

Marketing essays - mars bar marketing



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Mars Bar Marketing

The Marketing Strategy for the Mars Bar in the United Kingdom

In this report a strategic analysis will be made of a Mars Bar (as opposed to the Brand) I think you have this wrong – a Mars Bar is a mix of milk, chocolate, glucose, etc! – you mean, I think, a review of Mars Bar as a product, rather than a review of the Mars Company as a whole. Mars is both an item of confectionary and a leading global brand recognisable almost anywhere in the world. NO, Mars is a global confectionary brand and the Mars Bar is one of its flagship products! There will be a detailed examination of the integration between strategic aims and marketing actions. Mars strategy and relationship between its target market segments will be examined, along with its products and services offered to the different customer groups and promotional activities.

The links between the external environment, (PEST, Porter), business strategy and marketing will be evaluated.

A Mars' bar is in essence chocolate-malt nougat topped with a layer of caramel and covered with milk chocolate. In the United States, it is known as the Milky Way bar. (There was a Mars bar in the United States, but it was discontinued in 2000. It was then re-launched under the new name the Snickers Almond bar.)

Mars Incorporated is a family owned company that produces some of the world's leading confectionery; food and pet care products and has a growing beverage and health & nutrition businesses. Headquartered in McLean,

Virginia, Mars Incorporated operates in more than 65 countries and employs more than 40, 000 associates worldwide. The company's global sales are approximately \$21 billion annually.

Founded in 1911, the company manufactures and markets a variety of products under many of the world's most recognizable trademarks, including MILKYWAY®, M&M's®, SNICKERS®, MARS®, UNCLE BEN'S® Rice, and PEDIGREE® and WHISKAS® pet care products.

Frank Mars was born in Minnesota, USA in 1882. Due to mild polio his walking was impaired. His mother taught him to hand dip chocolate as a means to keep him entertained. Frank married in 1902 and in 1904, Forrest Mars Sr. was born, in Minnesota.

Frank Mars and his second wife started making and selling butter cream candies from their third home in Washington, in 1911. This led them to renting their first candy factory, the Mars Candy factory Inc, which employed 125 staff. In 1920, Frank moved to a larger site in Minnesota, which he called nougat house. The Mar-o-bar was introduced to the candy range in 1922. With a larger site for distribution of this candy the Mar-o-bar company was launched. After three years of researching, the Milky Way candy bar was introduced and was an instant success. Sales increased and more staff were hired. In 1929 Mars incorporated, now with 200 staff, relocates from Minneapolis to Chicago. The central location of Chicago offers a better railroad access to the rest of the country. The Snickers bar is launched in 1930. Forrest Mars Snr arrives in the UK, in Slough to start his own business

in 1932. The Mars confectionary business diversifies with the acquisition of the dog food business in the UK. When?

Porter's 5 Five Forces Analysis of Mars Bar

Power of Suppliers

The power of suppliers is low. As supplies are mainly commodities – cocoa, sugar, malt etc. there is low differentiation in the supplies. Therefore Mars can afford to be sensitive to the cost of supplies, and can easily switch to a more favourable supplier. The Labour force is largely non-specialised, and thus the power of the unions can be assumed to be low. This puts the employer at an advantage when it comes to negotiating the cost of labour.

Forward integration by Mars' suppliers is unlikely due to the current oligopoly in operation, where brand strength and market share of the main players would make it difficult for new entrants to achieve the high volume of sales required to return a profit.

As a large multi-national corporation, Mars may be significantly bigger than some of its suppliers. This will give Mars an advantage in negotiations.

Power of Buyers

The power of buyers is low, but can be said to be higher than the power of suppliers. Because the price sensitivity of buyers is low – Mars bars are a relatively cheap product - there is some potential for Mars to raise its prices without this having a significant impact on sales. The significant brand strength of the product makes it important to the buyer, in terms of

wholesalers and retailers. Ultimately retailers need to sell Mars bars, therefore reducing their power to negotiate with Mars on price. Also there is a low threat of backward integration by buyers due to Mars' brand strength. There has been some backward integration from supermarkets own-brand products, but this has not resulted in supermarkets being able to stop supplying the Mars bar.

