

Soft Centres - Hard Profits

Are you being seduced by the sweet industry?

If chocolate were found to be seriously addictive, then the UK would need major therapy to kick the habit. The British lead the world in their love of the cocoa-based treat. As a product, chocolate has a lot going for it, appealing to all ages, both sexes and all income brackets. In 1997, the value of the total UK confectionary market increased by 3% to a staggering £5.2 billion, with chocolate sales accounting for 70%, at £3.6 billion, and sugar confectionary the remaining £1.6 billion.

The UK market has shown consistent growth - increasing over the last decade by around 16%. "Chocolate confectionary is a market that seems to be remarkably resistant," says Pamela Langworthy, marketing director for Thorntons, the luxury chocolate producer and retailer. It also increasingly transcends national boundaries. In 1997, Swiss Nestle, the largest confectioner, exported over a quarter of its production to more than 100 countries. Nestle has recorded particularly fast growth in confectionary sales in Asia, with its expansion of KitKat into several countries in the region. Eastern Europe provides another promising market. But few markets challenge the UK in terms of current confectionary consumption. In the US, the land associated with excess, each American devours a mere 10kg of confectionary per person a year, whereas UK consumers each manage 16kg. In Europe, where the chocolate market is estimated to be worth £12 billion (\$18.5 billion), the UK accounts for almost a third of that total, followed some way behind by Germany, France and Italy.

Around 60% of all confectionary is bought on impulse, which makes its availability a key determinant of sales. Impulse buying also makes the development of a strong brand image vital, and large, long-established brands control the market. Building up these brands costs serious money. Media expenditure on confectionary exceeds that for any other impulse market. The Cadbury & Trebor Bassett 1997 Confectionary Review reveals that in 1996, media expenditure on chocolate reached £94m, compared with £69m spent on soft drinks, £31m on the lottery and £23m on crisps and snacks.

Innovation is also essential for ongoing success, despite the chocolate market being dominated by 'consistent performers'. In 1996 the chocolate company Mars launched 'Flyte', claiming to be the first mainstream brand to address the demand for lower fat products. At 98 calories a bar, Flyte is designed to appeal to weight-conscious women. Another 1997 Mars launch, 'Celebrations', is claimed by the company's annual review to be showing signs of 'revolutionising the boxed chocolates market by attracting new, younger customers'. 'Traditionally, the boxed chocolates market hasn't changed very much. People who buy the products tend to be older and female. With Celebrations, we are finding that younger people and men are buying because the chocolate doesn't come in the traditional-shaped box - they look different. Products such as Flyte and Celebrations are attempts to introduce a different product category and increase sales for retailers, rather than just shifting market share,' a Mars spokesman says.

One feature of the chocolate industry in recent years has been the emergence of special editions. The concept was a marketing triumph. Producers believe that special editions offer the consumer a new and exciting variation of a product, while suggesting the same

consistent quality they associate with familiar brands. Since special editions are only available for a few weeks while stocks last, they also have a unique quality about them. Far from denting sales of the straight version, limited editions appear to simply boost overall sales.

Questions 1 - 5

Choose **NO MORE THAN TWO WORDS AND/OR A NUMBER** from the passage for each answer

Chocolate - the figures

The chocolate market in the UK in 1997 was worth **1 £**....., having shown a steady increase during the preceding 10 year period. Overall the manufacturer Swiss Nestle supplies chocolate to over **2** and the company has seen rapid sales increases in the markets in **3** Nevertheless, the UK market remains the biggest - surprisingly, British people eat more than **4** consumers. Within the European market, their consumption amounts to nearly **5** of the total revenue.

Questions 6 - 12

Complete the summary using the list of words, A - P, below.

A purchasing	B low fat	C selection	D media
E impulse	F similarly	G eating	H outdated
I novelty	J unsuccessful	K well-known	L international
M new	N children's	O lasting	P temporary

The Chocolate Market

The chocolate market is dominated by **6** brands. For this reason, confectioners spend large sums of money on **7** advertisements. In fact, in 1996, the amount spent totaled £94m.

However, it is also important for companies to allocate resources to developing **8** ideas. Examples of these are the 'Flyte' bar and 'Celebrations'. Chocolate producers try to increase sales by changing their customers' **9** habits. For example, Mars's new line of products appeals to younger customers because its packaging does not look **10**

A **11** increase in sales can be achieved by introducing 'special editions' on to the market. These are successful because they have **12** value.