

The Hershey Company



BAMA 514 002

Brand Audit Project

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EXECUTIVE SUMMARY

The Hershey Chocolate Company story spans over a century with a simple beginning in Derry Township, Pennsylvania. Since 1894, Hershey has been a trusted brand associated with strong family values due to the company's early community involvement and emphasis on the well-being of its employees. Today, the company boasts the highest US market share in chocolate at 43%. However, the current marketing mix has created several areas in need of improvement related to brand strength and stature.

Hershey's strengths lie in its long history and value driven image. Words like "celebrate", "happiness" and "genuine" commonly appear in advertisements and promotional opportunities related to Hershey. These purported associations are in line with Hershey's target of the general consumer, whereby they are trying to communicate their message of "anytime, anywhere!" to many different segments.

The brand's message is reaching all ages as they intend evidenced by all 38 of our survey respondents being able to associate Hershey with chocolate, and their flagship product *Kisses* in 29% of cases. Although initial brand knowledge seemed strong, differentiation from competitors was not evident to the participants. Secondary associations with lower quality compounded this weakness. Interestingly, these issues were not indicative of purchase frequency as over 40% of people said they purchased Hershey products 10 or more times in a year.

In relation to competitors, Hershey stands strong in a crowded market where differentiation is difficult. Hershey demonstrates the strength of its brand with strong sales with comparatively low advertising relative to competitors. The aforementioned weaknesses in esteem and to some degree relevance are shared with close competitors (Mars, Nestle) and in this way it provides an excellent opportunity for Hershey should they be able to break those associations.

With Hershey's market strength in mind, we recommend the company leverage its position to prop up its subsidiary brands. Cross-over associations can improve lift for Hershey chocolate. This must be done strategically with other confectionaries in the same realm whereas high end products should remain under their own brand. Furthermore, associations with values and community must be emphasized through more league sponsorships and possibly further amusement park development as in the Hersheypark in the US. Opening more stores could also help curtail some of the low quality associations. Overall, Hershey has a strong foundation, and with some focus on effectively communicating their intended message, there is no reason the brand cannot continue its market dominance.

I. Brand History

The Hershey Company is an American chocolate company that has been in business for more than 100 years. Its wide ranging product line caters to a variety of taste preferences and over time it has expanded into gum, frozen treats, hard candy, grocery and snack foods. Hershey's is now a publically traded, global company with a reach spanning the USA, Canada, Mexico and into South America, Europe and Asia¹. With a market cap of \$17.79B² and share price currently around \$79.69³ Hershey's is one of the world's largest confectionary companies and has competitors such as Mars & Nestle⁴.

We are interested in auditing Hershey's brand because chocolate confectionary products are universally enjoyed and the brand extension into Hersheypark was an interesting and unique move. A theme park based on chocolate and candy is different than most of its competitors. Additionally, Hershey's is a leading company in the USA but we suspected that there may be significant differences in brand meaning and reach in Canada (its second largest market) and other international markets where competitors are typically strong.

Hershey's owns a number of separate brands in addition to its wide range of Hershey's products. It has a significant number of products in addition to packaging and seasonal items. Table 1 outlines the continuous products not including seasonal items such as Reese's Easter eggs, Valentine's Kisses etc.

¹ <http://www.thehersheycompany.com/about-hershey/hershey-international.aspx>

² <http://www.google.com/finance?q=Hershey&ei=SigQUfjAB-SPiAKTVw>

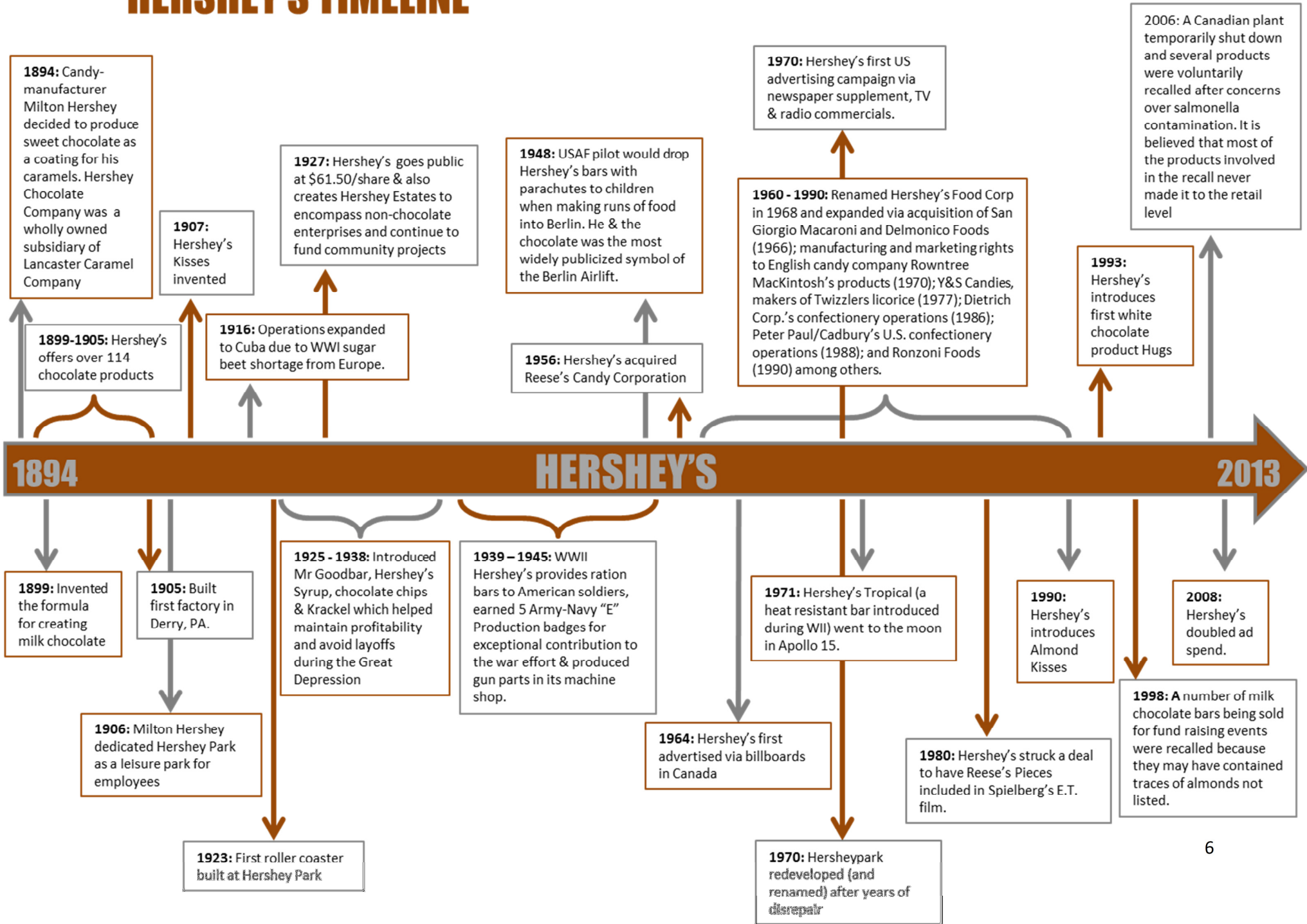
³ <http://www.google.com/finance?q=Hershey&ei=SigQUfjAB-SPiAKTVw>

⁴ Hershey's Investor Update. June 25, 2012. Accessed on Jan 31, 2013 from: <http://www.thehersheycompany.com/investors.aspx>