The low costs for buyers to switch between rival products bring some power back in their favour. Also the size of the Mars Company and the size of its suppliers (wholesalers and supermarkets) is similar – there is no clear imbalance of power between parties.

Threat of new entrants

The threat of new entrants is low. There are high entry costs to this market - it costs a lot of money to produce and market a new competitor from scratch. The threat is more likely from existing food companies e. g. Kellogg's cereal bars.

Economies of scale are a barrier – a small profit margin (for example, just 0.5p gross profit per bar of Kit Kat [which is actually a Nestle product! – why pick this as an example?]) means that larger volumes need to be produced and sold to make a profit. This denies the opportunity for new entrants to develop their market share gradually over time.

The extent of product differentiation in the market means that there is high brand recognition for the main products, which a new entrant would have to overcome. This can be considered extreme for Mars, where the brand has

been used to launch additional products such as Mars ice cream, cakes and milkshakes.

There may also be barriers for new entrants to channels of distribution.

Retailers may be unwilling to commit valuable shelf space to un-proven products. In addition, the existing companies may bulk-buy shelf space, thus reducing the availability to new entrants.

In favour of new entrants, there are few legal barriers to entry, though the requirements relating to food hygiene are strictly enforced. The risk to a company's reputation for failing to follow these requirements are significant e. g. the salmonella outbreak in a Cadbury's factory in 2006(?) Also, the low profit margins per bar reduces the ability and of Mars to engage in a price war to deter new entrants. The low price sensitivity of buyers would reduce the effectiveness of such a move in any case.

Threat of Substitutes

The threat of substitutes is medium – relevant but not strongly significant. With the exception of multi-packs from supermarkets, the Mars bar is primarily a low cost 'indulgence' purchase. Therefore its possible substitutes are any items that compete for the same money i. e. the change in people's pockets, and meet an indulgent need. These could be chewing gum, crisps, soft drinks, boiled sweets, even newspapers. The presence of substitutes will limit Mars's ability to raise prices and generate profits. However, the relative value of all such items is low, and so it is not often likely that a potential purchaser will be put off buying a Mars Bar, because they cannot afford to buy it and, say, a newspaper.

Competitive Rivalry

The level of competitive rivalry in the market is medium - significant but not intensive. Competition on price will be weakened by the oligopoly pattern evident in the market. This can be evidenced by parallel pricing decisions – the main competitor bars have retail prices very close to each other.

The market is highly differentiated in terms of the specific products available. There are lots of different types of bars, but only Mars make a Mars bar, only Nestle make a Kit Kat etc. This has the effect of depressing competition on price, because there are no identical rivals to the product.

It can be seen that competition is more intense in non-price dimensions, and specifically in the high spend on advertising. Mars uses a wide range of media to advertise and promote the Mars bar. The increasing level of product differentiation within the brand is also a reflection of competition – new flavours of familiar products are an attempt to take market share from the main rivals.

The economies of scale that operate in the market means that Mars must strive to maintain and improve market share, which will impel it to compete intensely with its rivals. Mars bars must sell in considerable volumes to make a profit.

PESTLE Analysis of the Mars Bar

Political

Nestle and Master Foods with its main brand the Mars bar (Nestle again - why are they here?) is receiving criticism for sourcing its chocolate from the West African countries like the Ivory Coast where the cocoa trade is being used to fund conflict to the tune of £60 million a year. The Ivory Coast provides some 40% of the world's cocoa, since 2002 it has been torn apart by civil war. The allegations are that the profit from cocoa has been directly siphoned into government funds and used to finance their conflict with the rebels. In addition the rebels extorted money directly from the industry trying to transport the cocoa through its region. Gentle pressure is being applied on Mars to identify how much of its product contains cocoa from the Ivory Coast and strive to become free from " Conflict Cocoa". (Independent News and Media Ltd 2007)

Sustainability and fair trade with regard to cocoa has become a political " hot potato" with the manufacturers of the Mars bar being criticised for employing tactics that puts cocoa farmers into virtual slavery, forcing them to turn more of their land over to production of cocoa rather than traditional arable farming and then making entire communities reliant on the cocoa market. The power of the global conglomerate can then manipulate the price of cocoa, ultimately depriving the producer of a fair price for the raw ingredient.

