

**WONKA CHOCOLATE CASE STUDY:
MANAGING A BRAND CREATED THROUGH REVERSE
PRODUCT PLACEMENT**

Rita Alexandra Pereira Parente de Andrade

Master Project in Marketing

Supervisor:

Professora Doutora Carmen Lages,

Assistant Professor of Marketing

April 2012

ACKNOWLEDGEMENTS

I would like to thank my supervisor, Professora Doutora Carmen Lages. Without their guidance, I could not have finished my thesis.

I would like to thank all my family, especially to my mom, dad and brother, for their patience and encouraging words. A special thanks to my uncle Paulo, for help me with the thesis' printing.

I would also like to thank my friends, Janete and Rute for their support and presence in the most difficult moments. A special thanks to Tiago, for help me with the English.

Finally, one of the most important thank to Diogo, for their help, inspiration, encouragement, motivation and for their endless patience. Thank you.

RESUMO

O presente projeto tem como intuito a elaboração de um caso de estudo e respectiva *teaching note*. Este foca-se no caso de sucesso de uma marca bem conhecida pelos consumidores dos Estados Unidos da América – a marca *Wonka*. O caso desta marca neste mercado justifica-se porque é uma das poucas marcas que nasceu num mundo fictício e teve a capacidade de ser de tal modo adorada pela audiência que se tornou uma oportunidade de negócio para a empresa americana *Quaker Oats* que decidiu introduzi-la no mundo real, através de uma estratégia de marca designada de *Reverse Product Placement*. Para fazer face às exigências dos consumidores americanos lançou uma nova linha de produtos *premium* - *Wonka Exceptionals*. Esta linha de produtos demonstrou ter um grande potencial de crescimento pela constante inovação.

O tema central do caso de estudo é o *Reverse Product Placement*, e o seu objeto de estudo é a marca real *Wonka* no seu processo de conquista real do mercado *premium* de chocolates dos *EUA*.

O presente caso de estudo desenvolve-se em três partes principais: o nascimento da marca fictícia *Wonka*, a sua introdução e crescimento no mundo real americano através da estratégia de *Reverse Product Placement*, e o desenvolvimento da linha de produtos *Wonka Exceptionals*. Espera-se que o aluno reflita sobre os principais desafios que uma marca, em *Reverse Product Placement*, tem de enfrentar no mercado em que se insere. Este caso pretende contribuir para o conhecimento dos desafios-tipo do *Reverse Product Placement*, vertente inovadora do marketing que não é muito conhecida.

Palavras – Chave: *Wonka*, *Premium*, Extensão de Linha, *Reverse Product Placement*, Chocolate.

JEL: M31 e L66

ABSTRACT

The purpose of the present project is the development of a case study and the respective teaching note. It focuses on the success case of a brand well known by consumers in the United States of America - the *Wonka* brand. The case of this brand in this market is justified because it is one of the few brands that was born in a fictional world and had the capacity to be loved by the audience. It became a business opportunity for the American company, *Quaker Oats*, when they decided to introduce it in the real world, through a brand strategy designated as Reverse Product Placement. In order to meet American consumers' demands, the company launched a new premium product line - *Wonka Exceptionals*. This product line has shown a high growth potential by the constant innovation

The central theme of the case study is the Reverse Product Placement, and its object is the real *Wonka* brand in its process of real conquest of the premium chocolate market, in the USA.

The present case study develops on three main topics: the birth of the *Wonka* fictional brand, its introduction and growth in the American real world, through the strategy of Reverse Product Placement, and the development of *Wonka Exceptionals* product line. It is expected that the student is able to: reflect on the main challenges that a reversed brand has to face in the market in which it operates. This case offers an important contribution for the understanding of the Reverse Product Placement challenges, an innovative marketing perspective that is not well known.

Key – words: *Wonka*, Premium, Line Extension, Reverse Product Placement, Chocolate.

JEL: M31 and L66

INDEX

ACKNOWLEDGEMENTS	I
RESUMO	II
ABSTRACT	III
LIST OF ILLUSTRATIONS	V
LIST OF FIGURES	VI
LIST OF TABLES	VI
LIST OF ABBREVIATIONS AND ACRONYMS	VII
1. THE CASE	1
1.1. Case Background	1
1.1.1. Problem Statement	1
1.1.2. Case Framework	3
1.2. The Fictional Wonka Brand – Reverse Product Placement	4
1.3. The Real Wonka Brand	8
1.3.1. Wonka Exceptionals Line	9
1.3.2. Current Product Portfolio	13
1.3.3. Current Price	15
1.3.4. Current Placement	15
1.3.5. Current Promotion	15
1.4. USA Premium Chocolate Market	18
1.4.1. USA Premium Chocolate Market Segmentation	19
1.4.2. Macro Environment	21
1.4.3. Micro Environment	22
1.5. Case Questions	24
1.6. Case Appendixes	26

2.	LITERATURE REVIEW	37
2.1.	Product Policy	37
2.2.	Branding	38
2.2.1.	Brand Dimension and Equity	39
2.2.2.	Premium Brands	40
2.2.3.	Brand Portfolio Management	42
2.3.	Reverse Product Placement	45
2.3.1.	Brand Precession	48
2.3.2.	Objectives	51
2.3.3.	Advantages and Disadvantages	52
2.4.	Strategic Marketing Management	54
2.4.1.	STP Model.....	54
3.	TEACHING NOTE	55
3.1.	Target Audience	55
3.2.	Pedagogical Goals	55
3.3.	Methodology.....	56
3.4.	Animation Plan.....	58
3.5.	Animation Questions	59
3.6.	Proposal for Resolution of Questions.....	60
3.7.	Question Slides.....	73
4.	CASE STUDY MAIN CONCLUSION AND CONTRIBUTION.....	77
5.	BIBLIOGRAPHY	79

LIST OF ILLUSTRATIONS

Illustration 1 – Mr. Willy Wonka	2
Illustration 2 - The Chocolate Factory.....	2
Illustration 3 - Charlie Bucket and their Golden Ticket	2

LIST OF FIGURES

Figure 1 - Willy Wonka & the Chocolate Factory	4
Figure 2 - Charlie and the Chocolate Factory.....	4
Figure 3 - Jonny Deep performing Mr. Willy Wonka in Charlie and the Chocolate Factory’s movie	5
Figure 4 – Jonny Deep and the movie Director Tim Burton	5
Figure 5 - Fictional <i>Wonka</i> brand in chocolate bar	5
Figure 6 - Mr. Willy Wonka (Johnny Depp) and his Chocolate Factory	5
Figure 7 - Golden Tickets hidden by Mr. Willy Wonka	6
Figure 8 - Millions of <i>Wonka</i> chocolate bars varieties	6
Figure 9 - The mysterious Chocolate Factory	6
Figure 10 – <i>Wonka</i> brand chronology	10
Figure 11 – <i>Wonka Exceptionals</i> ’ logo.....	11
Figure 12 – <i>Wonka Exceptionals</i> product portfolio and positioning.....	12
Figure 13 - <i>Wonka Exceptionals</i> product portfolio	14
Figure 14 – Golden Ticket promotion identification.....	16
Figure 15 – Charlie Bucket finds one Golden Ticket, in the Tim Burton movie	17
Figure 16 – Keller’s brand resonance pyramid	39
Figure 17 - Product Placement and Reverse Product Placement.....	46
Figure 18 - Three orders of brand precession.....	49
Figure 19 - Praxis of brand precession	49
Figure 20 - Ways to use Reverse Product Placement.....	50
Figure 21 - Main objectives of Reverse Product Placement	52