Table 1: Hershey’s Branded Products

<i>HERSHEY'S brand</i>	<i>REESE'S brand</i>	<i>KISSES brand</i>	<i>Other products sold in the USA</i>
HERSHEY'S milk chocolate bar	REESE'S peanut butter cups	HERSHEY'S KISSES brand milk chocolates	5 th AVENUE candy bar
HERSHEY'S milk chocolate with almonds bar	REESE'S peanut butter cups minis	HERSHEY'S KISSES brand milk chocolates with almonds	ALMOND JOY candy bar
HERSHEY'S Extra Dark candy	REESE'S PIECES candy	HERSHEY'S KISSES brand milk chocolates with cherry cordial crème	ALMOND JOY PIECES candy
HERSHEY'S NUGGETS chocolates	REESE'S BIG CUP peanut butter cups	HERSHEY'S KISSES brand chocolate meltaway milk chocolates	CADBURY chocolates
HERSHEY'S DROPS chocolates	REESE'S NUTRAGEOUS candy bar	HERSHEY'S KISSES brand milk chocolates filled with caramel	CARAMELLO candy bar
HERSHEY'S AIR DELIGHT aerated milk chocolate	REESE'S sugar free peanut butter cups	HERSHEY'S KISSES brand SPECIAL DARK chocolates	GOOD & PLENTY candy
HERSHEY'S MINIATURES chocolate candy	REESE'S crispy and crunchy bar	HERSHEY'S KISSES AIR DELIGHT aerated milk chocolates	HEATH toffee bar
HERSHEY'S BLISS chocolates	REESE'S WHIPPS candy bar		JOLLY RANCHER candy
HERSHEY'S COOKIES N' CRÈME candy bar	REESESTICKS wafer bars		JOLLY RANCHER sugar free candy
HERSHEY'S COOKIES N' CRÈME DROPS candy	REESE'S FAST BREAK candy bar		KIT KAT wafer bar
HERSHEY'S POT OF GOLD boxed chocolates			MILK DUDS candy
HERSHEY'S sugar free chocolate candy			MOUNDS candy bar
HERSHEY'S HUGS candies			MR. GOODBAR chocolate bar
			PAYDAY peanut caramel bar
			ROLO caramels in milk chocolate
			SKOR toffee bar
			SPECIAL DARK chocolate bar
			SPECIAL DARK PIECES candy
			SYMPHONY milk chocolate bar
			SYMPHONY milk chocolate bar with almonds and toffee
			TAKE5 candy bar
			THINGAMAJIG candy bar
			TWIZZLERS candy
			TWIZZLERS sugar free candy
			WHATCHAMACALLIT candy bar
			WHOPPERS malted milk balls
			YORK peppermint pattie
			YORK sugar free peppermint pattie
			YORK PIECES candy
			ZAGNUT candy bar

HERSHEY'S TIMELINE



II. Intended Brand Meaning

Target Market

Hershey's target customer is everyone. One marketing slogan says "There's something for everyone!"⁵

And on the first page of their US website is the quote: "Hershey's, America's favourite for over 100 years!"⁶ While a number of their products are appealing to children, Hershey's publically states that they do not direct advertising of chocolate and confectionary products to kids⁷. However, they do advertise the Hershey Track & Field games and other healthy living initiatives to children so the brand is being targeted towards children, without focusing on chocolate and candy.

Table 2: Target Market Segmentation

	Hershey's Target Market
Demographics	Everyone (however won't market directly to kids) Mom's & Dad's (for their children) 14+, males & females Middle-class Couples Young adults
Geography	Everywhere
Wants & Values	Spending time with family, indulgence, happiness, authenticity, simplicity, love, fun, quality
Needs & Motivations	Making memories, celebration, surprising their kids, taste,
Where do they shop?	Chain grocery stores, mass merchandisers, chain drug stores, vending machines, wholesale clubs, convenience stores, dollar stores, concessionaires and department stores.
Frequency/Quantity	Varied (from every day to special occasions)
Price Sensitivity	Somewhat (middle class)

Who is buying: In their marketing plan⁸, Hershey's outlines 7 different categories of consumers whom they target with different methods these are: engaged, exploring munchers, deal seekers, loyal indulgers, confection loving moderators, guilty controllers, and detached occasionalists.

⁵ Hershey's Investor Update. June 25, 2012. Accessed on Jan 31, 2013 from: <http://www.thehersheycompany.com/investors.aspx>

⁶ www.hersheys.com

⁷ <http://www.bbb.org/us/storage/16/documents/cfbai/Hershey%20Pledge%20%28new%20contact%20Jan%202013%29.pdf>

⁸ Hershey's Investor Update. June 25, 2012. Accessed on Jan 31, 2013 from: <http://www.thehersheycompany.com/investors.aspx>

Brand Meaning

In alignment with their target market Hershey’s aims to portray a very specific brand meaning which has been summarized in the table below.

Table 3: Assessment of Brand Meaning (as reported by Hershey’s)

2011 Investors Report	Website	Facebook (and social media)	Commercials
Brand Idea: “Genuine Chocolate, Genuine Happiness, Anytime Anywhere”	“Hershey’s, America’s favourite for over 100 years!”	Our iconic HERSHEY’S Milk Chocolate bar has been bringing moments of happiness to the world for over 100 years.	“Life is delicious”, “Three delicious flavors, so everyone in your family will love one!” “30% less fat”
Brand Promise: “A one-of-a-kind chocolate experience to savor and share everyday.”	celebrate	Mission: Bringing sweet moments of Hershey happiness to the world every day.	smooth, delicious, celebration, fun, youth, love
AIMS: Connect with shoppers, Drive loyalty, Create special moments in seasons, Re-invent the retail experience		S’mores, making memories, family, youth	

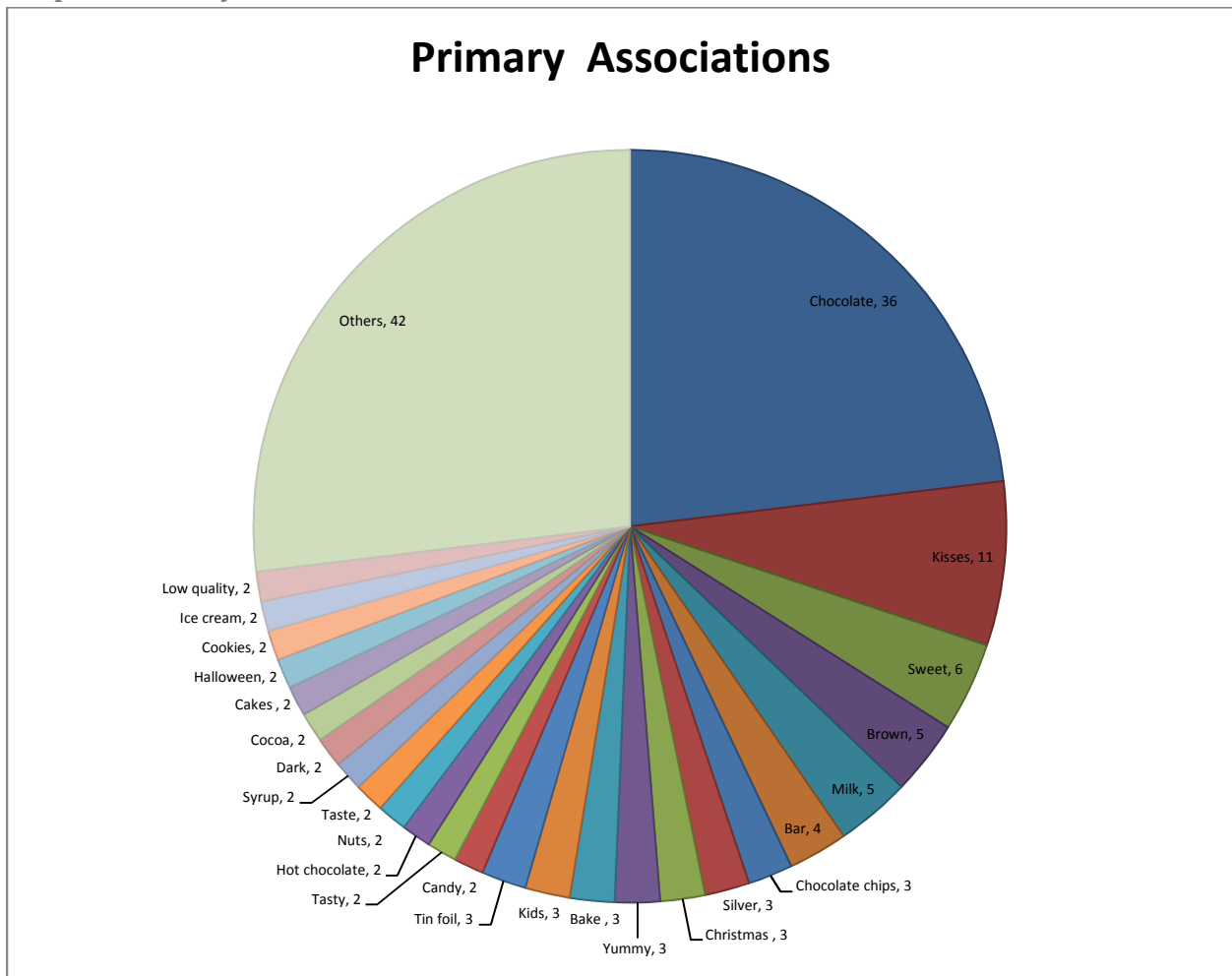
These support their marketing efforts of both every day brands and chocolate candy such as Reese’s, Oh Henry, York etc. in addition to their special occasion products including Pot of Gold, seasonal candy (Christmas, Easter, Halloween) by promoting the ideas of making memories, celebration, family time and every day indulgences that can be healthy as part of a balanced lifestyle.

