective media should be used instead of using the short gun approach.

The main objective behind our campaign is to introduce our product and its benefits along with creating brand identity. We will focus our attention in the initial phase of the campaign to create awareness about our product in the native market (North West of England). In this phase we will tell our customers about the value we will deliver.

In the second phase of our campaign we will emphasize on promotion and advertisement of our brand. First phase would help us to identify again the interested segment so in the second phase we will scrutinize and promote to our potential valuable customers.

For promoting our brand we are not using all the tools of integrated marketing communication strategy which are advertising, sales promotions, direct marketing, website and public relations). We are going to use only advertising, direct marketing and we will create our website as well.

For advertising we will select the print and electronic media for print media we will only advertise in best selling food journals and news-letters of

Northwest. For electronic media we make a 45sec. advertisement. We will <https://assignbuster.com/uk-chocolate-market-analysis-marketing-plan-marketing-essay/>

use celebrity endorsement in our advertisement. The celebrity we will use would be environmentalist and heads of NGOs promoting nature friendly products. We will air our ads on food based local channels for the middle aged women and men and music and music based and entertainment channels for youngsters slots would be prime time. We would go for cooperative advertisement.

We will not go for sales promotions because it's a high quality product and sales promotions would give a negative impact.

For direct selling we will hire a team which would convince the customers. Our customers for after dinner mints would be owners of famous cafes and restaurants. In initial days we will use mall intercepts in large super stores and departmental stores offering organic products.

Public relations is mostly done for service sector so it won't make any significant impact here but in later stages when there would be larger sales volume then we will introduce PR for our premium customers. In later stages we will also conduct seminars for creating awareness of organic food but in initial phase profit margins are too low.

We would create a website for promotion but not for sale because customers are very conscious in trying a new product and for a product like chocolate it won't work at all. In maturation phase when customer response would be good we may go for online dealing.

So in our IMC our focus in print media would be on chocolate bars, in electronic media it would be more on gift items. And in direct selling we

would promote after dinner mints and gift items but the whole campaign would promote the brand.