

## Business and Management: Coursework

*To what extent has Cadbury's Trident Gum range improved its sales and market share against competitors in the chewing gum market?*

### Introduction

The purpose of my commentary is to investigate how Cadbury's Trident chewing gum range *competes*<sup>1</sup> against other gum *brands*<sup>2</sup> like Wrigley, in order to increase its sales and *market share*<sup>3</sup> in the gum market. Cadbury launched Trident brand in January 2007, a time when Wrigley had 98% of market share. It was able to gain a 12% share, which made it one of the fastest-growing food brands in history<sup>4</sup>. Since then, both brands have engaged in extensive competition, using marketing strategies like *innovation*<sup>5</sup> and to achieve their sales and share figures. Cadbury's introduction of new flavours like Vanilla and Mint to its Trident brand helped to improve sales. Wrigley responded by using the same strategy – intensifying the competition, by making new flavours for its Orbit brand, which helped its sales to increase by 5.7%<sup>6</sup>.

In order to answer my research question, I will analyse and examine the internal strengths and weaknesses, and the external opportunities and threats for Trident chewing gum brand. This will be done with the aid of a *SWOT* analysis (which shows the product's current position in the market) - followed by an explanation of the points stated in the diagram. Furthermore, I will discuss the Marketing Strategies used by Cadbury on Trident - exploring how the company has coped using different marketing strategies to develop the product's brand. Finally, I will arrive at a conclusion, which will justify the extent to which Trident has been able to improve its sales and market share.

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<sup>1</sup> A concept where businesses fight in a market to gain more consumers and market share.

<sup>2</sup> A unique identity of a product or business that distinguishes it from others

<sup>3</sup> The proportion of the total market for a product that a business owns expressed in percentage; (Sales of Business / Total Market sales) x 100

<sup>4</sup> Source 3

<sup>5</sup> Concept of developing new ideas to keep up with changes in consumer taste for certain products

<sup>6</sup> Source 3

## SWOT ANALYSIS

SWOT analysis of Trident chewing gum range – of which points will be sourced in the analysis below the diagram.

<b>Strengths</b> <ul style="list-style-type: none"><li>• Trident is one of the fastest growing food brands in history</li><li>• New flavours experience high sales</li><li>• Cadbury is the world's biggest (and popular) confectionary company</li><li>• Leads in 18 out of 50 gum markets</li></ul>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>• Failure to reach target of 25% of market share when launched</li><li>• Very low proportion of market share against Wrigley</li><li>• £10million budget on Trident advertising campaign banned</li></ul>
<b>Opportunities</b> <ul style="list-style-type: none"><li>• Targeting habitual chewers rather than those who chew gum for breath-freshening properties</li><li>• UK gum market sales increased by about 20%</li><li>• Chewing gum for benefits to teeth</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>• Wrigley's innovation by introducing new flavours</li><li>• TV advert banned</li><li>• 500 customer complaints over racist advert</li><li>• Wrigley's Orbit sales grew by 5%</li><li>• Wrigley's complaint over misleading claim that Trident Extra Care "Strengthens your teeth".</li></ul>

### Strengths

According to source 4, Cadbury is the world's largest confectionary company, which means it has a good reputation with its consumers. This can therefore benefit Trident as it can establish its reputation in the same way among its already existing consumers. Similarly, from source 3 - Trident being one of the fastest growing food brands while leading in sales figures in 18 out of 50 gum markets also shows its good achieving reputation with consumers as well as trust in the brand. This can help increase in sales figures in the long run and aid them achieving a strong foothold in this competitive market.

The increase in sales by innovating with new gum flavours creates a realm for higher profits, which puts the product in the right direction towards improving market share.

### Weaknesses

We learn from source 2 that the product's failure to reach its anticipated 25% market share by only gaining 9% means the figure was over anticipated. Reasons for this weakness could have been the fact that the business did not take into account that competition in the market could have been high, or that its competitors did better in winning more consumers. Also, competitors would retaliate by bringing out their own new innovative products.

Having a very low market share against Wrigley means it will be expensive and difficult for Trident to develop a strategy to boost up its sales and market share. In addition, the business might suffer a loss if business strategy is not applied effectively.

The £10million *budget*<sup>7</sup> banned on Trident's advertising campaign as stated in source 2 weakens a possibility for strengthening brand image and winning consumers over competitors if the campaign was successful.

### Opportunities

Focusing on targeting a particular *market segment*<sup>8</sup> i.e. habitual chewers rather than those who chew for breath-freshening poses as an opportunity to increase sales due to the fact that habitual chewers spend more money on buying chewing gum than the latter<sup>9</sup>.

An increase in the UK gum market by 20%, as evident in source 4, means consumers are spending more of their disposable income on chewing gum, which therefore means the proportion of sales will increase due to this effect.

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<sup>7</sup> A quantitative economic plan prepared and agreed in advance

<sup>8</sup> Breaking down a market into sub-groups which share similar characteristics

<sup>9</sup> source 3

Many dentists recommend chewing gum to prevent deterioration of tooth enamel. By using health benefits to advertise they could potentially increase sales.