III. Actual Brand Meaning

Primary Associations

40 people were surveyed across different age groups to determine their associations with the Hershey’s brand. There were close to 150 primary associations from the people we surveyed and a significant amount of these associations were non-repetitive which are grouped into the “Others” category. The most prominent connotation was “Chocolate” which was not surprising.

Graph 1: Primary Associations

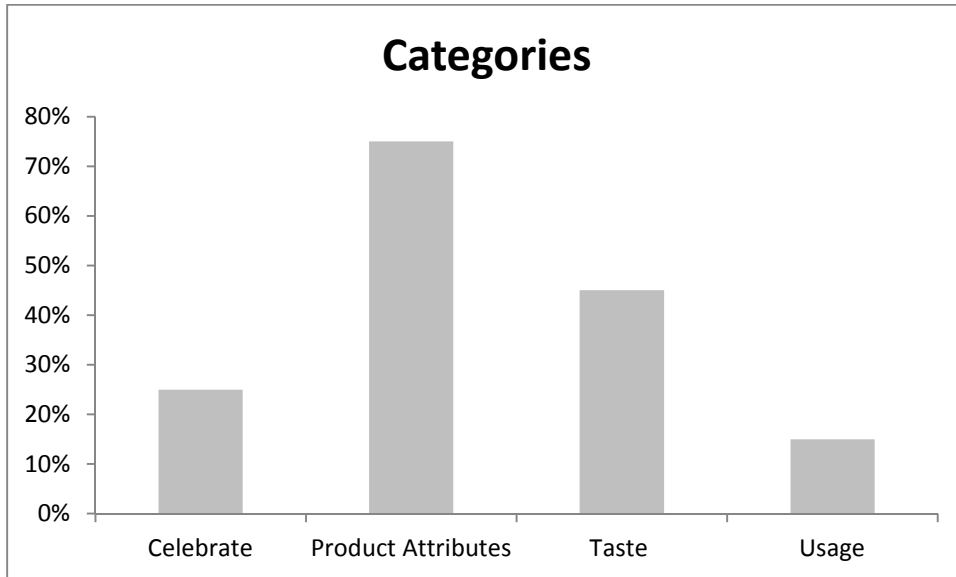


Analyzing the data further we found that “Kisses” was the only Hershey’s product that people mentioned frequently. None of the other Hershey’s products such as Twizzlers, Chipits or Oh Henry etc. were mentioned. The only other product that was mentioned was Hershey’s Syrup. With the other prominent associations we found that most of them could be categorized into 4 different categories viz.

Celebration, Product Attributes (ingredients and type of chocolate), Taste and Usage. The distribution for these categories is as shown in graph 2.

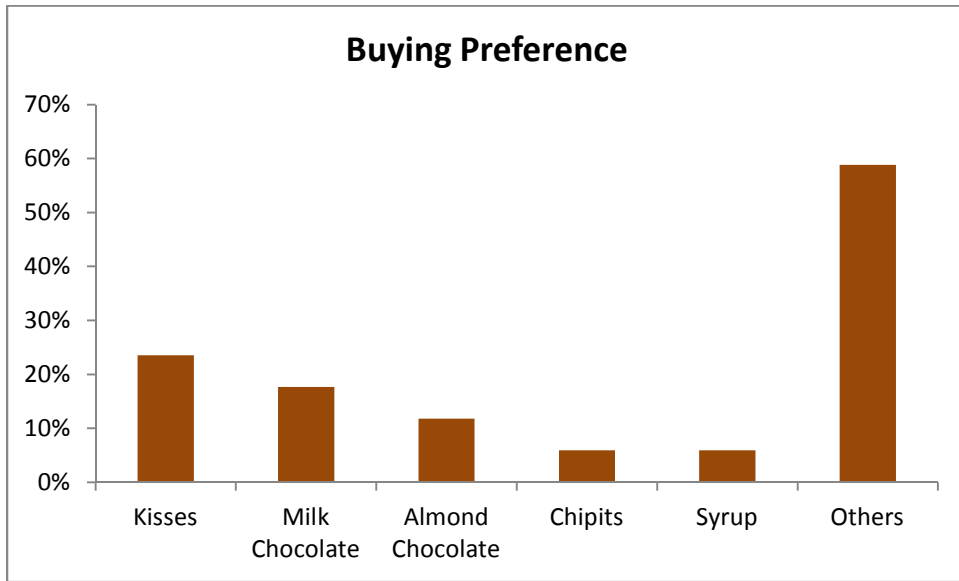
The interesting thing we discovered about Hershey’s while doing the survey was that most people were aware of Hershey’s as a brand and consumed several of its products but mentioned the attributes of Hershey’s products they bought viz. dark, chocolate chips, almond etc. during the association test.

Graph 2: Categories of prominent associations



Among the people who bought Hershey’s products, we asked the kind of products they bought and noticeably, most people failed to mention the name of the product but mentioned the attributes of the products. As can be inferred from the graph below, close to 60% of the people who bought Hershey’s products failed to mention the name of the product. And again, Kisses was the most popular among the products that were mentioned.