The close association of the Mars bar as a product of the United States may cause some with a dislike of all things American to boycott the product; however there does not seem to be any evidence that this has actually occurred. Due to the global use of the product and its association through manufacture and distribution with other countries like the UK, it does not

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lend itself to being an exclusive American product such as is for the Hershey Bar.

In the UK as in other nations where the Mars Bar is manufactured, there is some influence on the processes involved in its production by the legislative requirements of the host nation or other bodies such as the European Union. These relate in the main to food safety and trading standards legislation relating to the safety and standards that the Mars bar must meet in order to be sold to the consumer. Lately this has been more influenced by legislation that relates to advertising, such as the advertising of the product to children.

Due to the nature of free market economies, free markets and the established nature of the Mars Bar with its global distribution network it is not felt that the Mars bar is overly influenced by external political factors.

Economic

In August last year the price of cocoa was threatening to sky rocket as large swathes of the cocoa plantations in Papua New Guinea were infested by the Asian Moth. The region produces some 17% of the world's cocoa. An infestation of a similar nature in Indonesia in 1998 caused some £13 million of damage. Mars were affected to such an extent that they sent out their own team to help eradicate the infestation. Mars are continuing to test a number of anti moth measures. (www. metro. co. uk 2006).

The recent business decision to begin producing and using animal based rennet in the Mars bar has been disastrous. The resulting back lash from consumers in the Islamic faith, vegetarians and those with a strong social

view on the use of rennet extracted from the lining of a calf's stomach, has led to Mars making a U-turn on a business decision, apologising for its decision and giving an undertaking that they will return to producing a vegetarian product. Although this issue could be regarded as a social factor, it is in fact an issue of economics as Mars have identified the effect this decision would have on its sales (www. bbc. co. uk 2007).

There has been a growth in the chocolate market, the majority of which has been with the high quality, high value products associated to some extent with the growth in disposable income across the developed world. The growth in the market has not necessarily had a positive effect on the sales of Mars due to the inexpensive and generic nature of the product. However, this inexpensive nature of the Mars Bar makes purchasing it an uncomplicated decision for consumers with no financial consequences that could lead the purchaser to regret making the original decision to purchase a Mars bar or to restrict the quantity or frequency of purchases. The largest markets for Mars are generally the more affluent and developed markets with little room for growth such as UK, USA, Canada, Australia and New Zealand.

The emerging and developing markets of India and China with a combined population of nearly 2 Billion individuals is a virtually untapped market of consumers. These markets would require a unique marketing strategy as although it has great potential, the regions are not known as great consumers of chocolate. Although a US product it is not known if the markets in India and China would take to it. For many geographic areas of both countries there would be concerns about refrigeration and chocolate melting, <https://assignbuster.com/marketing-essays-mars-bar-marketing/>

which would limit sales areas to main cities, and maybe bigger stores?

however with the present level of mutual trade and the world's general love of all things western it may not be a cause for concern.

Master foods itself is showing growth in profits with a 1.4 percentage point of market share gained up to June 2007.

Social

The most recent issue that has affected the Mars bar has been the disastrous business decision to introduce the use of animal rennet as an ingredient in its chocolate the resulting backlash as discussed earlier not only from those with personal and lifestyle sensibilities but also from those with a social conscience with regard to the treatment of animals This led to Master foods making a U turn on a business decision.

The chocolate industry as a whole has been under a political and social spotlight as discussed earlier. Consumers are becoming more ethically aware and are questioning the practices of those associated with the production of cocoa. The industry was heavily criticised over the use of “ child slave labour. Master foods along with its two rivals Nestle and Cadbury do not perform well when examined for their ethical practices. What is the relationship between master Foods and Mars? I thought that Master Foods was a subsidiary of Mars, and Mars the chocolate brand is part of Mars the parent? Mars does not even feature on the league table of those products that are deemed ethical, although it's fair to say that the ethical names on the list are not household names, either [give some examples, then!] (www.ethiscore.org 2007)

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The Mars bar is not produced under a fair trade or ethical banner, thus depriving consumers of a choice. They have a choice – they can buy Green and Blacks, or do without! The market in ethical or fair-trade usually caters for the higher quality chocolates which are priced at a premium.