LIST OF TABLES

Table 1 – USA premium chocolate segmentation definition	20
Table 2 - Success Determinants of Line Extensions	44

LIST OF ABBREVIATIONS AND ACRONYMS

e.g. - In Latin: “exempli gratia” or In English: “for example”

i.e. - In Latin: “id est” or In English: “that is”

Mr. – Mister

B2C - Business to Consumer

B2B - Business to Business

CAGR - Compound Annual Growth Rate

CSF - Critical Success Factors

EUA - Estados Unidos da America

FMCG - Fast Moving Consumer Goods

NPD - New Product Development

OZ. - Ounce

PRNewswire - Press Release Newswire

RPP - Reverse Product Placement

SA - Société Anonyme

SKU - Stock keeping units

STP - Segmentation, Target, Positioning

SWOT - Strengths, Weaknesses, Opportunities, Threats

SymphonyIRI - Symphony Information Resources Incorporated

US - United States

USA - United States of America

1. THE CASE

1.1. Case Background

The present case study will be focused in one of the few fictional brands which used the Reverse Product Placement strategy taking the best opportunity to be introduced in the real world: the *Wonka* brand and their premium *Wonka Exceptionals* line. The *Wonka* brand used all the potential of the *Wonka* fictional world to survive and continue to grow in the real market.

The data about this brand comes from the United States of America (USA). It is an American brand, born in the fictional world of the *Charlie and the Chocolate Factory*, an American children's book, and is currently part of the childhood's imaginary of the American population. This brand was introduced in the real world by an American Company, the *Quaker Oats* and years later was acquired by the *Nestlé SA* subsidiary - *Nestlé USA*.

The genesis of the *Wonka* fictional and real brand happened in the USA context, to American consumers before having global amplitude¹. As such, it is inevitable that the data from this case study is about the USA market. All the necessary information to understand the brand and the Reverse Product Placement is presented to the student.

1.1.1. Problem Statement

In that seemingly normal morning, Joanna Roberts, Junior Marketing Manager of the *Nestlé Confections & Snacks USA* department, received a call from her boss, Mr. Benson.

- "Joanna Roberts, I need you in my office in 5 minutes, please."

Joanna went to the Mr. Benson's office and he said:

- "I called you here to inform you about your new brand project. Let me start by telling you a little tale about one extraordinary chocolate maker and his amazing Chocolate

¹ Such as Brazil, Australia, New Zealand and United Kingdom countries

Factory. I know that it is unusual to start a project with a story, but you must pay attention”, said Mr. Benson smiling.

-“Once upon a time there was a man, Mr. Willy Wonka (Illustration 1), the most amazing, fantastic and extraordinary chocolate maker the world has ever seen. *“He was so exceptional that (...) he has himself invented more than two hundred new kinds of chocolate bars, each with a different centre, each far sweeter and creamier and more delicious than anything the other chocolate factories can make”* (Roald Dahl, 2010:22). Certain day, he decided to promote a contest, offering a tour to his mysterious and magical Chocolate Factory (Illustration 2), where bizarre secrets of the product manufacture remained unreachable, to whoever finds any of the five Golden Tickets hidden in millions of *Wonka* chocolate bars. After days of dreaming about one, Charlie Bucket, a very poor little boy had the luck to find one of these Golden Tickets to visit the factory (Illustration 3)”, said Mr. Benson, waited for maximum impact, before talking again.

Illustration 1 – Mr. Willy Wonka



Source: Quentin Blake Illustrations

Illustration 2 - The Chocolate Factory



Source: Quentin Blake Illustrations

Illustration 3 - Charlie Bucket and their Golden Ticket



Source: Quentin Blake Illustrations

-“I’m sure you recognized the story. It is *Charlie and the Chocolate Factory*, our children’s book. In this moment, I will tell you the interesting part of the *Wonka* brand history that you need to understand very well”, he stressed.

- “With the book’s success among American kids and adults, it did not take long for a company, *Quaker Oats*, already in the hearts of every American, to think about

transforming the *Wonka* fictional brand into a real one, taking advantage of this business opportunity. Of course, we, as *Nestle USA*, immediately saw the potential and reintroduced *Wonka* in the real world through the Reverse Product Placement strategy in 1983”, Mr. Benson stated.

Reinforcing the latter information, he continued:

- “As you know, the most important restructuring of the brand, among many attempts to adjust it to the market, occurred in 2010, when we introduced the *Wonka Exceptionals* premium line to the existing *Wonka* product portfolio.

Let me remind you that the idea of *Wonka* brand and this *Wonka Exceptionals* premium line is to inspire the consumer, reminding them the idea that everything is possible. This leads to a high degree of brand engagement. So many confectionery brands are all about their individual products, but *Wonka* is unique in that and it stands for creativity in confections. *Wonka* brand can go anywhere. (Bowles, 2010)”

After giving the framework, Mr. Benson pursued:

“As you know, to face the actual American economic recession, we have to be proactive and capitalize our current brand value. I need you to check whether the *Wonka* brand has growth potential and whether we can expand *Wonka Exceptionals* line.

Joanna, your new project requires you to: understand the Reverse Product Placement process that gave birth to the *Wonka* brand, to check real market data and access the potential of the *Wonka Exceptional* line. It any potential exists, how would you extend the *Wonka Exceptionals* line?”, he concluded.

1.1.2. Case Framework

To enter in the case study it is needed a framework. This case will be based on: the fictional *Wonka* brand, understand the application of the Reverse Product Placement, in the past, to introduce it as a real brand, identify the potential of the *Wonka Exceptionals* line based on real market data and to suggest how to expand the brand value through the *Wonka Exceptionals* existing line.

1.2. The Fictional Wonka Brand – Reverse Product Placement

The *Wonka* fictional brand was born in 1964, in the USA, when Roald Dahl wrote the children’s book *Charlie and the Chocolate Factory*. This story had a huge success among the American population being adapted to movies. Since the book was written, there have been two major movie adaptations, one in 1971, *Willy Wonka & the Chocolate Factory*, by Mel Stuart (Figure 1), and another in 2005, *Charlie and the Chocolate Factory*, by Tim Burton (Figure 2).