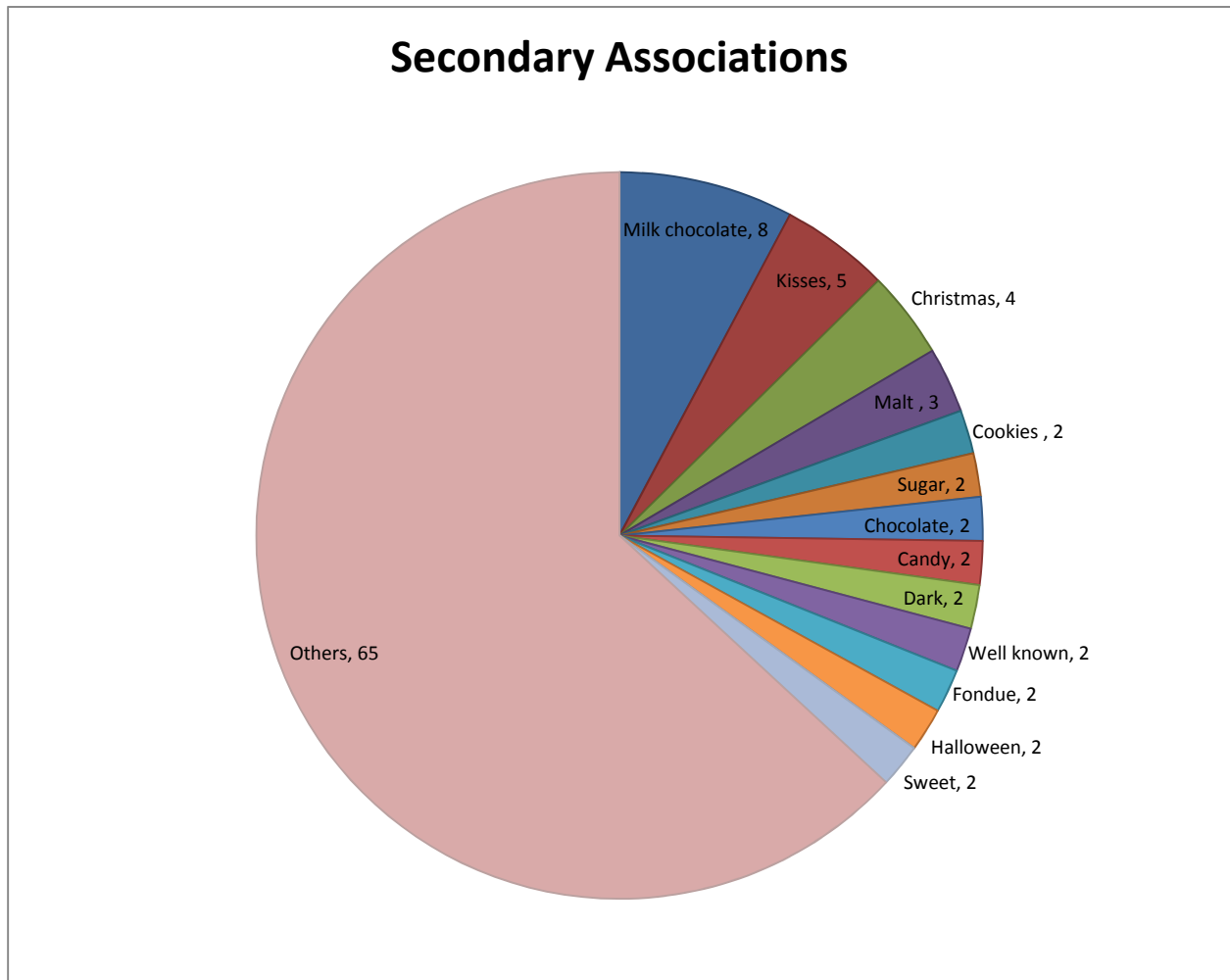
Graph 3: Buying Preferences



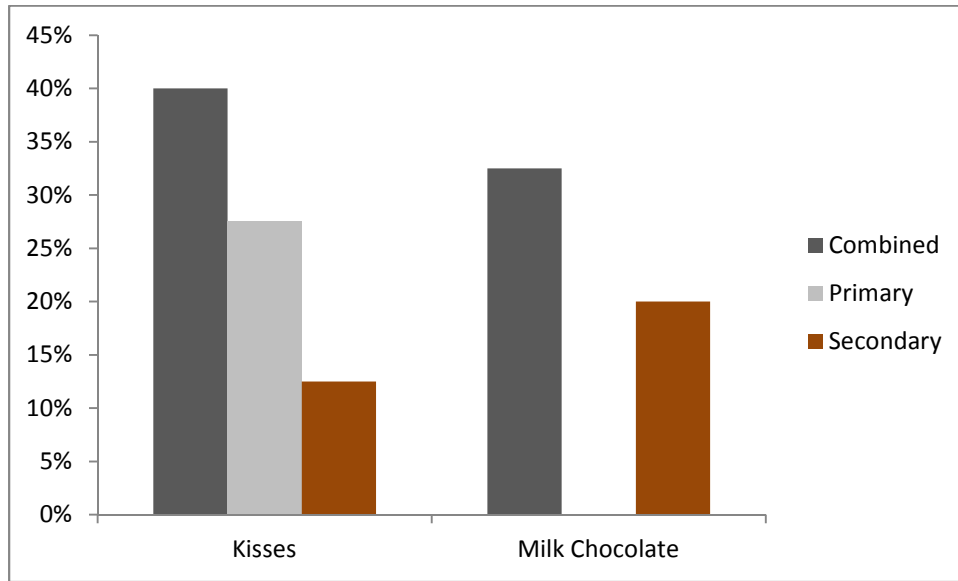
Secondary Associations

Using the same methodology as the one for primary associations, all unique associations were grouped into the “Others” category. There were a total of 103 associations, of which 65 fell in the “Others” category. Of the more prominent ones, it is interesting to note that “milk chocolate” was pronounced more frequently than Kisses. The remaining associations were very similar to the ones in the primary associations mostly falling under “Taste” and “Celebration” category.

Graph 4: Secondary Associations

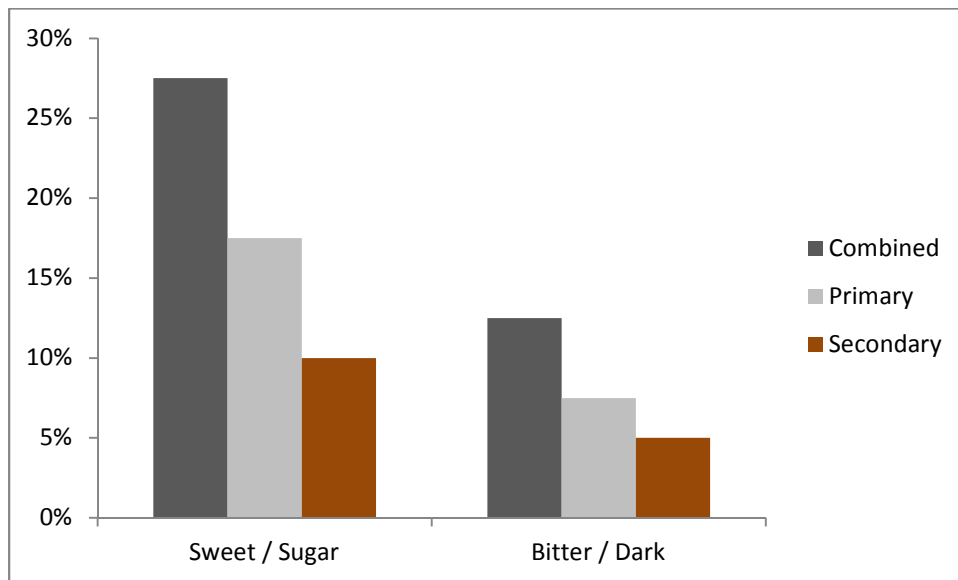


Graph 5: Popularity of Kisses vs. Milk Chocolate



We analyzed the survey results further to find out which of the 2 Hershey’s products viz. Kisses and milk chocolate is more popular and it is interesting to note that though milk chocolate wasn’t mentioned in the primary associations, it was mentioned more often than Kisses in the secondary associations.

