

# Business & Management Coursework

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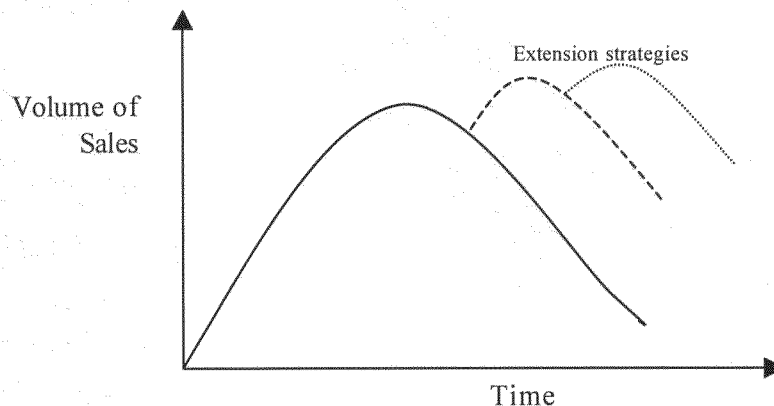
## Standard Level

To what extent is 'Twisted' an extension strategy of Cadbury's 'Crème Egg'?

Word Count: 1454 words

## To what extent is 'Twisted' an extension strategy of Cadbury's 'Crème Egg'?

Cadbury's Crème Egg was originally released in 1923, but was significantly altered in 1971 to become the product we "know & love today"<sup>1</sup>; 200 million are sold each year in the UK alone<sup>1</sup>. Over the years Cadbury has implemented many products related to the Crème Egg, for example Crème Egg Mini's and Crème Egg Easter eggs – although the latter is probably not accurately classified as a product in its own right. The newest addition to this family is the 'Twisted' bar, released on the 19<sup>th</sup> April 2008. The two most obvious differences between these two products are the product and the promotion. Although it is inarguably linked with Crème Egg, Twisted has a completely different 'persona'. This begs the question: is Twisted merely an extension strategy of Crème Egg, or a product in its own right? To answer this question, I will focus on two main areas: why Twisted was introduced and how its marketing compares to that of Crème Egg.



A product life cycle consists of four stages: introduction, growth, maturity and decline. Sales of a product are highest during maturity, with minimal growth, and this is generally where a company aims to keep their products. However, maturity is quickly followed by a decline in sales, which will therefore lead to a decrease in profit. For this reason, many companies utilise extension strategies to delay decline, and to extend the period of maturity. An extension strategy is a technique used to 'extend the life of a product'<sup>2</sup> (shown above) and generally includes changing at least one aspect of the marketing mix. The marketing mix consists of

<sup>1</sup> Source A

<sup>2</sup> Page 182 of 'Business Studies' by 'Hall et al'

'place, product, promotion or packaging' and is used to help increase sales by making each one of these aspects appropriate to the product. In the confectionary industry, the place tends to remain constant for most products but price, product and promotion vary from product to product. But are the differences in this case enough for Twisted to be considered as having a separate Marketing Mix?

Looking at the marketing mix, there is very little change between Crème Egg and Twisted. The price and place are both similar, if not identical, and there has only been a small difference in the product. However, the changing of the shape of a product is not enough to class it as a separate product in its own right and so we must look to the predominant difference in the marketing mix to distinguish between these products: promotion. Cadbury's have used a mixture of above- and below-the-line promotion. Above-the-line promotion refers to the use of 'mass media sources' such as televisions or magazines to advertise a product, while below-the-line promotion refers to using 'non mass-media promotional activities, such as free samples and discount vouchers.

The television adverts are a prime example of the types of above-the-line promotion used. The tone of the adverts seems to seek to distinguish Twisted with a darker image, attempting to give it a unique selling point through this. Neil Simpson, the chief of Cadbury's advertising agency, claims that the "campaign is about the darker side of Creme Egg"<sup>3</sup> and was designed to have "a more contemporary feel to it"<sup>3</sup>. This unique selling point would be more likely to be developed for a completely new product, and less likely to be utilised for an extension strategy for an existing product, which is more likely to already have a unique selling point.