Figure 1 - Willy Wonka & the Chocolate Factory



Source: Google images

Figure 2 - Charlie and the Chocolate Factory



Source: Google images

The Tim Burton movie adaptation *Charlie and the Chocolate Factory* had a tremendous success and received positive movie reviews. This movie is visually appealing and very close to the book’s illustrations. In this movie, the Mr. Willy Wonka character was performed by Johnny Depp having an extremely important impact in the audience (Figure 3). Johnny Depp went deeply to find the soul of the Mr. Willy Wonka’s secret heart. Burton and Depp did the perfect combination when they succeeded in bringing into being the Chocolate Factory from pure imagination to something tasty (Figure 4). This was crucial to the popularity of the story and for the audience understanding of the *Wonka* brand soul and meaning.

Figure 3 – Jonny Deep performing Mr. Willy Wonka in *Charlie and the Chocolate Factory*'s movie



Source: Tim Burton movie_2005

Figure 4 - Jonny Deep and the movie Director Tim Burton



Source: Google images

The *Wonka* brand (Figure 5) was born with the story about Mr. Willy Wonka (Figure 6), the greatest candy inventor and chocolate maker. Mr. Wonka invented some of the most amazing chocolates and candies the fictional world has ever seen, giving to his confectionary creation his twist, *i.e.* his “magic” skills to do exceptional chocolate.

Figure 5 - Fictional *Wonka* brand in chocolate bar



Source: Tim Burton movie_2005

Figure 6 - Mr. Willy Wonka (Johnny Depp) and his Chocolate Factory



Source: Tim Burton movie_2005

The whole story circles around this mysterious chocolate maker and his Chocolate Factory, where secrets of the product manufacture remained unreachable. These mysterious facts trigger the desire of the population to visit the amazing factory,

revealing its secrets. To face this, Mr. Willy Wonka promotes a contest: to offers a tour to whoever finds the five Golden Tickets that he hid in millions of *Wonka* chocolate bars (Figure 7 and 8).

Figure 7 - Golden Tickets hidden by Mr. Willy Wonka



Source: Tim Burton movie_2005

Figure 8 - Millions of *Wonka* chocolate bars varieties



Source: Tim Burton movie_2005

The concept of this fictional brand is: inspire people of all ages using this imaginary world (Figure 9).

Figure 9 - The mysterious Chocolate Factory



Source: Tim Burton movie_2005

This is a fictional brand that provides a huge brand engagement with its target audience, *i.e.* the USA fans of the book and movies *Charlie and the Chocolate Factory* – the potential consumers.

The fictional *Wonka* brand and its fictional world based on the chocolate imaginary, showed to have a great potential to thrill the target audience and create bonds with them. The target audience already loves and desires the brand products before it hits the shelves. As expected, it did not take longer for a company to use this business opportunity and create the real live version of this brand, using the Reverse Product Placement (RPP) strategy.

To understand clearly this potential it is important to overview the introduction and the first steps of this fictional brand in the real world.

After the book success (in the USA context), in 1971 came the first movie adaptation, the Mel Stuart \$ 3 million movie. This movie was almost entirely supported by the *Quaker Oats* Company, which settled this as a way to promote the movie, bringing to market milk chocolate bars with the *Wonka* brand. Originally produced by this own company, the chocolate had production errors that caused it to melt in the shelf. With this failure, *Wonka* brand was later, in 1983, acquired by *Nestlé USA*.

Wonka was practically hidden in the vast product portfolio of the Swiss company for more than a decade, with extremely limited production and limited distribution to the USA market and a few others like Australia, New Zealand and United Kingdom countries.

Until in 2005, when *Nestlé USA* has actively participated in the footage of the new movie version, from Tim Burton, this brand saw a huge opportunity in this movie, because the company was responsible for all the chocolate, real and imaginary, used in movie production.

This was the right moment to reposition the brand and re-launch the *Wonka* chocolate bars in the international market. The huge success of delicious chocolate bars made *Wonka* extend its brand to other products in the confectionary segment².

Products quickly became a huge sales phenomenon to American children, because besides flavor, there was the direct reference to the character of Mr. Willy Wonka and his imaginative world.

² See more in Appendix 5 – *Wonka* brand portfolio

1.3. The Real Wonka Brand

To appreciate the *Wonka* brand in the real world it is crucial to understand the company to which it belongs.

Nestlé SA is a Swiss company, born in 1866. This company provides products from the Food, Nutrition, Health and Wellness areas and is present in all stages of life of its consumer, reflected in their positioning “Good Food, Good Life”.

Actually, this company is present in over one hundred and twenty countries, offering a broad range of internationally recognized brands, being represented by its subsidiaries like *Nestlé USA*.

The *Wonka* brand is part of the *Nestlé USA* brand portfolio (Appendix 1).

Currently, in the *Nestlé USA* Confections & Snacks division, Patricia Bowles is the public relations of the *Wonka* brand, Vilma Livas, is the brand manager, and Natasha Madan and Janet The Planet (her legal name) are the innovation managers.

“Wonka brand opened its doors in 1983. Since that time, the Wonka brand has been dedicated to the art of producing fun, innovative, high-quality confections for candy lovers of all ages” (*Nestlé USA* web site, 2012).

With over forty years of existence in the real world (since 1971), the *Wonka* brand has undergone major changes. In the beginning, the brand was focused on product characteristics, using the classic products, such as *Nerds*, *Runts*, *Sweetarts*, *Laffy Taffy* and *Pixy Stix*³, with no innovative products, but it was in 2009 that *Nestlé USA* announced at *All Candy Expo*⁴ in Chicago, that the brand had suffered a complete reinvention and makeover, something that did not happen for almost two decades (Appendix 2).

“Plainly put, Wonka is all about uninhibited imagination. It gives us license to innovate in the most unique ways. Our vision is to make Wonka the most loved and inspiring confectionery experience in the world.” says Vilma Livas at All Candy Expo (*Business Wire*, May 2009).

³See more in 1.3.2.Current Product Portfolio

⁴Exposition of confectionery and snack products

The brand began to be concerned not only with the product, but with the experience that could give to its customers, betting social media, social networks like *Twitter* and *Facebook*, opening an innovative store, sponsorship like *Bamboozle*⁵ festival (Appendix 3), launch the WONKANation⁶, the WONKAvision (Appendix 4) and renewed its web-site WONKA.com.

The survival and growth of the *Wonka* brand was due to the connection that consumers (*i.e.* the target audience) have with the brand, since they already know, recognize and love it from the fictional world.

“We spoke to a lot of consumers—across a huge age range—and we did a deep exploration of what the Wonka brand meant to people. We realized this is a story that people experience in life and that stays with them for their entire life. It’s got enormous meaning for people. It stands for creativity and the power of imagination and it really inspires people and reminds them of what’s possible in the world.” says Janet The Planet in *ADWEEK* interview (February, 2010).

This brand supplies chocolates and candies and tries to differentiate its products by providing high-quality, huge variety of products, with different colors, flavors and textures, providing a delicious and different eating experience. The concept of the real brand is based on the fictional brand: inspire people of all ages using this fictional world of chocolate, appealing to the consumers’ imagination.