With the continued affluent western lifestyle leading to chronic obesity and ill health there has been a drive to improve the nutritional value of food and to reduce the quantity of high fat and high sugar food groups such as chocolates in our diets. Some members of the health and nutrition lobby are looking for draconian steps to be taken against the chocolate manufacturers to reduce their influence upon diets in a similar way that steps were taken against the tobacco industry. The chocolate industry has received threats about the banning of advertisements aimed at children and at peak times and on children's television channels. Pre-empting this, Mars has declared that they are moving away from targeting children with their product, a positive social action of their own (www. bbc. co. uk 2007).

Any reduction in the use of Cocoa will ultimately affect some 26 million people around the world who are reliant upon the chocolate industry, which includes some six million cocoa farmers (www. mars. com 2007).

Technological

To improve cocoa production yields and to guarantee production levels for the future, Mars is investing in research to produce disease resistant cocoa trees to prevent such catastrophes such as the introduction of the disease “Witches Broom” which decimated the cocoa industry in Brazil in the 1990's. Should cocoa supplies be affected, the manufacturer with a guaranteed

supply of good quality cocoa should corner the market at the expense of its competitors (www. mars. com 2007).

Legal

Should the lobbyists become successful in their campaigns to restrict advertising of chocolates or force changes to reduce fat and sugar content of chocolate or to have health warnings placed upon labels then this may not be through a voluntary code but through the introduction of legislation. This may vilify chocolate and make it as socially unacceptable as cigarettes, which may have a profound effect on sales.

The safe production of chocolate and how it is presented for sale is governed at present by food safety and trading standards legislation, which is enacted by both national and European legislatures.

Environmental

There are large quantities of waste associated with the production of chocolate which includes waste chocolate product. Over the last five years the Mars manufacturing plant in Australia has reduced the amount of waste it sends to landfill by 90%. For every 3000 tonnes of product produced every month, 220 tonnes of waste is produced. This is now fed to piglets. The animal waste is collected as fertilizer and the gases produced by the fermenting animal waste is burnt and used to generate electricity. These initiatives are reducing the costs to the business. However any positives are offset by the amount of waste that is being produced across the entire industry and at all the other Mars plants. Mars is also working to reduce the

quantity of plastic in its packaging, which it has already reduced by 10% (www. mars. com 2007). Get help with your essay from our expert essay writers...

There was some criticism aimed at the chocolate industry accusing it of being responsible for large swathes of deforestation which occurred to make way for the cultivation of cocoa plantations. However, over a generation the cocoa plantations have become diverse ecological systems of their own. (American Association for the Advancement of Science).

Pressure is also mounting on many commercial enterprises including chocolate manufacturers to publish the carbon footprint” of their product as society becomes more environmentally aware and wanting to know the affect on the environment that products they purchase have. Due to the raw ingredient coming from the far reaches of the planet and the distribution required for both ingredients and product it is expected that chocolate will have a large carbon footprint compared to the relative inexpensive and mundane nature of the product. (www. telegrapgh. co. uk 2007). Analysis of Mars Marketing Strategies

Scope

This is an examination of the advertising employed by Mars to Market their Mars bar product within the United Kingdom. It consists of an examination of the TV and Cinema advertising employed by Mars from 1980 to date and will identify themes in the advertising which may indicate the market segmentation strategies being employed.

The Advertisements

- Advertisement 1: http://www.youtube.com/watch?v=GXxR9cfB9_s

This advertisement which was used in the UK in 1986 features a combination of young adults and children both male and female. It emphasises the quality and good value of the product and its “goodness”. It strongly suggests that it should be part of daily consumption and shows a Mars Bar in a lunchbox. It identifies the ingredients as “milk, sugar, glucose and thick, thick chocolate” and finishes with the tagline “A Mars a day helps you work rest and play”

- Advertisement 2: <http://www.youtube.com/watch?v=125FCPnOxNY>

A TV advert dated C. late 80s. It features a young woman who is an energetic young news reporter trying to impress the boss. After a series of dispiriting setbacks during the day, she pauses for a snack (of a Mars Bar) and then she gets the big break. The voiceover describes the contents of the Mars bar as “milk, glucose, milk and thick, thick chocolate” and the final tagline is “A Mars a day helps you work rest and play” The advert implies that the Mars Bar has beneficial effects in keeping high levels of energy throughout the day.

