

Montreaux Chocolate USA: Are Americans Ready for Healthy Dark Chocolate?

Introduction:

To effectively plan and execute the launch of their new European chocolate products in the U.S. market, Andrea Torres, the director of new product development at Montreaux Chocolate USA, requires comprehensive analysis. This analysis aims to assist her in delivering a solid, compelling presentation to the board and meeting the aggressive sales forecasts set by her division manager. Furthermore, it involves evaluating the optimal strategy for product testing, market selection (including test markets, regional rollout, or national launch), and successful assimilation of the acquisition within the specified time frame.

After conducting meticulous tests and analysis using the Neilson BASES and BASES II methodologies, the identified successful product emerges as dark chocolate infused with enticing flavors of Pomegranate, Blueberry, and Cranberry. This delectable combination is thoughtfully packaged in a convenient 5 oz stand-up pouch, featuring smaller squares tailored to cater to the health-conscious consumer segment.

Recommendations for the product launch:

Basis the analysis, following are the recommendations for the company:

- To maintain excellent product quality
- To launch nationally
- To leverage the Apollo brand name

Analysis

1. To maintain excellent product quality

Exhibit 1 answers the queries of the finance team members, it is evident that the company could produce Mediocre, Average or Excellent product and still meet its target hurdle rate of \$30 MM as long as it maintains a high level of awareness and distribution support. But the company could definitely expect comparable returns with an improved quality and while the company is planning to enter into the premium chocolate segment, it would be essential to have a product with high quality, as the attribute ratings also state that consumers associate the product with high quality.

2. To launch nationally:

Montreaux chocolate with its acceptable goal of \$30MM hurdle rate would only be able to achieve it if it maintains a high level of distribution (**Exhibit 1**), which would be resultant from a national launch. In doing so, the company should be progressing in its plan to purchase the new production facility that can handle its national launch goal. To launch in the test markets would be extremely risky as the rumor of other company already looking at the same concept and acquiring the potential market share and lead the way to other competitors to copy the concept.

3. To leverage the Apollo brand name:

Apollo will benefit from continuing the Apollo brand name as it has a significant market presence and essential to maintain the high awareness level required to meet its hurdle rate goal. The possible alternative was maintaining the health aspect while being able to associate itself with superior taste, which is among top preference of consumers after the health, by capitalizing on Montreaux name and building on the consumer perception of European Chocolate being of good taste. However, the attribute ratings of the consumers from the testing phase already proves that the consumer perceive it to be of good taste.

Conclusion

By implementing these recommendations, Andrea can effectively plan and execute the launch of the 70% dark chocolate with fruit flavors in the 5 oz stand-up pouch nationally. This strategy allows for maximum market reach, emphasizes product quality, and leverages the strength of the Apollo brand. Overall, it positions Montreaux Chocolate USA for success in the competitive U.S. chocolate market

Exhibit

Exhibit 1: Hurdle rate (Sales Volume) for Product quality with the level of awareness and distribution support

Product Quality	Awareness/ Distribution		
	Low/Low	Medium/Medium	High/High
Mediocre	\$17.4M	\$22.9M	\$32.8M
Average	\$19.1M	\$25.1M	\$35.9M
Excellent	\$20.7M	\$27.3M	\$39.0M

Source

Quelch, John A, and Diane Badame. "Montreaux Chocolate USA: Are Americans Ready for Healthy Dark Chocolate?John ." *Montreaux Chocolate USA: Are Americans Ready for Healthy Dark Chocolate? - Case - Faculty & Research - Harvard Business School*, 4 Aug. 2013, www.hbs.edu/faculty/Pages/item.aspx?num=45237.