### Threats

The ban on Tridents TV advert, Wrigley's complaint over Trident's advert and consumer complaints (as evident in source 4), affects the brands status in the market, and can lead to a decline in *brand loyalty*<sup>10</sup>, which could affect sales in the long run - as consumers may decide to switch to another brand especially as chewing gums are generally similar in price. In addition, in source 1, Wrigley claimed, "Cadbury didn't have any proof demonstrating that a form of calcium the gum contains (called recaldent) strengthens teeth as a result of chewing". Moreover, this gives a clear indication that "Teeth Function" is an important focus for gum products. The 5% increase in Wrigley's Orbit as stated in source 4, threatens for increased competition. Similarly in source 3 - Wrigley's threat by introducing new flavours could slow down anticipated growth in sales and market share.

### Marketing<sup>11</sup>

Marketing is one of the most important aspects for all businesses. The way a business handles the marketing of its products determines how successful the product would be if put into a market. Moreover, it can be a tricky business trying to devise the best methods for marketing a product, so businesses try to employ the most professional individuals with high level of skills in this sector.

Cadbury like most other businesses use marketing techniques to increase their product's capability to succeed in a market. I will explore some marketing strategies used by Cadbury to market Trident.

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<sup>10</sup> When consumers remain loyal to a brand i.e. keep using it in preference to other brands

<sup>11</sup> Marketing is the management process involved in identifying, anticipating and satisfying consumer requirements profitably (HALL D, JONES R, RAFFO C, CHAMBERS I and GRAY D. *Business Studies*. Causeway Press ltd, Lancs. Third edition 2004, 2005. p141

- i. International growth<sup>12</sup>: According to the article in source 5, we learn that Cadbury was involved in international trade with Trident by diversifying into different countries – Thailand, France, Canada, England and the United States; and has achieved a considerable amount of success with its market share figures in these countries. This shows how important international growth was in increasing Trident's sales and market share.
- ii. Promotion: Promotion is an attempt to retain and obtain customers by drawing attention to a firm or its products<sup>13</sup>. Promotion was a key concept to Trident's marketing. From source 5, we learn that a variety of promotional strategies were used in promoting 'Trident splash', the new brand introduced in Thailand. Above-the-line promotion such as making a new TV commercial, and Below-the-line promotion - by organising synchronized swimming performances and a splashy fashion show by popular celebrities were used. Similarly, the company prepares to spend 180 million baht on public relations and promotional campaigns to boost sales and strengthen the product's awareness. In general terms, a successful promotion would lead to increased sales.
- iii. Ethical Issues<sup>14</sup>: This is an important factor that Cadbury took into consideration to improve its corporate image in the business society. Chewing gum litter is a concern, and according to source 4, Cadbury has acted against this - by teaming up with the government to create a Chewing gum action group to fight against litter. Consequently, by acting in a morally responsible manner in this sense gives improves brand image, and can earn consumer trust and as a result, improve sales.
- iv. Brand extension strategy and Product segmentation<sup>15</sup>: From source 5, we learn that the new 'Trident Splash' brand was introduced in Thailand targeting health-conscious modern women - as a result of its global success. Also with an increase in consumer demand for

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<sup>12</sup> International growth refers to expanding products into global markets

<sup>13</sup> HALL D, JONES R, RAFFO C, CHAMBERS I and GRAY D. *Business Studies*. Causeway Press Ltd, Lancs. Third edition 2004, 2005. p210

<sup>14</sup> Ethical issues are the concerns that relate a business to how morally responsible it behaves within an external business environment

<sup>15</sup> Brand extension strategy deals with introducing new ranges of products within the same brand in related markets - Product segmentation is developing a product to satisfy a particular specific market segment.

sugar-free gum in the country – this segment is very active with its growth, as Trident dominates the market with 33% market share. The business saw a good market potential for the product, as it has already proven to be successful in Europe, Japan and the United States.

### Conclusion

I think that the most important reasons for the success of Trident's sales and market share are the fact that because it was a brand owned by Cadbury, the trust and loyalty by consumers were passed onto Trident as soon as it was launched, which is why its sales and market share grew so rapidly when it was first launched. Also, another major reason for success is innovation. For example in Thailand the product segmentation of Trident to serve the "sugar-free gum" market made the brand dominant in the market with a high value of 33% market share. On the other hand innovating was not always the main realm for increasing Trident's market share and sales. It is evident in source 3 that Cadbury "plans to steal market share from Wrigley...by scaling back all its new product development". This argument against innovation claims that the company spreads resources too thinly so they have had to scale back to concentrate on key flavours. A larger but focused project is just as expensive but more successful than lots of other little projects with no depth.

In conclusion, I believe it is evident that Cadbury's Trident chewing gum range has been able to improve its sales and market share – whilst battling against competitors, to a high extent. It was able to achieve this through the use of different business techniques and strategies as explored in the previous sections.

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