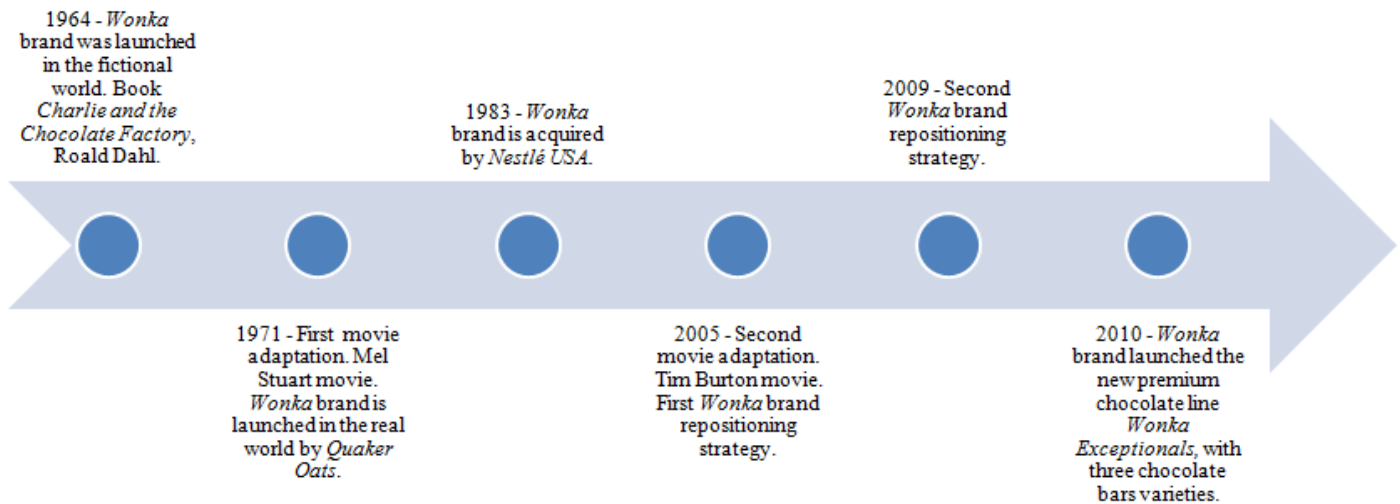
1.3.1. Wonka Exceptionals Line

As stated above, in 2009 the brand was repositioned, including the introduction of new products, new flavors and new consumer’s experience. One of the most important introductions in the *Wonka* product portfolio (Appendix 5) was the new premium line of chocolates and candies, *Wonka Exceptionals*, in 2010 (Figure 10).

⁵ The Bamboozle is an annual three-day music festival held in New Jersey.

⁶ Community of *Wonka* brand followers

Figure 10 – Wonka brand chronology



Source: Own elaboration

“When people think of Wonka, the first thing they think of is chocolate and many people think they’ve had it before. But our business on chocolate previously was very small. But ultimately, we have this huge [consumer] awareness about the idea of Wonka and chocolate. At the same time, they expect something amazing, as it’s coming from the world’s greatest candy inventor. We can’t go half way and expect to be able to deliver on that incredible Wonka experience that’s in line with what people imagined [from seeing the movie]. So, we really needed to invest in the contents of the product, to create something that was beautiful and of quality chocolate, and something that people can really indulge in a whimsical and imaginative way. So, we’ve taken very accessible ingredients and given them a ‘Wonka twist’.” said Janet The Planet, *ADWEEK* interview (February, 2010).

As mentioned above, the consumers’ expectations about this new line are huge. They expect something amazing, something really close to the wondrous chocolate bars of the fictional world. So, the higher is the consumers’ expectations, the higher is the difficulty to reach them and the higher is the difficulty to deliver the entire wondrous *Wonka Exceptionals* experience.

Nonetheless, this line uses a different logotype, based on the *Wonka*’s original one, with the addition of the word “Exceptionals” and a different color (Figure 11), as to give a

premium image to this new line and to differentiate it from the remaining *Wonka* products (Appendix 6).

Figure 11 – *Wonka Exceptionals*' logo



Source: Google images

"With images of a Chocolate Factory, chocolate bars and even a chocolate river in mind, the world has long identified Wonka with chocolate. (...) Now Wonka is delivering on the fantasy, whimsy and familiarity of the Wonka legend, which still resonates with the young and young-at-heart. America is about to experience the wondrous, one-of-a-kind world of Wonka chocolate." said Patricia Bowles, in *PRNewswire* interview (February, 2010).

In fact, this new premium line product enabled the *Wonka* brand to reach a broader target, not just passing by children and younger adults who identify with the fictional world of the Chocolate Factory but was expanded to include a more mature and sophisticated audience, as well as to reach the male gender.

According to Vilma Livas, she made some consumer tests to understand if the target they intended to reach was available to buy this new premium product. By their research it was possible to determine that the consumers of premium brands were mostly female but when testing the *Wonka Exceptionals* with consumers, with ages ranging eighteen to forty-nine, the tests revealed a willing to buy, either from male or female gender (*Candy and Snack TODAY*, May/June, 2010).

"Through research, the company realized there was more to the equity of the brand than was currently being explored. (...) What we found is that the story of Wonka never fails to elicit a positive emotional reaction from consumers. And that seems to resonate with them regardless of their age. So, we knew we had an opportunity to broaden the consumer target. (...) " Vilma Livas explain to *Candy and Snack TODAY* magazine (May/June, 2010:80).

According to Patricia Bowles, before, the *Wonka* brand was directed to consumers from eight to fourteen years old, but the products were bought by consumers of all ages, many times until their adulthood (*Candy and Snack TODAY* , May/June, 2010).

“It’s really the young and the young at heart. People who see possibilities where others see limitations, which have that sense of imagination and Wonka lets them loose in that space. It is really about capturing the hearts and minds of those people and we’re hoping to bring new users into the category.” said Natasha Madan, *ADWEEK* interview (February, 2010).

As stated before, *Wonka* is a loved brand and consequently its *Wonka Exceptionals* line also. People have with this, a huge sense of belonging and a special affection. Indeed, the brand managers need to create an image or identification in the minds of their target market for its product items. In fact, it is important to add value to the consumer, meet their expectations and differentiate its products on the shelves amid competing products.

According to the *Wonka* web site the *Wonka Exceptionals* positioning is defined by the sentence: “WORLD’S MOST INCOMPARABLY IMAGINATIVE CHOCOLATE” (Figure 12).

Figure 12 – *Wonka Exceptionals* product portfolio and positioning



Source: wonka.com

“(…) When you look at the state of the economy and understand Wonka is escape and pure imagination ... it really makes sense. (…)” said Patricia Bowles in an interview to *Slashfood* newspaper (September, 2010).

As it is known, the world economy is uncertain and the USA through an economic recession. As a result, people need something to help them pass the dark and difficult times of your day-to-day life. The question is: are people willing to buy premium chocolate to have their days softer?

“The world needs Wonka in moments like right now. Times are tough and what better way for people to have an incredible, affordable indulgence brought to them from Wonka that allows them to escape the realities of the day and really enter into Wonka’s world?” said Janet The Planet in *ADWEEK* interview (February, 2010).

