

# Marketing – montreaux assignment

[Art & Culture](#)



**ASSIGN  
BUSTER**

In pursuit of upscale segments of the market and an increased market share, Consumer Food Groups (CUFF) purchased the rights to become a distributor of Manometer's European chocolate products in the United States in June 2011. As CUFF is the division which produces confectionery products for Apollo Foods, they contribute not only to one-third of the company's total revenues and net income, but are a vital part of Apollo ranking as second in the global confectionery business. On calculation of the rights for Manometer's chocolates CUFF formed a new Dillon, Montreal Chocolate USA. Under the leadership of David Raymond as division manager and Andrea Tortes as director of new product development, this division is working to help Montreal Chocolate Company reach its goal of expanding to the US and Polio's to seek a greater presence in the lucrative chocolate market and grow its confectionery market share. Of all the different segments within the confectionery market, chocolate is the most lucrative accounting for almost 53% of the market's total value.

Not only is the confectionery market itself growing, but the chocolate segment specifically is showing increases in both market share and revenues projected to 2015. Chocolate market trends in 2011 indicated that dark chocolate sales were on the rise, consumers are interested in low-calorie options, premium chocolate was becoming more accessible in mainstream channels, and packaging and labeling were growing more likely to affect customer appeal. Awareness of these trends and growing consumer focus on fitness and health, placed Tortes in a unique position to work to develop new products which featured a healthy focus.

Through combined efforts of the New Product Development (NYPD) team, Tortes, Montreal Research and Development, and Apollo, the growing dark chocolate market was explored as a possibility of development off new product line. With the use of BASES, Montreal USA would be able to hone in on a new product opportunity and strategy that was not only in line with the strategy for health and wellness laid out by Montreal and Apollo, but also was very viable to consumers and had the financial potential strong enough to meet the goals set forth. Through a series of

BASES screening and concept tests, an original set of 45 ideas for concept development was first narrowed down to 12, then to 5. Of these final five concepts, all involved dark chocolate with fruit. Further research found that when comparing the taste of 70% cocoa to 90%, consumers preferred the 70% mix with the top three fruit flavors being cranberry, pomegranate, and blueberry. In addition to actual product formulation, the positioning, size, and packaging were all issues to be addressed as well. In regards to positioning, health vs.. Taste needed to be considered. Given credibility issues due to the unfamiliarity of the

Montreal name in America, should brand be tailored more to the American interest in smaller squares in stand up package or a 3.5 ounce bar, given growing health and fitness concerns. After a second round of BASES concept testing, it was found that the greatest revenue potential for Montreal Chocolate USA laid within the 5 ounce pouch with healthy positioning. Further BASES II testing used the 70% cocoa dark chocolate with fruit in a 5 ounce package that displayed healthy messaging and a stand-up pouch due

to potential revenue gains, alignment with health and wellness initiatives, and nonuser desire.

The BASES II would enable Tortes and her team to evaluate the market readiness of the product and pinpoint areas of potential product optimization. In this round of BASES testing, the team wanted to examine the various levels of awareness and distribution (low, medium, and high) as well as various repeat rates (mediocre, average, excellent) to consider sensitivity of meeting or exceeding the \$30 million sales volume desired. In looking at these projections, Tortes had to make a decision as to her next steps in implementation of the fruit flavored dark chocolate.

She could either (1) recommend product for further product testing (2) market the product in selected test markets (3) plan a regional rollover or launch nationally. She had until the board meeting to make her final decision for a recommendation. Based on calculations from the student template provided, in order to achieve the \$30 million in sales volume, at least two of three areas (awareness, distribution, repeat rates) need to be within their moderate ranges with the third in the high/ excellent range. At worst case scenario, with all measures at their lowest limits, sales volume would only be reflected at \$17. Million, barely over half where it needs to be. Given the credibility concern due to the Montreal name being unfamiliar to American consumers, this could create some hesitation. A SOOT analysis could further help identify the appropriate action to take. Strengths: Apollo is second in global confectionery market – strong customer base Consumer desire for dark chocolate and fruit Fits with health and wellness initiatives Market is

growing Weaknesses: Lack of credibility due to unfamiliarity of Montreal name Opportunities: Bringing a quality product to a growing market

Could be potential for further expansion of fruits with dark chocolate Potential for push to number one in global confectionery market Strength of product with Apollo name Threats: Competition – another tested dark chocolate with fruit concept not far from an introduction and global market ranking, I recommend that Tortes and Montreal Chocolate USA suggest a regional rollover or to launch nationally at the next board meeting.

Further testing of the product or market testing are not only costly, but time-consuming as well. As it currently stands, there is one competitor also carrying the dark chocolate tit fruit concept, and failure of Montreal Chocolate USA to launch their product could result in missed revenues and missed opportunities.