Graph 6: Frequency of Taste Associations



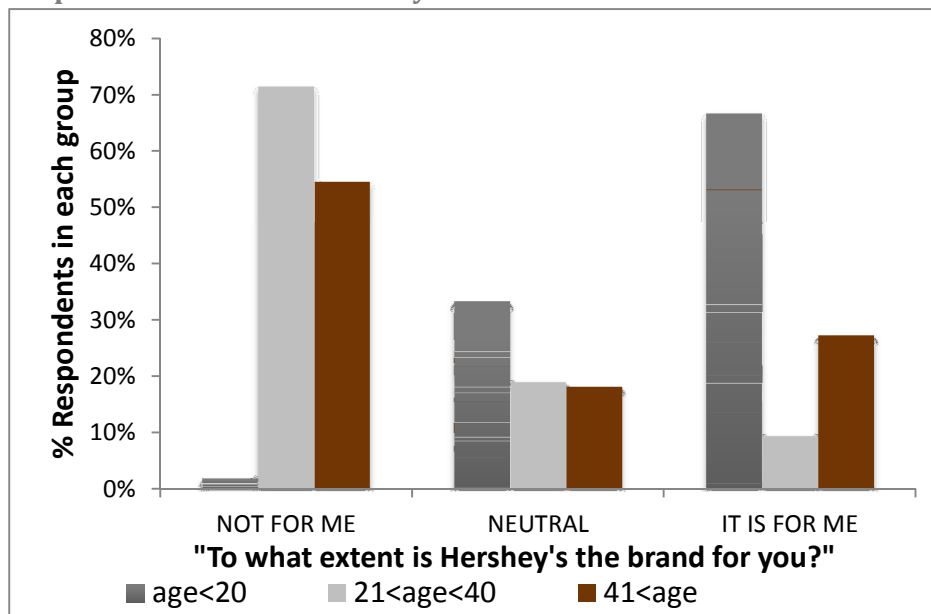
To further find out what people thought of the taste of Hershey’s products in general, the frequency of associations for “Sweet / Sugar” and “Bitter / Dark” were compared. Since there were not enough associations for “bitter”, we have made the assumption that dark is synonymous with bitter as dark chocolates have a stronger bitter flavour. It was found that close to 30% of the people surveyed thought

that Hershey’s chocolates were sweet with 18% of it coming from primary associations. On the other hand, less than 15% of the people surveyed thought Hershey’s chocolates were bitter in taste.

Segmentation Variables

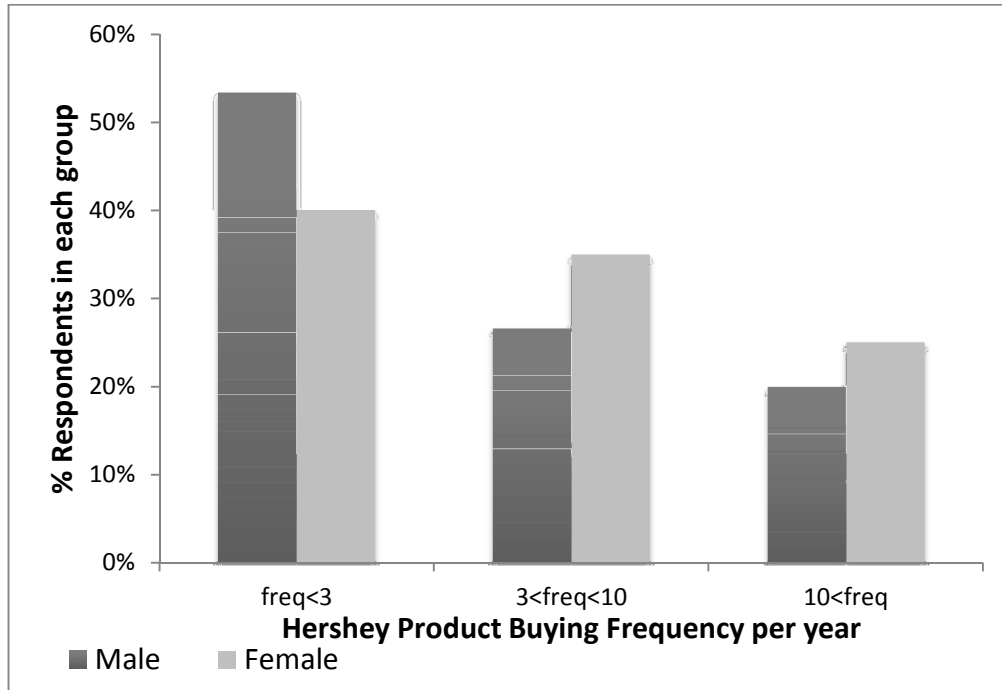
Regarding purchase frequency, variance in associations and other segmentation variables, we noticed several interesting trends. Most notably, Hershey’s relevance with the participants was divided along age lines (Graph 7). Younger respondents felt Hershey was the brand for them and this was bolstered by positive associations and comments such as “great taste” and “good price”. This was in contrast to those over the age of 20 that in general gave Hershey lower quality associations with some harsh comments, for example “too much wax” and “too sweet”. Despite this split along age in associations and esteem, buying frequency was higher for older people where 25% of them bought Hershey’s 10 times per year or more. By comparison, the young people (aged between 13 and 20) we spoke to bought Hershey’s between 3 and 10 times. Further survey questions on the topic revealed that older people bought for themselves as well as others in their household or as gifts, whereas the younger group simply indulged for themselves from time to time.

Graph 7: Esteem of the Hershey’s Brand



Another trend that appeared was the higher purchase frequency of Hershey amongst females compared to males (Graph 8). This was interesting in that associations between the two groups were not different. Both gave some positive and negative connotations. Delving deeper and similarly to the aforementioned age split, women indicated that they bought chocolate as a gift and for the household or for special occasions more often than men.

Graph 8: Buying Frequency of Hershey Products



IV. Category Extension

Marketing Communications

“The Hershey Company”, known until 2005 as the “Hershey Foods Corporation” was originally founded by Milton S. Hershey in 1894. The history of Hersheypark (Hershey Park until the 1970’s) begins with the founding of the town of Hershey in 1903. While Milton Hershey began developing Hershey Park in 1904 the original park was a simple nature reserve that was meant to be a leisure area for the employees of the Hershey factory. It wasn’t officially opened as an amusement park until April 24, 1907.⁹

Not much information is known about the advertising and promotional activities of Hershey Park in the 1900’s however some logical assumptions can be made based on prevalent practices during that era. Additionally, some of the marketing techniques and advertisements that Hershey Park ran in the later years leading up to today will be analyzed.

Marketing during launch and the early 1900’s

At the dawn of the new century, the media consisted mainly of newspapers and various periodicals. Newspapers and magazines were limited to local and regional news, “Investigative reporting” and “Yellow journalism (brief speculative stories.)” In the 1900’s the motion picture preceded the radio and television.¹⁰ We can make a reasonable assumption that these would have been the main channels that Hershey’s used for advertising. From the onset, Hershey Park was designed with families in mind. The original park offered picnic pavilions for families and groups and children’s playgrounds dotted the park, offering slides, swings and teeter-totters.¹¹

Hershey Park was also regularly used for baseball games and thus became a popular destination for families in the community to come together. Thus, from the very beginning Hershey Park associated itself with “family”, “special occasions”, “events” and “fun”.

Marketing during development and the mid 1900’s.

As the town began to grow, public interest in Milton’s Hershey’s model industrial town brought visitors and Hershey soon became a tourist attraction. Hershey Park quickly developed along the lines of a trolley park as rides and other amusements were added. Each year saw new improvements to the Park.

⁹ <http://hersheyarchives.org/essay/details.aspx?EssayId=44&Rurl=%2fresources%2fsearch-results.aspx%3fType%3dBrowseEssay>

¹⁰ <http://library.thinkquest.org/27629/themes/media/md00s.html>

¹¹ <http://library.thinkquest.org/27629/themes/media/md00s.html>

(Appendix B) In addition to weekly band concerts, vaudeville acts were booked to perform in the Park pavilion throughout the summer season.¹² While a lot of advertising was done through newspapers and motion pictures, Hershey’s also began advertising through other print media such as handouts and pamphlets that were included in periodicals and newspapers. (See appendix B for an example of a Hershey Park handout). Hershey’s essentially continued the tradition of associating themselves with an environment where families could get together to spend an evening, listen to a band or spend the day with their kids on the rides at the park.