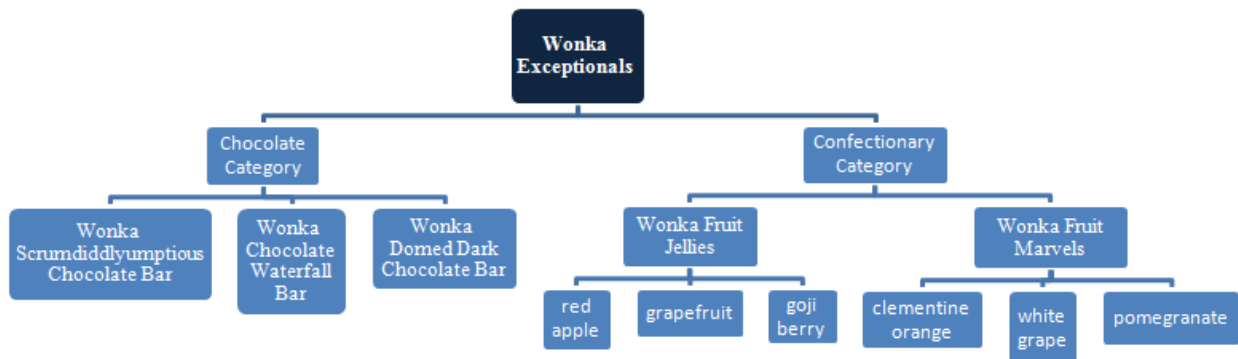
1.3.2. Current Product Portfolio

Usually, premium chocolates tend to be a boring product category without anything creative, innovative or exciting. Nevertheless, the *Wonka*’s idea is to turn a premium and boring product in a magical and attractive one, not only the quality of the taste inside (the product itself) but also the look outside the product.

“(…) The premium chocolate category doesn’t necessarily have to be stuffy. (…) Consumers should be able to enjoy chocolate not just on any particular occasion, but just because. We can bring that fun back into the category. With the colors we have on our packaging and the products we’re launching, we think we’ll be able to rejuvenate that category and break into that sea of brown and purple [packaging] with [holographic] purple.” said Natasha Madan, *ADWEEK* interview (February, 2010).

The core product of *Wonka Exceptionals* is the premium chocolate bars (Figure 13).

Figure 13 - *Wonka Exceptionals* product portfolio



Source: Nestlé USA web site

The line extension was the *Wonka Exceptional Fruit Marvels* candies. This item category used the same core value of the chocolate category items. This premium line is divided into two item categories: the chocolate (the core product) and the candy.

The chocolate item includes three varieties, each one available in full-sized tablet bars and bags of individually wrapped miniatures.

This line uses some of the most incredible ingredient combinations, creating wondrous chocolate textures. It is a quality chocolate with an affordable indulgence (Appendix 7). The ingredients used are high-quality and naturals. The idea for the future is to expand this new chocolate line to other flavors and textures combinations to continue to keep tempting the taste buds.

“In the book by Roald Dahl, there’s a reference that Wonka made more than 200 unique bars, so we wanted to let people know that these are only a few of them.” Janet the Planet explains to the *Candy and Snack TODAY* magazine (May/June, 2010:80).

In addition to the high-quality of the products and the packaging, the *Wonka Exceptionals* is imaginative, original chocolate concept (given by the ‘Wonka twist’) that cannot be compared with any other chocolates available on the shelves. This is the most important factor to differentiate this product with those of competitors.

1.3.3. Current Price

Wonka Exceptionals price is premium and it is determined by its positioning. Moreover, the price is going to differentiate the *Wonka Exceptionals* premium products from those of the mass products, communicate the high-quality of products and to position this line in the consumers' minds, *i.e.* high price – high quality, making them understand the relationship quality/price.

The price of a bar is approximately \$2,39 and the bag of chocolate pieces is approximately \$4,29 (Appendix 8).

1.3.4. Current Placement

Wonka Exceptionals is considered as an everyday premium chocolate, a chocolate that can be tasted anytime and anywhere, when the consumer wishes so. In consequence of that, its manufacture is done in considerable quantities, *i.e.* their products are not a daily manufacture and/or handmade products. The *Wonka* managers define the intensity of product distribution as intensive (in most of retail stores) because, “*We want to get this product into as many hands as possible.*” said Vilma Livas to *PRNewswire* (March, 2010).

Currently, this product line is delivered in two ways: in USA retail stores like, *Wal-Mart*, *7-eleven* and *Walgreens* and since 2010, in their first and only own store, located inside the *Toys'R'Us* in Times Square, New York (Appendix 9).

1.3.5. Current Promotion

Since its beginning⁷ the *Wonka* brand has invested in communication. Although, it was only in 2009 when there occurred the repositioning strategy, that it invested in a really effective and innovative communication, leading to exceptional results in the relationship with their customers.

When the *Wonka Exceptionals* was launched in 2010, it was promoted together with Golden Ticket campaign, a similar campaign to the one promoted by Mr. Willy Wonka in literature.

⁷ When the brand was still of *Quaker Oats* (in 1971) and when it was acquired by *Nestlé* (in 1983)

The Golden Ticket campaign was performed with ten Golden Tickets in billions of chocolate bars in the *Wonka Exceptionals* line, in the USA market (the prize is worth up to \$40.000). Who discovers one of ten tickets will win a family trip around the world (the winner and three guests). The chocolate bars of this promotion were identified with a drawing of a Golden Ticket (Figure 14) (Appendix 10).

Figure 14 – Golden Ticket promotion identification



Source: Google images

The *Wonka Exceptionals* was the biggest launch for *Nestlé USA* in the confectionery division. To prove it, *Nestlé USA* spent with *Wonka* brand \$2.3 million, in 2008, and significantly more in 2009 (\$3.9 million, excluding online campaign) (Nielsen, 2009).

“(...) Most significant to us is the ability to bring Wonka chocolate to life through the Golden Ticket promotion that’s attached to this launch. Many consumers will tell you they expect to find their Golden Ticket in a Wonka chocolate bar. We’re really excited to see consumers who aren’t typically premium chocolate buyers get really excited about this, whether it’s a male or younger consumer. It’s a product that will appeal to a broad audience.” said Vilma Livas, *ADWEEK* interview (February 2010).

As Vilma Livas said, this Golden Ticket promotions was important for this line because give the consumer the feeling of excitement that Charlie Bucket felt when he bought just one chocolate bar in the expectation to find a Golden Ticket, and when he really found one (Figure 15).

Figure 15 – Charlie Bucket finds one Golden Ticket, in the Tim Burton movie



Source: Google images

The *Wonka Exceptionals* used a great marketing and communication campaign for the launch of nine items of this line (Appendix 11). *Nestlé USA* had never before released at the same time this (huge) number of items under an umbrella brand.

Nowadays, the *Wonka Exceptionals* communications is both above-the-line (TV and magazine advertisements) and below-the-line (social networks).

