



EXTENDING THE PRODUCT LIFE CYCLE THROUGH REPOSITIONING

OVERVIEW

This study looks:

- The Cadbury Snack range
- The product life cycle
- Repositioning as a strategy for maturity

INTRODUCTION

Cadbury Ireland is a subsidiary of Cadbury-Schweppes plc, a global leader in the manufacture of confectionery and beverage products. Cadbury Ireland was set up in 1932 and today has three production plants, in Coolock and Dun Laoghaire in Dublin and Rathmore, Co. Kerry. More than 200 products are exported from Ireland to 30 countries around the world, contributing over €110m to Irish trade. The distinctive taste of Cadbury Ireland's products is due to the use of local ingredients and the company is one of the largest users of indigenous Irish materials.

CADBURY SNACK

The Cadbury Snack range was launched in the 1950s in Ireland. The range consists of three main products:

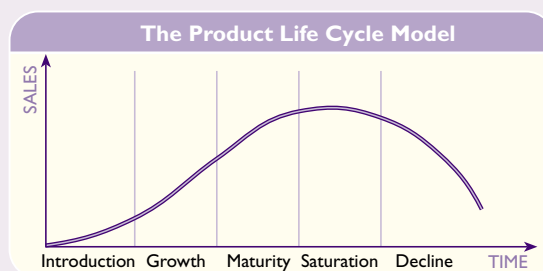
- Snack Wafer in distinctive pink packaging
- Snack Shortcake in distinctive yellow packaging
- Snack Sandwich in distinctive purple packaging

The Snack range is the third biggest confectionery brand in Ireland accounting for over €22m of Cadbury retail sales. The fact that the Snack range still commands such a strong market presence over 50 years later is testament to the strong management both of the brand itself and its product life cycle.



THE PRODUCT LIFE CYCLE CONCEPT

The product life cycle model helps marketers identify the different stages that the sales and profits of a product go through during the course of its lifetime. There are five stages to the product life cycle: introduction, growth, maturity, saturation and decline.

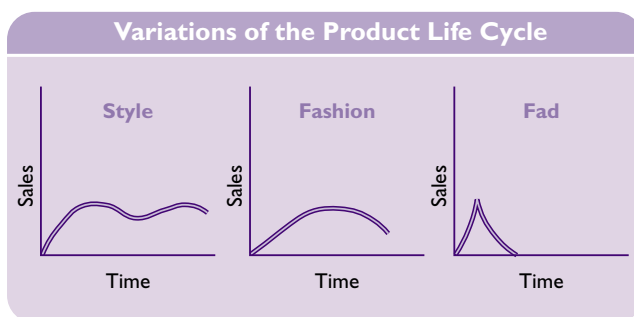


1. **Introduction:** Sales are slow as the product is not yet known. Costs are high due to heavy marketing spend to create awareness. Emphasis is on advertising and distribution. The recently launched Cadbury Snaps range is an example of a brand at the introduction stage.
2. **Growth:** This stage shows growing market acceptance and increasing profits. Competitors begin to enter the marketplace. The business concentrates on optimising product availability. The Natural Confectionery Company is an example of brand at growth stage.

3. **Maturity:** The rate of sales growth slows down as the product has been widely distributed and sold. The company now focuses on creating brand extensions and promotion offers to boost sales. New product research is critical to ensure future sales. The Cadbury Snack range is an example of a brand at the maturity stage.
4. **Saturation:** Sales slow down as the market becomes saturated. Profits level off and may even decline due to increased investment in marketing to defend against competitors. McDonald's is an example of a brand that has reached saturation stage.
5. **Decline:** Sales slow down dramatically and profits fall off. The product may be dropped to make way for new products and the cycle recommences. MG Rover is an example of a brand that has reached the decline stage.



The product life cycle is very useful for managers as it can act as a guide for changes in strategy at different stages in the product's life. However, the concept runs the danger of becoming a self-fulfilling prophecy. In reality, not all products (or brands) follow the "S" curve of the product life cycle. Some fad products die quickly after introduction (Christmas toys for example). Others manage to live indefinitely. The Cadbury brand has been in existence since 1824 and is still the number one brand in confectionery products.