Marketing today.

Today Hersheypark is fully independent amusement park that has extended its brand to include other extensions such the “Hershey’s Hotels and Lodge, Chocolate world and the Hershey’s resort experience”. Hersheypark boasts of a fully-fledged entertainment park with about 20 rides. Hersheypark has undergone many changes since it opened in 1907. But what has remained the same over the years is their commitment to provide guests with fun and entertainment in the midst of beautiful, natural surroundings.¹³ Today Hershey’s identifies itself with its original appeal - “simplicity”.¹⁴ Milton Hershey wanted to build a park to create pleasant environment for families. This association is advertised today through multiple channels but mainly through its own website – <http://www.hersheypark.com/>. They also advertise through various social media outlets including Facebook and Twitter. But most importantly Hersheypark goes back to its roots and relies on ‘word of mouth’ and the positive experiences that millions of families have had.

Brand Leverage

Our brand association survey was able to establish that many of associations that people made identified Hershey’s synonymous with all things chocolate. They also associated Hershey’s with one of their flagship products “Kisses Chocolate”. When people think Hershey’s, people think “Kisses”. Hersheypark recognizes this key association and makes use of the Kisses logo in its branding as well as a mascot within the park itself (Appendix B). Other associations include sweet, brown, milk, and various holidays. The association that is made with different kind of holidays is important to note. Holidays generally imply- “time spent with family”. In this case, family could be a significant other or immediate and extended family. This goes back to the original idea that Hersheypark was established on and that

¹² <http://hersheyarchives.org/essay/details.aspx?EssayId=44&Rurl=%2fresources%2fsearch-results.aspx%3fType%3dBrowseEssay>

¹³ http://www.hersheypa.com/about_hershey/our_proud_history/about_hersheypark.php

¹⁴ http://www.hersheypa.com/about_hershey/our_proud_history/about_hersheypark.php

was to be a place where families could come together to have a fun time. In advertisements over the years, Hersheypark identifies itself as a place that is 100% for the family. Their slogan is “The sweetest place on earth.”¹⁵

Hersheypark expands on the experience by coupling their amusement park with the Hershey Lodge. At Hershey Lodge, families can book vacations that generally includes accommodation, kid’s activities, visits to Hershey’s Chocolate World and admission to the Hershey Park. The whole experience is targeted towards families and the family experience. They want people to know that this is not just a family amusement park, but a park that is based on a sense of family values, making memories and of course chocolate. Some of the associations identified were items that Hershey had in their product line up including; hot chocolate, raisins, caramel, different kinds of chocolate bars etc. Hersheypark does a good job identifying which of its products people clearly identify with and then integrating them into various aspects of the park such as in the rides, mascots, signage etc. (*See Appendix B*).

While Hershey’s has been extremely successful in leveraging associations like “family” and “holidays”, it has not been very successful in leveraging some of the other associations that we identified in our audit. Part of the reason can definitely be attributed to the fact that some associations just cannot be translated from a food product to the entertainment industry. Overall brands are merely symbols that evoke associations. These associations form a brands meaning. These can be stories, images thoughts, feelings or beliefs.¹⁶ Hersheypark does a good job in associating its brand with positive associations like – “family, fun, place for kids, safe.”

Recommendations for Evaluating Future Extension Opportunities

An extension is not necessarily determined by the similarity to its flagship category or extension category. A successful brand extension will instead look to strengthen the brands already existing associations.¹⁷ Hershey’s has already extended past the chocolate segment into pretty much anything related to chocolate. Ice creams, baking necessities and cakes have all seen the Hershey brand. With these extensions Hershey’s has definitely played it safe, staying close to an industry in which they are

¹⁵ <http://www.youtube.com/watch?v=IVbItEwJG48>, <http://www.youtube.com/watch?v=7O5nAuco5H8>

¹⁶ Tim Silk, “Brand Meaning Class Slides”, 2009.

¹⁷ Tim Silk, “Evaluating Category Extensions, Class Slides”, 2009.

experts. However, if Hershey wants to extend its brand image beyond the US market, Hershey's may have to take bolder steps. Two products that we feel could strongly associate with the Hershey brand are "supplemental protein drinks/shakes" and the "movie theatre experience".

Supplemental protein drinks:

Globally, the market for sports nutrition products (excluding sport beverages) is estimated at US\$4.7 billion¹⁸ of which, the United States (U.S.) is the largest consumer, representing approximately two-thirds of the world market in both volume and value of retail sales.¹⁹ Hershey's is currently a world leader in its utilization of cocoa and has the potential to leverage its expertise in the cocoa and dairy industry to extend its brand by offering supplemental protein drinks. Some of the associations the Hershey's can exploit here would be "chocolate, taste, malt, yummy, delicious." Generally protein shakes are considered not to be very flavorful or tasty. Hershey's with their existing expertise in hot chocolate and cocoa can look to launch a product that caters to the same target market but in contrast is actually tasty in addition to its nutritional properties.

Movie theatre experience:

Part of Hershey's marketing strategy is to strategically have its products used in movies and famous TV shows. This serves to extend the brand visibility and image. Hershey's can take this a step further by providing a movie going experience that from start to finish shines the light exclusively on the Hershey's brand. From the very beginning Hersheypark was created with families in mind. It was created to give families of the town an alternative option to spend their evening. It symbolized traditions, families, fun, happiness and celebration. These are very strong associations that we were able to identify with the brand survey. A Hershey's theatre would seek to provide the movie goer a chocolate experience exclusive to the brand that was meant to provide sweet and lasting memories. Theatres would sell Hershey's chocolates, milkshakes, ice-creams and other foods and include elements from the Hersheypark such as arcade games. Purchasing existing theatres and renovating them into a chocolate styled cinema would represent a brand extension option that would not be very capital intensive since the infrastructure would already be present.