- Advertisement 3: http://www.youtube.com/watch?v=_5Z-utxJvqQ

This TV advertisement was used by Mars in the UK in 1991. It features a well known British international athlete of the period, Peter Elliot. He is shown running in the early morning in an urban environment. He receives the admiring looks of the people he passes, which include the suggestion that he is attractive to the opposite sex. There is no voice over except at the end

which lists the ingredients as “ milk, glucose, malt and thick, thick chocolate in a Mars”.

Mars is the revealed to be the “ Official snack food of the British Olympic team”.

- Advertisement 4: <http://www.youtube.com/watch?v=UW4SldXR8ks>

This TV advertisement was used by Mars in 2006. It features a casually dressed young man who buys a Mars Bar from a vending machine in a night time urban environment. He eats it as he walks through the streets. As he walks through the streets the lights turn on as he passes implying that the energy of his presence is doing this. He passes two women who give him admiring glances implying that he is attractive to women. There is no voiceover simply the music (Blue Monday by New Order) which is “ high energy”. The Tagline is “ Mars gives you energy”

- Advertisement 5: http://www.youtube.com/watch?v=IZ_7NiAw3C8

This TV advertisement used in 2006 exploits the World Cup of that year. It features a rabid male England football support singing a song and leading an impromptu parade about his belief that England will win the World Cup. The product is not mentioned at all and is only suggested by Bill boards in the background featuring Mars Bars but with the word Mars replaced by “ Believe”.

- Advertisement 6: <http://www.youtube.com/watch?v=xm7SGhoTXR4>

This is a 2007 advertisement featuring old footage of tennis player John McEnroe at Wimbledon. During the course of a match, he is doing badly and loses his temper. He eats a Mars bar and goes on to win. The final picture is <https://assignbuster.com/marketing-essays-mars-bar-marketing/>

of a Mars Bar with the words “ Work Rest Play” printed underneath. There is no voiceover.

- Advertisement 7: <http://www.youtube.com/watch?v=WQugCSk8yYc>

A 2006 advertisement starts with the caption “ Love on a Saturday Night with Mars”. It features a young man kissing one girl goodbye as she leaves his home (presumably on a Sunday morning). She leaves. Immediately she has left another girl appears who he greets and invites inside. The tableau implies that he is successful with the opposite sex and that he has substantial reserves of energy. The final caption has the tagline “ Pleasure you can’t measure”.

Themes

An examination of the content of these advertisements reveals the following themes:

- The age range of all the protagonists is limited and generally does not exceed the age of 30 and does not include children. The only exception is in advertisement 1 which features older adults and children, which is chronologically the oldest.
- Of the seven advertisements, five have men as their major participants. The exceptions are advertisements 1 and 2 which are the oldest.
- There is an implication in each of the advertisements 2-7 that eating a Mars Bar assists in achieving success in some way. Specifically:

Ad2- Success at work

Ad3- Success in sport, attractiveness to opposite sex;

Ad4- Attractiveness to opposite sex;

Ad5- Success in Sport;

Ad6- Success in Sport;

Ad7- Attractiveness to opposite sex;

- There has been a gradual change from Ad1 to Ad7 in moving away from the emphasis on ingredients and value for money. From Ad1 to Ad2 the ingredients listed drops sugar and replaces it with malt. By Ad4 the listing of ingredients is dropped altogether and does not appear again.
- All advertisements emphasise the importance of the product in giving energy.

Market Segmentation Assumptions

Using Jobber's schema of market segmentation criteria (Jobber, 2004, p213), the above can be analysed to identify Mars market segmentation strategy for the Mars Bar.