So how do some brands live forever? The answer lies in actions taken at the maturity stage of the life cycle. If the product or brand is to remain popular it must move with the times to stay relevant to modern consumers. This process is known as repositioning.

POSITIONING

Brand positioning is the aspect of the brand actively communicated to the target audience, specifically, its competitive advantage, values and imagery. It is strongly related to the perception and image of the product. When devising a positioning strategy for a product, marketers must establish a unique and distinctive image of that product in the mind of the consumer. This will **differentiate** a company's product from its competitors.

WHY IS REPOSITIONING NECESSARY?

When products reach maturity they are well known. However, as competing products enter the market, mature products can begin to look old and tired. Action must then be taken to refresh the product's image. Repositioning can create new appeal for existing consumers or attract new consumers. The table below summarises the major repositioning strategies:

Image repositioning	Product repositioning
The product and target market stay the same but the image of the product changes. e.g. Cadbury Snack	Changing the product to make it more attractive to the current market. e.g. Most new models of cars
Intangible repositioning	Tangible repositioning
Using the same product to target a different market segment. e.g. Lucozade change from targeting the sick to targeting athletes	The most radical strategy as both product and target market are changed. e.g. Volkswagen's revitalising of the Skoda brand

Repositioning strategies are used to respond to changes in consumer tastes or market conditions, or a change in competitor strategy. The extent of the repositioning will depend on the level of change in tastes, lifestyles and technologies, and also on how well competitors are doing.

REPOSITIONING SNACK - WHY?

Since its launch in the 1950s Cadbury Snack has enjoyed great popularity and has always been one of the leading confectionery brands in the country. The Snack range of products were positioned as traditional tea break accompaniments. This strategy proved successful as market research shows Snack products are perceived as "honest, friendly, trustworthy and sociable", "fun", "light-hearted" and "part of who we are". These are very important values for any brand. These values were not being communicated to consumers in an engaging way. This presented an opportunity

Market research showed that while the brand was held in great affection, the level of identification with the brand was weakening. Furthermore, research identified that consumer loyalty ratings for

the Snack brand were low at 2%. In contrast the Dairy Milk brand has loyalty ratings of over 30%. The Snack brand had become perceived as the product for "an older, settled person". Something had to be done to make Snack more appealing to the critical younger market. Cadbury decided to reposition the brand.

IDENTIFYING THE TARGET MARKET

The Snack brand was already popular with the older age group and with children, however, Cadbury identified younger adult consumers as particularly important to target. This group is a link between young and old. They will purchase for their children and in the future become the older generation. The key target group which emerged was male and female career builders, aged between 25 and 35 years. This group is still having fun, but also at a stage where they are starting to settle down and assume responsibility. They work hard, often long hours with long commutes. For this group it is important to also have an outlet for a chat and a laugh with friends, both inside and outside the workplace.

REPOSITIONING STRATEGY

In order to reach this new and younger target market the Snack range had to undergo a refreshment strategy whereby all packaging, marketing communications and **Point of sale POS** displays were updated. The repositioned Snack should stand for playfulness, sharing and "nibbling while you natter".



PACKAGING

Packaging was made more light-hearted and playful. The design now includes a mantle of purple on the edges, depicting that the products are part of the Cadbury **masterbrand**. The Cadbury logo and "swirl" also underline the masterbrand credentials. The Snack logo has been updated to have more contemporary appeal. The product shots have been updated to appear more appetising. On each product the back drop colour has been retained with Snack Wafer staying pink, Snack Shortcake staying yellow and Snack Sandwich staying purple (a lighter shade than the Cadbury purple). However, the shades are stronger and more modern.

The effect of the redesign is to link the three products into a range or family of their own. This strategy is also known as range branding or megabrading. Just as with Cadbury Dairy Milk, Cadbury Snack is set to become the next Cadbury megabrand.

