

# Marketing Strategy in Action

## Hershey North America

Although Hershey Chocolate USA, a division of Hershey Foods Corporation, did not meet its performance expectations in 1999, the company played an important role in increasing U.S. candy sales. Retail confectionery sales grew at a rate of 4 percent in 1999, which was greater than the average growth rate within the general packaged foods industry. The past decade has shown an increase in competition in the candy industry, with companies such as Mars Candy Company introducing a variety of new products, brand extensions, and additional pack types. Similarly, Hershey has diversified its product line and formed alliances with other companies, such as Breyer's.

Record sales in the early 1990s resulted in part from the introduction of a number of new Hershey products, the most significant being Hershey's Kisses with Almonds. This product was introduced in 1990 and became one of the top 20 U.S. candy brands during 1991. By reaching the top 20 in less than one full year of national distribution, Hershey's Kisses with Almonds became the most successful new-product introduction in the corporation's history.

In 1991, Hershey Chocolate also received the Equitrend Outstanding Quality Award. This award was based on a national survey that measured how consumers perceived the quality of 190 nationally recognized brand names. Hershey's milk chocolate bar was the highest-rated confectionary brand.

Part of Hershey's strategy is to target mothers. The company reasons that mothers determine children's early taste in candy. In addition, research shows that adults eat more than 55 percent of all candy sold. Bite-size products are especially popular with adult consumers. When wrapped in seasonal colors, these products have tremendous appeal for adults during Christmas and Easter season. Halloween season, however, is more oriented toward candy bars. In December 1998, Hershey targeted the ever-growing snacking segment of the confectionery industry by transforming some of its most popular bars into "Hershey Bites." Included in this range of products were Hershey's Milk Chocolate with Almonds, Cookies 'n' Creme, Almond Joy, and Reese's Peanut Butter Cups. Unwrapped, bite-size chocolate candy now represents about one-fourth of the packaged chocolate candy category.

Hershey also generates interest and excitement in its product(s) by providing fresh, new looks for standard confections. This strategy has allowed the company to align itself with top-of-mind activities. For instance, in 1997 the company successfully implemented a merchandising strategy with *The Lost World: Jurassic Park*. By using creative selling, marketing, and merchandising techniques, Hershey achieved a retail growth of 5.6 percent in

1998, exceeding the category growth rate and leading to record levels of market share.

In early 2000, Hershey's creative marketing techniques were evident in its "Keep Easter Easy" campaign, which encouraged parents to incorporate nonchocolate treats like jelly beans, lollipops, and gum into their traditional Easter festivities. A brochure full of recipe and game ideas incorporated a variety of Hershey products into activities the whole family could enjoy and could easily be downloaded from Hershey's seasonal Web site ([www.keepeastereasy.com](http://www.keepeastereasy.com)). Another incentive for parents to implement nonchocolate sweets into the holiday was a mail-in coupon (located in the brochure) for a limited-edition Jolly Rancher Lollipops Watermelon plush toy that was cross-promoted with the brochure.

In addition, Hershey uses a slightly less conventional approach to increase mind share. Hershey, Pennsylvania, the hometown of the chocolate bar, houses not only the company's headquarters but also a 110-acre amusement park. It may not be the getaway parents dream of, but children seem to enjoy the eight roller coasters, six water rides, more than 20 kiddie rides, monorail, and zoo. At the end of a long day of fun and frolic, families can retire to one of the 235 luxurious rooms in the Hotel Hershey.

The highly competitive nature of the chocolate candy market has individual companies vying for consumers with increasingly inventive advertising campaigns. Cadbury Schweppes has developed several campaigns to specifically target women consumers. One such television ad starred a woman caught in a dilemma: She was unable to choose between her lover and her chocolate bar. More recently the company developed a new line of chocolate bars called Marble (a combination of marbled milk and white chocolate bars with a hazelnut praline center) targeted to women between ages 18 and 24. Hershey has also recently departed from its catchy but childlike jingles in an attempt to draw in a more mature chocolate lover. When introducing its new candy, Bar None, the company aired a TV commercial showing a lion tamer trying to satisfy a "chocolate beast" snarling from behind a door.

Perhaps one of the more popular advertising campaigns Hershey has come up with in the past few years stars the eye-catching Hershey's Syrup animated cows. The cow commercials were combined with the California Milk Processor Board's popular "Got Milk?" advertisements. The TV spot depicted two cows sitting together on a couch watching the "Got Milk?" commercial on television. One cow turns to the other and says, "That's a silly question."

For more information on Hershey North America, see its Web site at [www.hersheys.com](http://www.hersheys.com).

Discussion Questions

1. What are the advantages of targeting candy bars to adults rather than to children?
2. Does targeting to adults require a change in image for candy products?
3. Why do you think bite-size candies are so popular with adults?
4. Describe your most recent purchase of a candy bar in terms of relevant affect and cognition, behavior, and environments.

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**Sources:** Paul Bubny and Winifred Capowski, "The Bunny Hop," *Supermarket Business*, January 15, 2000, pp. 52–53; Hershey Foods Corporation 1999 annual report; Fleming Meeks, "Kids Invited," *Barron's*, October 18, 1999, pp. T10–T12; Justin Dini, "Important Moos for Hershey's," *Adweek*, May 31, 1999, p. 4; "A Big Taste in a Little Bite," *Candy Industry*, May 1999, p. 50; "Cadbury to Target Women with New Chocolate Countline," *Marketing Week*, April 23, 1998, p. 8; Jennifer Pellet, "Marketing to America's Sweet Tooth," *Discount Merchandiser*, May 1991, pp. 21–22; Carol Higgins, "Cadbury Unwraps Sinfully Delicious Plea for Self-Indulgence," *Across the Board*, March 4, 1988, p. 36.