1.4. USA Premium Chocolate Market

As it is known, in addition to the conventional chocolate products (*i.e.* industrialized or mass products), there is also the premium chocolate products.

In the premium chocolate market *“A piece of premium chocolate is like a cell phone. Just when you think all you want is a candy bar and something to make calls with while you shop, you discover the premium version. You find a phone that can log all your daily jogging distances and tell you where the closest Target is, and then you taste a piece of dark chocolate with pomegranate. And in a second you realize that paying a little more money for both is not only totally worth it, but also suddenly essential for you to live. (...) A Premium chocolate, generally defined as anything selling for more than 50 cents an ounce, come in bars, boxes, and individual pieces, and also includes mint patties, truffles, bonbons and chocolate-covered fruit”* (Crystal Lindell, September 2011:8).

It is important to realize that what define a premium chocolate are not only its higher price, but also its upscale positioning that include quality taste and texture, high consumer experience, quality packaging (not choosing, for instance, for stand-up bags with hot foil and windows), quality image and perception, and also a strong communication of its brand (for instance, high connection with consumers through partnerships and social media). But, undoubtedly, it will always be, above all, the premium taste that determines the consumer satisfaction. Undeniably, the premium chocolate has become more admired among the people, who need to try new tastes and textures.

The premium chocolate market, despite the recession, it is characterized by the continue outperform in the industry. This will keep happening because of the consumer awareness about the health benefits of this chocolate and the ethical concerns about the organic and fair trade chocolate.

The value of sales in 2009 for the premium chocolate market was estimated between \$2,1 billion and \$2,4 billion. These values correspond to 12% to 14% of the total

chocolate market, whereas in 2005 this value was 9%, representing an increase in sales in this market. (SymphonyIRI Group⁸, 2010).

The prediction to 2014 is that the premium chocolate sales will represent 15% to 17% of the total market share, corresponding to a total between \$2,8 billion and \$3,0 billion (Packaged Facts⁹, 2010).

This market tends to be seasonal by nature, with demand rising during the holidays like Easter, Christmas or Valentine's Day (Packaged Facts, 2010).

In conclusion, according to the analysis of the Packaged Facts (2010) study, given more time to the economy and consumer education, the USA premium chocolate market will continue as a leading growth trend, particularly after the economy recovery.

1.4.1. USA Premium Chocolate Market Segmentation

"(...) Trendy, pricier premium cocoa varieties promote chocolate consumption growth. Throngs of products from smaller specialty as well as major chocolate manufacturers line store shelves. But consumers are buying the sweets less often and more discriminatively as household incomes contract with the USA recession and world economic crisis" (Holly Henschen, 2009: B3A). In consequence of this, the Americans are buying small quantities of premium chocolate, therefore, in volume terms, the growth has slowed. However, in value terms, this category continues to grow, i.e. Americans usually spend more money to consume chocolate. In 2009, they spent approximately \$56,27 in chocolate and consumed 11,8 pounds per capita (Candy Industry, September 2010).

Actually, on average, 52,9% consume chocolate once a week and 14,7% consume twice a week. The trend is to consume more premium chocolate during the next years. (Candy Industry, June 2004).

According to the study *Chocolate Candy Market in the U.S.: Trends and Opportunities in Premium, Gourmet and Mass Market Products*, conducted by Packaged Facts (2010), the premium category is divided into three segments: **everyday gourmet and**

⁸ Is a market research company that provides analysis of consumer, shopper and retail market intelligence and analysis focused on the industry of consumer packaged goods

⁹ Is a leading publisher of market research in the United States of America of market studies on consumer products

affordable luxury (premium brand in the mass market), **upscale premium** and **super premium**. This segmentation is defined by the selling price of an ounce¹⁰ of chocolate, the distribution intensity and the manufacture (Table 1).

Table 1 – USA premium chocolate segmentation definition

	Everyday gourmet and affordable luxury		Upscale premium	Super premium
Value of the Price/ounce (\$)	Sells for anywhere between \$0,5 cents and \$1 an ounce ((\$8-\$15,99/pound ¹¹))		Sells for anywhere between \$1,01 and \$1,50 an ounce ((\$16-\$23,99/pound))	Sells for more than \$1,50 an ounce ((\$24/pound and over))
Manufacture	High quantities		Moderate quantities	Low quantities
Distribution	Intensive (in most of retail stores)		Selective (specialized and select stores)	Super selective (just in artisan chocolatiers)
Brands /per segment	<i>Fannie May, Whitman's, Ferrero, Harry London, Esther Price, Mona Loa</i> (in the gift box category – chocolate in boxes)	<i>Dove, Hershey, Cacao Reserve, Russell Stover, Ghirardelli, Nestlé, Endangered Species and Lindt</i> (in the bar category)	<i>Godiva's, See's, Ethel M, Green & Black's, Vosges, Scharffen Berger, Theo, TCHO and Chuao, etc</i>	Is dominated mostly by artisan chocolatiers who hand craft small batches using all-natural, high quality ingredients and fresh dairy products

Source: *Packaged Facts* market research (2010)

“The everyday gourmet segment acts as an entry port for consumers desiring to upgrade their tastes from budget-priced, and often overly sweet, mass-marketed products. The next segment is upscale premium chocolate, which is sold through company-owned stores and kiosks, specialty stores and some Web sites. As consumers’ preferences have become more sophisticated (thus leading to a good performance of premium chocolate market) and they have become more willing to pay higher prices for their chocolate fix, they have spawned the super or super-premium segment. Such chocolate starts at \$25 per pound and can climb to \$100 per pound at exclusive chocolate boutiques” (Packaged Facts, 2010:3).

¹⁰ 1 ounce = 28.3495231 grams

¹¹ 1 pound = 453.59237grams

Relatively to the weight of the segments, the “everyday gourmet and affordable luxury” has been increasing in importance in the market and to the consumer.

1.4.2. Macro Environment

The economy of USA is characterized as the world’s largest one. On the other hand, in this moment it goes through an economic recession.

In accordance to the research of the Packaged Facts (2010), the chocolate sales are somehow affected for this economic recession. However, the economists refer that these chocolate sales are influenced by the ‘lipstick factor’: *“when lipstick sales tend to rise during economic recessions. (...) Eating chocolate might have the same affect. When times get tough and household budgets turn frugal, spending a few dollars on a good bar of chocolate becomes a terrific way to leverage a piece of indulgence”* (Packaged Facts, 2010:3).

Generally, during periods of recession, confectionary companies cut their new product development (NPD) budgets to cope with decrease in sales. The current recession is no different. In 2009 the launch of new confectionary and chocolate products has dropped by 15%. Apparently, the hard times do not necessarily lead to difficult choices for the consumers, since looking at the confectionery industry the chocolate market was the least affected. The launch of new chocolate products declined 6%, new sugar confectionery products decreased 24% and NPD for gums dropped 37% (Packaged Facts, 2010).