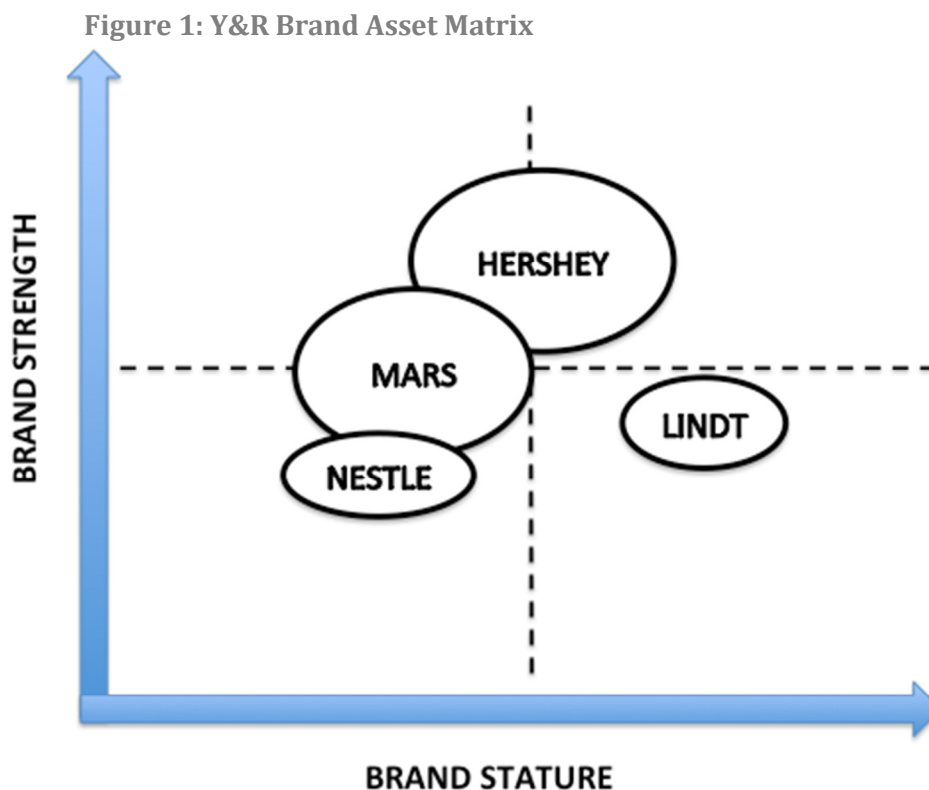
¹⁸ Euromonitor, April 2010

¹⁹ <http://www.ats-sea.agr.gc.ca/inter/5569-eng.htm>

V. Brand Strength

Y&R Matrix

A Young and Rubicam Brand Asset Evaluation was performed as part of this audit. Survey questions were designed, alongside the free association tasks, to elicit information regarding Hershey's differentiation, relevance, esteem and knowledge amongst the targeted population. These factors were then grouped and plotted to understand the brand's placement amongst its competitors based on brand strength and stature. Mars, Nestle and Lindt were also studied in conjunction with Hershey with market share and advertising dollars being the objective measures of strength and relevance.



Let us consider Hershey's competitors first in our analysis of strength and stature. Lindt Chocolate is a brand that stands out amongst the crowded leaders in the category, Hershey, Mars and Nestle. It enjoys high stature as a quality product and its associations with luxury, even though its targeted advertising does not have significant reach. At 4% of the US chocolate market share²⁰, it enjoys moderate brand strength largely on the back of its 8.5% US sales growth in the past year²¹. Mars and Nestle, the 2nd (30.8%) and 3rd (5.9%) brands in chocolate market share respectively, have largely the same stature.

²⁰ 2011 Lindt & Sprungli Annual Report - <http://www.lindt.ca/swf/eng/company/investors/>

²¹ 2011 Lindt & Sprungli Annual Report - <http://www.lindt.ca/swf/eng/company/investors/>

Both enjoy advertising budgets on the same order of magnitude at \$850 million for Mars and \$947 million for Nestle²². A 7.5% worldwide sales increase for Nestle suggests an improvement in branding however a small share of the whole pie relative to the top sellers continues to impact its brand strength. Mars, however, is in a close battle with Hershey with the difference being Hershey's stronger associations.

With 43.2 % US market share in chocolate in 2011²³ and leading the category, Hershey's has a strong brand. The immediate associations with *Kisses* and *chocolate* among respondents clearly show that awareness is high. This connection is bolstered by the fact that in 2011, Hershey only spent \$414 million on advertising³. The brand's stature, however, is affected by lower esteem and knowledge and therefore it remains just ahead of its main competitors but not distancing itself significantly. Hershey's brand message of "Anytime, Anywhere"³ has not allowed enough separation from competitors. Low knowledge is a key factor here as 89% of those surveyed knew only some or little about Hershey relative to other brands. Let us continue our analysis in more detail by unpacking the 4 areas of Y&R evaluation.

Differentiation

Consumers' perceptions of Hershey's differentiation from other brands was not strong with 74% commenting it was the same or only slightly different than competitors. Considering the channels (supermarkets, variety stores) that are Hershey's focus and that the battle ground segments are "deal seekers, engaged exploring munchers, guilty controllers" this is not surprising. The aforementioned segments are not brand loyal. Furthermore, survey participants listed generic words associated with chocolate (e.g. sweet, brown, bar) during the test, suggesting they were considering the confectionaries themselves as opposed to Hershey in the exercise. The lone bright spot was *Kisses* that appeared 11% of the time as a primary association. Therefore, for the purposes of the Y&R analysis, Hershey will be given a score of 45%.

Relevance

There was significant segmentation across age in answering the question, "To what extent is Hershey the right brand for you?" (Graph 7 – section III) whereby younger people (<20 yrs.) related and those older did not. This makes it difficult to assess exactly where it falls in meeting all consumers' needs. Purchase frequency remained high amongst the older population where 22% of those aged over 40 purchased Hershey 10 times per year or more. This will be part of the continued discussion as to how

²² The Advertising Age, Kantar Media - <http://www.statista.com/statistics/192160/us-ad-spending-of-nestle/>

²³ June 25th, 2012 Investor Update - <http://www.thehersheycompany.com/investors.aspx>

Hershey is perceived but with regards to relevance, Hershey scores 40% as it does not speak to the people that buy it most.

Esteem

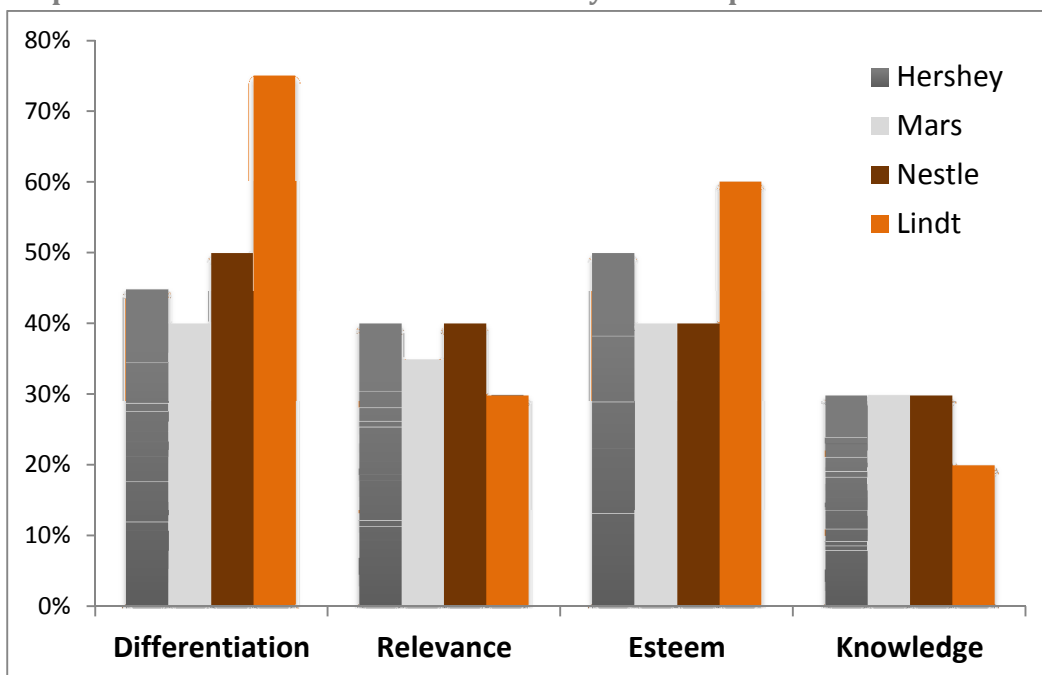
As with relevance, esteem for Hershey (perceptions of quality and loyalty) was split along age lines with 100% those under the age of 20 considering it “good” or “excellent” quality chocolate compared to 48% aged above 20. This might reflect the market’s perception of the category when split along channel lines (supermarkets and variety stores) where Hershey and Mars compete directly. In comparison to Lindt and its dedicated stores, Hershey perceptions of quality are quite low in the older population as previously mentioned. With the dichotomous views in mind, Hershey deserves an *esteem* score of 50%.

Knowledge

Although Hershey has a 43.2% market share, its differentiation beyond *Kisses* has been difficult to establish. However, the survey, in asking participants to name Hershey products, revealed multiple answers for chocolate chips and the generic bar in addition to *Kisses*. This suggests at least some core product knowledge yet we must also look at this against the 89% of participants that knew only some or little about the brand. Again, in relation to the competition, and working against a flooded market, Hershey scores 40% in terms of Knowledge in the Y&R assessment.