Profile Variables

- Demographic- The advertisements are aimed exclusively at the young and vigorous and almost exclusively at males.
- Socio-Economic- The emphasis on young males would imply that the target group would not generally have large disposable incomes. However, there is not a clear emphasis on any socio-economic group.

- Geographic- Five of the seven advertisements feature primarily an urban environment. However, this is where the majority of the UK population live, so it should be expected.

Psychographic Variables

- Lifestyle- The emphasis on the product giving energy would suggest that the product is aimed at people who have, or see themselves as having, a busy demanding lifestyle.
- Personality- The advertisements 2-7 all seem to associate the product with the striving for success. It is possible that the message is “Winners eat Mars Bars and I am a winner”.

Behavioural Variables

- Benefits Sought- The clear benefit sought in all of the advertisements is that of a snack which provides an energy boost during the day. In addition, there has been a change in Mars’ assumption about the benefits sought from Ad1 (good value, large size, full of high calorie ingredients) to subsequent advertisements when these are no longer seen as benefits because of concerns about diet.
- Purchase Occasion - There is no clear evidence of Mars’ assumptions about purchase occasion after Ad1 which in its tagline implies that Mars Bars should be purchased daily.
- Purchase Behaviour- There is no clear evidence in the advertisements of Mars’ assumptions about purchase behaviour.
- Usage - There is a clear implication from the advertisements 2-7 that Mars consider young males as the main consumers of bar chocolate.

- Perceptions, Values and Beliefs - All the advertisements, seem to emphasise the importance of striving, hard work, competing and living for the moment. It can be assumed that Mars are targeting those that share those values.

Market Segmentation

The division of a market into different homogeneous groups of consumers is known as market segmentation.

Market segmentation correctly applied is about understanding the needs of the customer and therefore, how they decide between one product to another. This insight is used to form groups of customers who share the same or very similar value criteria. A company is then able to determine which groups of customers is best suited to serve and which product and service offers will both meet the needs of its selected segments and outperform the competition.

The primary objective of segmentation therefore must be how to win and retain the customers you want to serve. The variables used for segmentation include: Geographic variables Demographic variables psychographic variables and behavioural variables. We have applied these variables to the Mars Bar and in this report we will provide an insight into segmentation and how this relates to consumer purchasing behaviour.

Today's consumer is more ethically and environmentally aware and environmentally aware than ever before and increasingly so with regard to the consumption of food and drink. In the media, on shelves, the focus on

reducing our carbon footprint is constantly present and the push to understand where our food is from is increasing.

Customers segment themselves and take no notice of how companies segment their market when choosing between competing products and services, customers select the proposition that meets their needs better than any other. To win market share, therefore Masterfoods ensures that their offers meet these needs better than any other at a price they perceive as providing superior value for money (which does not necessarily mean it has to be the cheapest) in order to achieve this Masterfoods have made sure Mars Bar is available in any region of the world or the country.

George Day (1980) describes a bottom- up approach in this approach you start with a single customer and then build on that profile Masterfoods initially aimed the Mars Bars at the active person who worked hard this was predominately aimed at the young male market. However this approach has changed and the company is now targeting females and the health conscious market- by making their chocolate bar lighter and encouraging people to see it as a snack, compared to a lunch replacement. The Bar itself is reasonably priced it appeals to all due to its slick slogans ‘ pleasure you cannot measure’. Discussions did take place to introduce rennet to the Mars Bars but this was quickly withdrawn due to pressure therefore this leads us to believe the consumer has power and religion and ethnic marketing has role to play in the demographic variable in market segmentation.

The Mars Bar itself has been updated with new features such as a funkier typeface on the wrapper and a lighter whipped nougat filling. Mars bars used

to be pretty challenging to chew but that familiar caramel- induced jaw ache will soon be forgotten, as Mars become even more like milky ways. The person that purchases a chocolate bar is often not thinking what chocolate he or she wants: it's due to the advertising and identification with the brand that leads the person to buy a particular bar of chocolate. Mars Bar at the start mentioned in its slogan ' work rest and play' due to the changing life styles values, attitudes, personalities of people Masterfoods have had to change their approach and now it has adopted ' pleasure you cannot measure' this aims to reflect