Since 2005, with the state of the economy to vary between the good and the bad times, the chocolate NPD has maintained a good market position, because of the innovation and introduction of the new trends in premium chocolates and healthier chocolates. Chocolate’s NPD accounted for 43% of all releases of confectionery product, and by 2009, it was responsible for 62% of the launches (Appendix 12) (Packaged Facts, 2010).

1.4.3. Micro Environment

1.4.3.1. Competitors

As stated before, the premium chocolate market is divided in three segments. The segment under analysis will be the “everyday gourmet and affordable luxury” (characterized as premium brand in the mass market), focused on the premium chocolate bars direct competitors.

This is a competitive market segment, where the main players are: *Dove* with the *Dove bar* product line, *Hershey* with the *Hershey’s Bliss* product line, *Ghirardelli* with the *Filled Chocolate Bars* product line, *Lindt* with the *Lindt Excellence* product line and *Nestlé* with the *Wonka Exceptionals* product line (Appendix 13).

According to the market share, “(...) IRI-tracked chocolate candy sales for Lindt and its acquired subsidiary Ghirardelli have risen at a 36% compound annual growth rate (CAGR), from \$22,0 million in 2000 to \$75,6 million in 2004. Thus, while Hershey ranks first by dollar gains in chocolate candy over the 2000-2004 period, Lindt ranks second, outpacing Mars and Nestlé” (Packaged Facts, 2005:3). However, the market position of the *Lindt* and *Ghirardelli* surpassed that of *Hershey*, becoming market leaders in 2009.

These players provide similar product characteristics, at similar price and distribution channels. Nevertheless, the brand concept and the consumer experience are the main differences between competitors (Appendix 14). All these players produce conventional chocolate products.

There are two other players that compete indirectly with the companies stated above: the *Russell Stover* (Sugar Free Dark Chocolate Mint bar, Sugar Free Chocolate Candy & Almond Bar) and the *Endangered Species* (with natural, organic and fair trade cocoa).

1.4.3.2. Consumers

At present, the consumer is more informed and his preferences have become more sophisticated. However, they change frequently, having an increasing interest in unique gourmet flavor combinations.

The American consumer of premium chocolate profile is described as: baby boomers, ethnic consumers, persons with a higher education, a higher income, young and adult consumer, with an age range between 20 and 50. Actually, 20% of Americans are seeking for premium and gourmet products.

About the behavior there are two main types of premium chocolate consumer: “the purists” and “the adventurers”. The first one likes the chocolate natural and authentic. The second one likes to enjoy the experience of eating a chocolate with exotic flavor and loves to experiment new flavors and tastes. (Candy and Snack TODAY, January/February, 2011).

1.4.3.3. Trends

“For many chocolate-loving Americans, it is more about the experience than it is about mere consumption. To meet this demand, premium chocolatiers are setting off on culinary adventures, discovering new layers of flavor and textures by experimenting with unami flavors or developing products to match consumers’ moods” (Don Montuori, Package Facts, 2010:4).

Gradually, the premium chocolate market is growing and gaining more followers. Accordingly to some entities related to the market research such as Packaged Facts (2010), they showed some significant trends in this premium market (Appendix 15).

The study conducted by Packaged Facts (2010) shows that this market has enormous potential in terms of innovation and the introduction of new products. This study shows that the chocolate companies are inspired by other industries like food and beverage using fruits (e.g. raspberry, blueberry, lemon, lavender and blood orange), functional ingredients, savory touches and ethnic flavors, and the trends used in the past may not be effective techniques to boost sales in the future, such as single-source cocoa and high cocoa content. However, is not only the new flavor and the taste that consumer want to consume. They are looking for some that makes felling well, like organic and/or fair-trade chocolates are another trend in this market.

1.5. Case Questions

Over the years, the real *Wonka* brand has grown, creating increasingly strong bonds with its target audiences. This growth was most visible in 2009 with its repositioning strategy and in 2010 with the launch of the *Wonka Exceptionals* premium line.

Due to this, the brand had the capacity to innovate further in their chocolate bars as it was noted in late 2011, when the *Wonka* brand managers launched two new chocolate bars on the *Wonka Exceptional* line: *Wonka Triple Dazzle Caramel bar* e a *Wonka Fantabulous Fudge bar*.

Based on the case presented, regarding the peculiarities of the USA market and the growing capacity of the *Wonka Exceptionals* line, look at the context in which the brand is inserted and its possible extension.

Important: Note that your answers should focus only on the chocolate category.

Question 1 – Analyze the business attractiveness of the “everyday gourmet and affordable luxury” segment, in the chocolate bars category, by using one strategic tool at your choice.

Question 2 – Develop a SWOT analysis relative to the *Wonka Exceptionals* line.

Question 3 – Over the years, the *Wonka* fictional brand was introduced in the real market by *Quaker Oats* and *Nestlé USA*. Make a chronological presentation of the main actions intended by both companies and identify the respective objectives for each action. In your opinion, how successful was the Reverse Product Placement strategy developed by both companies for the *Wonka* brand?

Question 4 – Identify which of the three ways to introduce a fictional brand in the real market was followed by *Wonka* brand, what was the order of brand precession and what was the *Wonka* brand central idea.

Question 5 – Identify the critical success factors necessary to succeed in the USA Premium Chocolate Market, to *Wonka* and *Wonka Exceptionals*.

Question 6 – Describe the current segmentation, targeting and positioning chosen by *Wonka Exceptionals*, using the golden triangle.

Question 7 - What were the most important opportunities for the *Wonka* brand with the *Wonka Exceptionals* introduction in its portfolio?

Question 8 – Imagine that you are Joanna Roberts, from *Nestlé confections & Snacks USA* department, and are asked to develop the project proposed by Mr. Benson: develop the *Wonka Exceptionals* line extension following the principles of Reverse Product Placement. Justify your choices.

