



Cadbury Snaps - New product development with a twist!



Key Learning Outcomes

- ▶ Innovation at Cadbury Ireland
- ▶ New Product Development
- ▶ Market Research
- ▶ The Launch Strategy for Cadbury Snaps
- ▶ The Marketing Communications Mix

Curriculum Links

Business
(Unit 5)

Transition Year

Introduction

Cadbury Ireland is the leading supplier of confectionery on the Irish market. The company is a subsidiary of Cadbury Schweppes plc, a global leader in the confectionery/beverages market. Operating in Ireland since 1932, Cadbury Ireland has three production plants: two in Dublin, one in Coolock and one in Tallaght - and the third plant is in Rathmore, Co. Kerry.

Cadbury prides itself on its market leading brands such as Dairy Milk, Snack and Creme Egg.

THE IRISH TIMES

Business 2000

TENTH EDITION



The company continually strives to drive innovation within the confectionery category and offers its brands in a variety of formats and pack sizes, relevant to today's changing consumer environment. Critical to this success is innovation in the development of new products and brands.

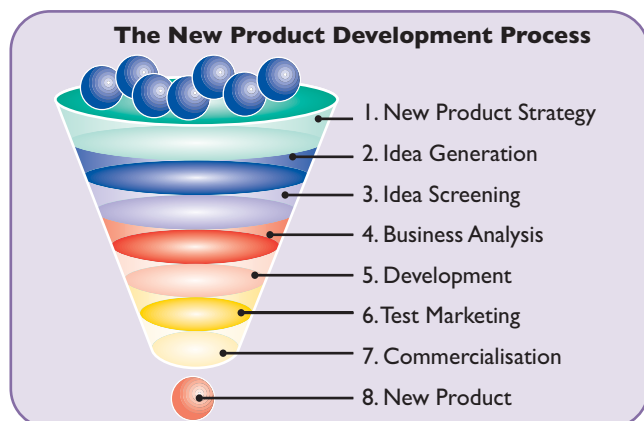
Background to Cadbury Snaps

One of the growing occasions in recent times has been 'in-home evening entertaining'. People are spending more time at home entertaining informally, particularly in the evening time. For example having a group of friends over in the evening to watch a DVD or having a 'girls night in' have become more popular. For these types of occasions, people are looking for a product that is in a format that is easy to share and contains enough pieces in the pack for everyone.

Cadbury Snaps are individual chocolate curves, available in a variety of flavours. There are approximately 40 curves in each pack. With so many pieces in each pack and with Snaps available in a variety of flavours, Snaps are an ideal chocolate sharing product.

New Product Development

The development of successful new products is one of the ways in which companies can achieve **competitive advantage**. New Product Development (NPD) is a process which carries a great deal of risk - over 40% of all new product introductions fail at launch! For NPD to be effective, companies have to nurture an innovative **corporate culture** so that everyone in the organisation is encouraged to be innovative in their work. Cadbury takes innovation very seriously and it is a major part of Cadbury's strategy for success.



There are many great ideas – many of them generated by chance. However, only few products make it through to the end of the process. The further a product goes through this process, the more expensive it becomes. As products progress, the company is making an increasing commitment in terms of resources. Once a product is developed, the launch marketing costs are significant; so a company must carry out extensive market research to ensure a product has the best chance of appealing to the market.

Market Research

Market research is the gathering, recording and analysing of information about markets and their probable reaction to product, price, distribution and promotion decisions. Market research is critical for successful NPD and **marketing mix** planning.

Gathering information can be done by either desk or field research. Desk research involves analysing all the internal and external information available. Field research is done by contacting consumers either using surveys, questionnaires, feasibility studies or sampling, among other methods to get primary data from the target market.

There are various ways of carrying out market research:

- ▶ **Do it yourself:** For small companies with limited resources.
- ▶ **Market research department:** Very large organisations may have their own dedicated market research department.
- ▶ **Market research agencies:** These companies specialise in market research. Research may be done with the collaboration of the company's marketing department, but fieldwork will be carried out by the agency.

Stages in the marketing research process

1. Define marketing problems/opportunities
2. Set objectives, budgets and timetables
3. Research design
 - ▶ Who will complete research?
 - ▶ What questions need to be asked/answered?
 - ▶ How much time will be dedicated to research?
4. Data collection
5. Data evaluation
6. Report writing & presentation

- ▶ **Problem definition:** This is the realisation that a marketing problem needs information to find its solution.
- ▶ **Research design:** This defines what form the research will take and what will be achieved. It encompasses objectives of the research. The research design also includes a timeframe and the all-important costings.
- ▶ **Data collection:** This involves the actual carrying out of the research. There are two main categories of market research:
 - ▶ **Qualitative research:** This is exploratory research which aims to determine consumers' attitudes and values in a way

that sampling using questionnaires cannot. For this reason qualitative research relies on some form of interaction with the consumer. Main forms of this are focus groups, in-depth interviews and observation.

- ▶ **Quantitative research:** Surveys and short interviews are the main forms of quantitative analysis. Here values and attitudes are measured and questions are generally given in a "yes-no" or scale from 1-5 format.
- ▶ **Data analysis:** The form of analysis will depend on the type of research used e.g. qualitative analysis will generally involve identification of some major issues and present the nature of the comments made on them. While there are now computer programmes which can help interpret data this is generally used for interpreting qualitative data, which is more statistical.
- ▶ **Report writing:** The final report will summarise the objectives of the research and give detailed analysis. This is presented in graphic form where possible (bar charts, pie charts etc). It's important that the information is clearly presented so that managers can draw clear conclusions from the report. An executive summary at the beginning summarises all major findings.