Summary and Recommendations

Graph 9: Y&R Brand Assessment for Hershey and Competitors



Hershey has almost half of the market in chocolate, and it is spending almost half as much on advertising relative to its main competitors. This is the sign of a strong brand. Through the above analysis, it is difficult to assess where the market share is coming from although it does enjoy strong reach with the *Kisses* product. The biggest area of concern is that there is little differentiation and for long-term growth this will not enable a foothold particularly when entering a new market. The brand can take some solace in knowing that it is no worse than Mars and Nestle but it could only be a matter of time before they engage the market. The same can be said of product knowledge where many consumers simply equate Hershey with chocolate and to them it is all the same. This benefits the competitors where the lack of knowledge creates brand-hopping. This behaviour also falls into the category of relevance. Survey participants did not identify with Hershey overall, although younger people do feel better represented by the brand.

At this point, Hershey must keep its strengths (*Kisses*, younger population) as leverage against competitors and possibly develop its immature stigma amongst older people.

VI: Final Recommendations

Considering the analysis of Hershey's overall brand management, image, meaning and extensions we feel its success is in the B+ range. Based on market share and performance, Hershey's represents a strong market in the USA. However Hershey's does not seem to have been able to translate that same brand awareness as successfully to Canada or the rest of the world. Very few people interviewed were able to extend their association with the Hershey's brand beyond the flagship 'Kisses' candy. While a lot of the products sold are seemingly quite popular, very few people are able to associate these products with the Hershey's brand.

Recommendations:

- Hershey's needs to strengthen their associations with flagship products other than Kisses such as Reese's, Twizzlers or Jolly Ranchers by more prominently branding these products as Hershey's.
- Promote ethical chocolate; be more vocal about fair trade and promoting social responsibilities.
- Hershey's should consider opening attractions like Hersheypark in Canada. This would go a long way in expanding their brand name and image.
- Hershey's lags behind the competition in regards to expenditure on advertising and marketing. If Hershey's wants to expand their brand image outside the USA they will have to be willing to up their advertising expenditure.
- Hershey's should consider opening more flagship stores in Canada. This will allow them to increase their visibility and thereby give them a channel to sell directly to customers and maybe even cater to target markets that are looking for high quality chocolate.
- Hershey's could increase their involvement in the educational system. While kids are not a direct target market, indirectly kids are a huge market segment. By getting involved in sports leagues, sponsoring events and maybe also in social activities Hershey's stands to gain a lot by promoting healthy lifestyles.
- As we have seen in the Hershey's timeline, Hershey's took pride in taking part in several humanitarian efforts one of which was providing chocolates to soldiers at war overseas. Hershey's needs to continue this tradition as part of their marketing strategy. By taking part in humanitarian efforts, they have the perfect opportunity to extend their brand name and image.

Appendices:

Primary Associations Data

Primary	Count	Others	Count
Chocolate	36	Junk food	1
Kisses	11	Not my favourite	1
Sweet	6	Bitter	1
Brown	5	American	1
Milk	5	Raisin	1
Bar	4	Easter	1
Chocolate chips	3	Lindt	1
Silver	3	Advertisements	1
Christmas	3	Honey	1
Yummy	3	Baby	1
Bake	3	Almonds	1
Kids	3	Not the best	1
Tin foil	3	Variety	1
Candy	2	Stock	1
Tasty	2	M&Ms	1
Hot chocolate	2	Large company	1
Nuts	2	Sticky	1
Taste	2	Diabetes	1
Syrup	2	Unhealthy	1
Dark	2	Goosey	1
Cocoa	2	Sugary	1
Cakes	2	Wraps	1
Halloween	2	Gum	1
Cookies	2	Recipe	1
Ice cream	2	Specific taste	1
Low quality	2	Valentine	1
Others	42	People	1
		Eggs	1
		Ski Racing	1
		Space	1
		City	1
		Hershey center	1
		Peanut Butter	1
		Diet	1
		Holidays	1
		Treat	1
		Delicious	1
		Lunch	1
		Dessert	1
		Cheap	1
		English	1
		Cheap	1

Secondary Associations

Secondary	Count	Other	Count	Other	Count
Milk chocolate	8	S'mores	1	Different kinds	1
Kisses	5	Cooking	1	Tasty	1
Christmas	4	Good	1	Easy access	1
Malt	3	Mass production	1	Eggs	1
Cookies	2	American	1	Bunny	1
Sugar	2	Corporate	1	Friends	1
Chocolate	2	Almonds	1	Purple	1
Candy	2	Snow	1	Cheap	1
Dark	2	White	1	Inexpensive	1
Well known	2	Stock Market	1	Easy to eat	1
Fondue	2	Brown	1	Share	1
Halloween	2	Baking	1	Flowers	1
Sweet	2	Easter bunny	1	Colours	1
Others	65	Kids	1	Don't want to eat it	1
		Gifts	1	Very sweet	1
		Treats	1	Hershey Ice Rink	1
		Syrup	1	Manufactured	1
		Easter	1	Plastic	1
		Creamy	1		
		Valentines	1		
		Chipits	1		
		Rensgevania	1		
		Mix	1		
		Popular	1		
		Box	1		
		Well priced	1		
		Affordable	1		
		Not too many varieties	1		
		Camp	1		
		Commercial	1		
		Happy people eating	1		
		Upstate New York	1		
		Variety store	1		
		Chocolate factory	1		
		Charlie And The Chocolate Factory	1		
		Pantry	1		
		Big letters	1		
		Distinct font	1		
		Church parking lot	1		
		Chocolate smell	1		
		Dairy milk	1		
		Alpine	1		
		Yellow, red blue jacket	1		
		Chocolate strawberries	1		
		Oranges	1		
		Hershey Factory	1		
		Black/brown packaging	1		

Appendix B



HERSHEY PARK

The Summer Playground of Pennsylvania
HERSHEY, PA.

AMUSEMENTS OPEN DAILY, Except Mondays
20 Major Rides — 13 Low-Cost Kiddie Rides
Ride The New PARATROOPER
Try Your Skill at SHOOTING WATERS

<p>FREE! PARK BANDSHELL</p> <p>Sun., April 30</p> <p>BUCK BENSON</p> <p>Show 2 - 5 - 8 P.M.</p>	<p>CHAMPIONSHIP PARK GOLF COURSE OPEN DAILY</p> <p>Greens Fees:</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-right: 10px;">Weekdays</td> <td>\$3.75</td> </tr> <tr> <td>Sat. - Sun. - Holidays</td> <td>\$4.50</td> </tr> </table>	Weekdays	\$3.75	Sat. - Sun. - Holidays	\$4.50
Weekdays	\$3.75				
Sat. - Sun. - Holidays	\$4.50				

COMING FREE ATTRACTIONS!!!
Sunday, May 7 – Leroy Heffentregger
Sunday, May 14 – The Four Lads
with Red McCarthy and His Orch.

FREE ZOO DAILY — FREE PARKING — FREE PICNIC TABLES

HERSHEY PARK

★ **BALLROOM** ★
CLOSES
SAT., SEPT. 9th
with The Treat of The Season
GLENN MILLER
 AND HIS ORCHESTRA
 8:30 P. M., D. S. T.
 Adm. \$1.00 Gallery 50¢ Plus Tax

PARK CLOSES
SUN., SEPT. 10th
with REG KEHOE and his
GIRL MARIMBA BAND
 and ENTERTAINERS
Coming from a full season at Hamid's
Million Dollar Pier, Atlantic City
 Afternoon & Evening
 3 to 4 8 to 9

ZOO OPEN ALL YEAR

FIREWORKS
 in **STADIUM**
LABOR DAY DISPLAY
 POSTPONED TO
SAT., SEPT. 9th
 8:45 P. M., D. S. T.
BAND CONCERT 7:00 O'clock
 15,660 Seats ALL 10¢