Crème Egg has been running successfully for many years, with over 300 million eggs being made each year<sup>4</sup>. With sales so high, Cadbury's could have had reason to fear that the product had reached maturity. This would explain not only other extension strategies such as the Crème Egg minis, but would also make the change of Crème Egg from a solely seasonal product seem attractive. This tactic would boost sales around Easter, when the eggs were on sale, and reduce costs for the rest of the year as they would not have to produce the Crème Eggs all year round. This leaves two problems to solve. The first is that of a factory not being put to optimum use, and the second is the gap in the market for another fondant product. Both of these would be sold by the introduction of 'Twisted'. However Cadbury's has had many other extension strategies over the years, predominantly focused around a change in the marketing and promotion. The advertising campaign was converted with the 'How do you eat

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<sup>3</sup> Source C

<sup>4</sup> Source A

yours?' slogan, reinforced in some places with Crème Egg 'roulette' machines in the shops, although these were rare, possibly because of maintenance costs.

It has also chosen to launch various sub-products into the Crème Egg family, such as the Crème Egg minis, which were easier to eat and share, in more manageable quantities, and in 2006, Cadbury's launched Cadbury Dairy Milk with Crème Egg as an extension strategy of the traditional dairy milk bar, but – although consumers, again, thought the shape was easier – sales did not remain as high as those of Crème Egg itself, and according to source B, "the name didn't exactly roll off the tongue". Source B, however, does not have any official evidence given by Cadbury's themselves to support it. It is purely an unofficial commentary on a new product, with various viewpoints of consumers given. It does, however, give us another possible reason for the development of Twisted, as opposed to remaining with Cadbury's Dairy milk with Crème Egg. According to the author this brand 'limits' the potential of promotion as 'everything they do has been shoehorned into the same, slightly dull band.' If a product has reached maturity, then it is most likely that the company would need an innovative approach to promotion of it – or any extension strategies – in order to delay decline for as long as possible.

The semi success of Dairy milk with Crème Egg, especially on the 'convenience' front, cleared the way for the Twisted Crème Egg bar as an extension strategy. It will be replacing Dairy Milk with Crème Egg, which is understandable due to the similarity between these two products. The new "here today, goo tomorrow" tagline applied to Crème Eggs only not sought to boost sales, in the same way as a 'limited edition' would do, but also tied in with the advertisements used for Twisted, which – like the latest Crème Egg adverts – showed a Crème Egg "committing suicide" and then went on to show the splattered goo and chocolate reforming into a Twisted bar. The 'It's no Crème Egg' tag line emphasises its separate identity from Crème Egg, while the formation of the bar from the egg shows that it is, essentially, the same thing. This converts to curiosity and reassurance for the viewer: curiosity about the 'new' product and reassurance that they will like it, if they already like Crème Eggs.

To decide this, I shall be using an Ansoff Matrix. An Ansoff Matrix is an analytical tool that helps managers devise their product and market growth strategies by detailing whether a product is new or not, and whether it is being sold to a new market.

	Existing Products	New Products
Existing Market	Market Penetration	Product Development
New Market	Market Development	Diversification

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To decide where the promotion of Twisted fits, we must first decide how to divide the market, otherwise known as market segmentation. This is done by dividing the market further based on consumer characteristics. Frequently this is done using characteristics such as age, religion or even geography, in order to target a specific type of consumer and to fulfil their consumer needs. If we simply rely on the confectionary industry, then we would have a choice between Market Penetration and Product development. If we segment this further into Easter confectionary and year-round confectionary, then we can see that Cadbury's could be viewed to have broken into a new market, although this would be more likely with an existing product. I think that it is more likely to be classed as Market Development, as the product already exists in some form. This supports the conclusion that Twisted is simply an extension strategy of Cadbury's Crème Egg.

Personally I feel that it is more likely to be considered as an extension strategy, as it has been developed from an existing product, using exactly the same components – just in a different shape. Although the new 'unique selling point' might suggest a new product, it can be explained by the loss of the previous unique selling point, as the market of the product is essentially changing, and the unique selling point of Crème Egg as the original filled chocolate egg sold at Easter is not present in this new form.

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<sup>5</sup> From <http://www.franteractive.net/resources/Ansoff-Matrix.GIF>

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