Researching Cadbury Snaps

In 2004, Cadbury first carried out market research into the 'in-home' snacking sector. This research revealed that most snacking occurred when consumers were "*feeling peckish*". The research also showed that the snacking occasion where Cadbury was least well represented was later in the evening (8pm onwards). From this, Cadbury realised it needed a product which would target young adult consumers for their "*big night in*".

It was felt that current products like Cadbury Flake and Dairy Milk bars, while popular with consumers, did not have the best format for ease of sharing with people, so the idea of multiple thin chocolate curves was developed which were a lighter eat and were also ideal for sharing!

Once the product idea was clarified, one of the key challenges was the packaging. Qualitative research was carried out which involved interviews with young adults to determine their attitudes to the concept. Following this, in-home trials were conducted to allow consumers to experiment with two main packaging options: tube or carton.

The results of the trials favoured the carton packaging and three product flavours came out as favourites: Milk Chocolate, Hazelnut, and Orange. Cadbury Snaps was born! The key challenge now was to find the right launch strategy for the new product which aimed to create a new market opportunity.

The Launch Strategy for Cadbury Snaps

At Easter 2005, Cadbury Snaps was initially launched in the Irish market in three flavours. The target market was young adults (20-35 years old) who are sociable and enjoy spending time with their friends and family.

In-Store Positioning

The first key challenge was to find the correct in-store position for this product: it was decided to place the product in the confectionery section alongside other confectionery products that are for 'in-home' consumption. Post launch consumer research proved this was the best.

Now that it was clear how the product was to be positioned in retail stores, the marketing communications campaign had to inform consumers about this new product.

The Launch Campaign

For a new product like Cadbury Snaps, the main objective of the launch campaign was to build awareness of the new brand. Cadbury approached this mainly in three ways: advertising, sampling and PR.



- ▶ **Advertising:** A TV ad campaign was devised illustrating one of the important consumption occasions (watching TV in the evening), and it was aired for eight weeks. This advertisement reached 85% of the market and was seen by every adult in the target audience at least seven times.



To reinforce the positioning of this product as an in-home snacking product for sharing, Cadbury also advertised Snaps on the TV listings pages of the major national weekend newspapers, as watching TV in the evenings is one of the key occasions for consuming Snaps.



- Sampling:** From experience, Cadbury Ireland knew that in-store sampling was vital for a successful launch of Snaps. A major sampling and couponing campaign was devised whereby three-day sampling events were carried out across 100 major stores in Dunnes, Tesco, MSVC and Superquinn, during the launch period. This was then repeated 8-10 weeks later in major stores to coincide with the addition of Cadbury Snaps Mint to the range.
- Public Relations:** One of the most underestimated areas of the marketing mix, PR is invaluable for awareness building of an intended usage occasion. PR can reach consumers when they are least expecting it, and outside the normal forms of contact like in-store, TV etc.

For Cadbury Snaps it was imperative to build awareness of Snaps as suitable for informal sharing with friends during a night-in. To support this the main PR activities undertaken were:

- Sponsorship of screenclick.com:** The Irish on-line DVD rental site. This consisted of an ad on the website, advertising emails to members and also on DVD cases.

Other PR activities included:

- A Radio Promotion** with stations such as 98FM and BeatFM where the prizes consisted of hampers with “all you need for a night-in”: Snaps; DVDs, slippers (!) and gift membership of screenclick.com.
- Media Gift** to presenters of drive time radio shows and afternoon TV.
- Product Placement:** Samples were sent to *Faircity* for display in the shop or possibly for evening scenes in homes. Samples were also given to major interior design trade shows for placement on tables in living room displays.
- Point Of Sale (POS):** Naturally, given that the product is sold in retail outlets, in-store marketing support was also developed. This consisted mainly of attractive floor units, shelf headers and glorifiers (packs of Snaps in a perspex container which are attached to the shelves) to give standout in-store.

Post Launch Developments

During the year following the launch of Cadbury Snaps two further flavour varieties were introduced: Coconut and Honeycomb.

Future Challenges for Cadbury Snaps

Going forward, Cadbury will still need to inform consumers about the usage occasions for Cadbury Snaps. The brand will continue to be displayed in the take-home confectionery section. Strong POS and promotion will continue to be important.

Conclusion

The introduction of Cadbury Snaps is an example of quite radical innovation. For such radical innovation the early stage is not always easy as it takes time to inform consumers and build awareness of the new product. However initial success and continued on-shelf presence suggest that Cadbury Snaps are here to stay!

Glossary

Competitive Advantage: When a company has an advantage over its competitors which they cannot copy – at least not in the short term. A successful brand or good cost management system would be sources of competitive advantage.

Corporate Culture: The values, processes and encouraged behaviours in an organisation. “The way things are done around here”.

Marketing Mix: The four major categories of marketing which management use to implement marketing strategy: Product, Price, Place (distribution) and Promotion.

Activity

Cadbury Snaps is the latest in a long line of Cadbury products.

- 1)** Draw a Product Life Cycle curve for Cadbury. Place your choice of Cadbury products where you think they would fit at each of the five stages; *Introduction, Growth, Maturity, Peak and Decline*.
- 2)** Describe the process which companies like Cadbury undergo before introducing new products to the market using the following headings:

 - Idea generation**
 - Product screening**
 - Concept testing**
 - Feasibility study**
 - Prototype development**
 - Test marketing**
 - Launch**
- 3)** Evaluate the role of market research in terms of the Cadbury Marketing Mix. Illustrate the role of market research with respect to Cadbury in each of the 4P's: *Product, Price, Place and Promotion*.

Find out more

Visit: www.cadbury.com