Reaction to the redesign has been very positive. Research shows that young consumers in particular are impressed, as can be seen in the figure below.



COMMUNICATING THE NEW POSITION

Marketing communications play a key role in repositioning as this is where images and perceptions are formed in the consumer's mind. A new campaign was devised to contemporise the values of Snack, make it more engaging to the target market and play up the playfulness, friendliness and fun aspect of the new positioning. The objective here is to move Snack to **top-of-mind** confectionery choice.

A TV campaign *Snack in the Mouth* was run which depicted young professionals in their working environment playing snack-related tricks on each other. The effect was friendly and fun – the kind of ad that people talk about on their coffee break!



EXTENDING THE SNACK FAMILY

The research undertaken about Snack also showed that consumers considered it to be a "foodie" product, i.e. a nice snack which doesn't give rise to any guilty feelings. Snack was identified as being the ideal brand for a healthier product and it was decided to extend the range.

SNACK CEREAL

Snack Cereal was launched in two varieties, Raisin and Hazelnut. This replaced a previous product called Brunch. The new Snack Cereal was again aimed at people on the go, but with emphasis on those who want a healthy but appealing snack. The new Snack Cereal bar was supported by a heavyweight launch campaign including TV ads, outdoor billboards, radio sponsorship and **sampling** to 300,000 people.



OTHER SNACK INITIATIVES

As part of the repositioning of the Snack range other changes included new pack sizes: Snack Sandwich is now available in 6 and 12 packs for the take-home market and a Snack Treatsize variety pack is also available. These new packs also serve to increase the power of the Snack brand in POS displays.

REPOSITIONING CADBURY SNACK: REVIEW

- ▶ Launched over 50 years ago the Snack brand was still popular but was not engaging consumers in a meaningful way.
- ▶ Cadbury decided to reposition the brand to target young, hard-working professionals who used quick breaks to catch up with friends and relax during a long working day.
- ▶ Snack was repositioned to appeal to this market to become their top-of-mind brand.
- ▶ New modern packaging and an advertising campaign altered how the consumers perceive the Snack brand.
- ▶ The Snack brand is now being extended to widen its consumer appeal and use (healthy cereal bars can replace breakfast and provide healthy snacks).
- ▶ The brand is +5% to date in 2005 versus 2004.

CONCLUSION



Over the last year, the Cadbury Snack brand has moved from being perceived as a snack for "older, settled people" to the snack of choice for fun loving young professionals. This has been made possible not just by new packaging but by a complete repositioning strategy which changed the image of the brand and the perception of who can and should enjoy it.

GLOSSARY

Differentiation: Giving a product a unique advantage which sets it apart from competitors' products.

Masterbrand: A corporate brand name that dominates all products or services in a range or *across* a business.

POS: Point of sale (can also be seen as POP: point of purchase)

Top-of-mind: Product/brand awareness is so high that the consumer associates this brand with its product category, and will automatically give it consideration when buying within this category.

Sampling: Market research data is based on a sample of the total target market population. The responses collected from this group reflect the attitudes of the entire target market.

ACTIVITY

1. Think of one Cadbury product for each of the following:
▶ Adults ▶ Teenagers ▶ Children
2. Draw the product life cycle.
Think about the following Cadbury products – where would you place them on your product life cycle?

Cadbury Snaps	Cadbury Twirl
Cadbury Milk Tray	Cadbury Crunchie
Cadbury Roses	Cadbury Time Out
Cadbury Heroes	Cadbury Bournville
Cadbury Dairy Milk	Cadbury Cocoa
Cadbury Flake	Cadbury Dairy Milk Bubbly.

3. Choose one of the products in the maturity section of the product life cycle. You are going to reposition this product to extend its product life cycle.
 - ▶ Describe why the repositioning is necessary.
 - ▶ Outline your new positioning for the product.
 - ▶ Identify the marketing strategies necessary to achieve the repositioning.
 - ▶ Prepare a presentation to convince Cadbury of the new positioning.

FIND OUT MORE

For more information on Cadbury:

- ▶ Click on the website www.cadbury.ie



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