1.6. Case Appendixes

Appendix 1 – *Nestlé USA* brand portfolio

Appendix 2 – Brand and logo evolution

Appendix 3 - *Wonka* brand sponsorship

Appendix 4 – WONKAvision in *YouTube* channel

Appendix 5 – *Wonka* brand portfolio

Appendix 6 – Differences between the non-premium and premium lines logotypes

Appendix 7 – *Wonka Exceptionals* product description

Appendix 8 – *Wonka Exceptionals* price

Appendix 9 – Own Store placement

Appendix 10 – *Wonka Exceptionals* Promotion

Appendix 11 – *Nestlé SA* overview

Appendix 12 – New Chocolate Introductions, 2005-2010, USA

Appendix 13 – Direct and indirect product lines competition

Appendix 14 – Comparisons between competitors

Appendix 15 – Eleven active in the premium chocolate market

Appendix 1 – Nestlé USA brand portfolio

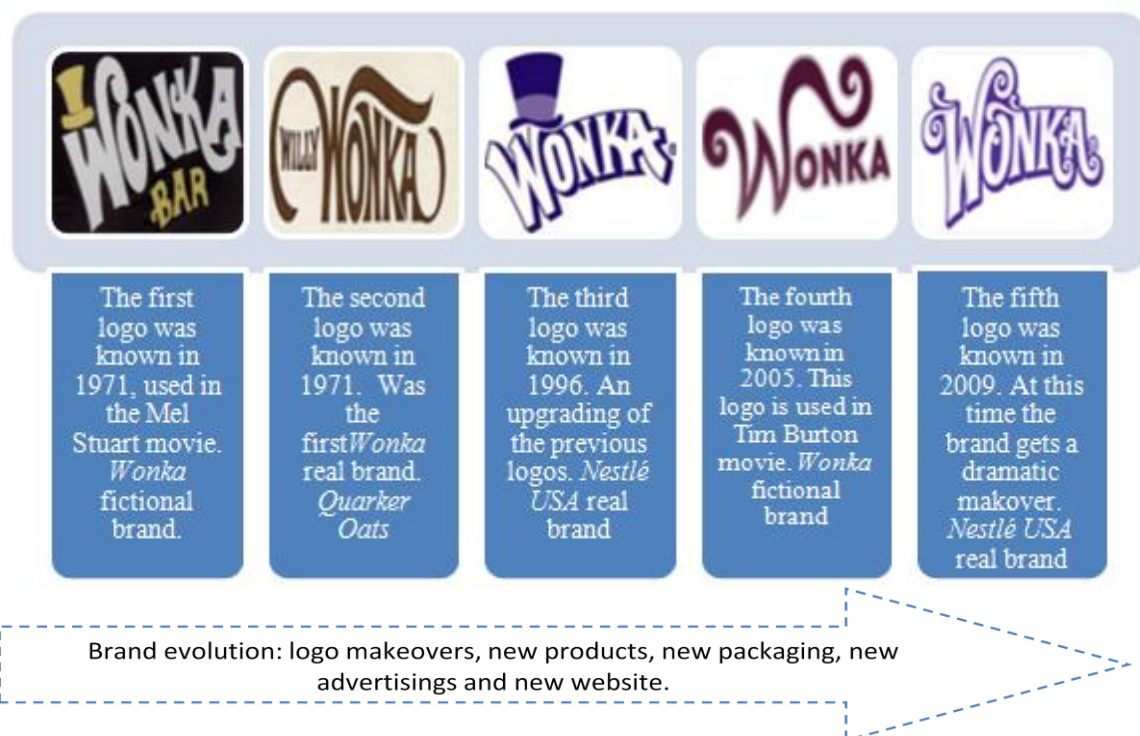


Source: Nestlé USA web site

Nestlé USA brands cover almost the entire food and beverage category, giving the possibility to consumers to eat and drink healthy and quality products at every hour of the day.

Its portfolio is broad and deep, with fourteen products categories. Consequently, in the category of chocolates and confectionery, it is divided into eight ranges.

Appendix 2 – Brand and logo evolution



Source: Own elaboration

Throughout its history, *Wonka* met four logos. The new logo has a new and more appealing lettering, in which the tips of the characters are curly. These curly characters remember the melted chocolate being stirred in a swirl.

Appendix 3 - Wonka brand sponsorship

In 2009, the *Wonka* brand sponsorship the Bamboozle festival, an annual road show (Between 3rd April in Irvine, California and 4th may in East Rutherford, New Jersey). This is a creative and innovative festival, where act more than one hundred bands. The objective of this sponsorship is creating mystery and increase consumer's expectation about new products being launched by the brand. It is a festival full of surprises.

"The Bamboozle is a unique platform that gives Wonka access to a very desirable demographic of young music fans. This festival and tour are perfect examples of the variety of brand building opportunities that our integrated platform makes available to corporations." said Russell Wallach, President of North American Alliances for Live Nation in PRNewswire interview (March, 2009)

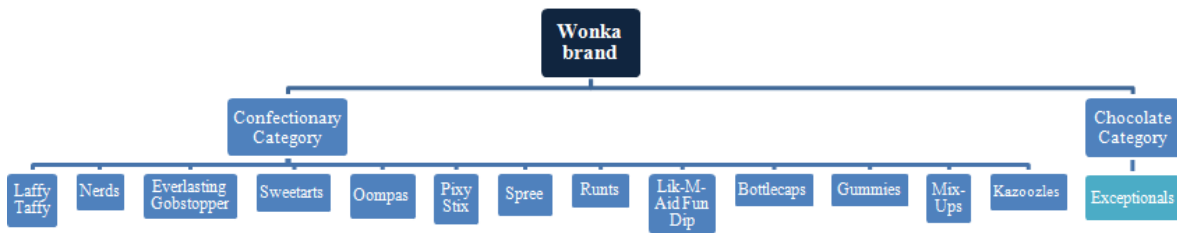
One of the surprises was the WONKAvision, an interactive mirror where the Bamboozlers can be innovative. For it, it is only necessary to touch the mirror. With just the swipe of a finger they can play games, modify photos, share information, etc.

Appendix 4 – WONKAvision in YouTube channel

In 2011, with *YouTube* partnership, the *Wonka* brand launched an innovative channel, named "*Wonka's Channel - The Imagination Room*". This "room" is a 360-Degrees interactive video, an experience never before seen on *YouTube* in the USA, and now available for the entire world fans.

Using in-video captions and 360-degree video technology, the consumers can visit four whimsical *Wonka* rooms (*Chocolate Waterfall, Scrumdiddlyumptious, Triple Dazzle Caramel, or Fantabulous Fudge*). Each room has a particular way to experience feelings (see, hear, touch, and experience the world around). Watch more on youtube.com/wonka.

Appendix 5 – Wonka brand portfolio





Source: Nestlé USA web site

Initially, the core business of *Wonka* brand is their unique, delicious and funny chocolate, but with only a chocolate product, the *Wonka* bar. With the brand’s growth and consumer’s demands, it has been forced to innovate and expand its core business for candies, and consequently discontinued some products, such as *Wonka* bar. With this, it maintained its concept and brand consistency, not escaping from the wonderful world of the Chocolate Factory, pleasing its consumers.

The *Wonka* brand range has two categories: the confectionary and the chocolate. The confectionary category has thirteen lines of candy product. The predominant price is medium (between \$0,35 and \$1,10) and has an intensive distribution (in most of retail stores). The chocolate category has the premium chocolate *Wonka Exceptionals* line, which will be the focus of this case study.

The names of *Wonka* candies and chocolate bars were inspired and translated from the book and are exactly the expected for this type of brand: different, crazy, humorous, original and creative. As expected, all names for created and future products must maintain the same principle of the previous ones.

Appendix 6 – Differences between the non-premium and premium lines logotypes

	<p>Logotype used for no premium lines: <i>Laffy Taffy, Nerds, Kazoozles, Gummies, Everlasting Gobstopper, Sweetarts, Oompas, Pixy Stix, Spree, Lik-M-Aid Fun Dip, Bottlecaps, Runts, Mix-Ups</i></p>
	<p>Logotype used for premium line: <i>Wonka Exceptionals</i></p>



Source: Google images

Appendix 7 – Wonka Exceptionals product description

Product	<i>Wonka Scrumdiddlyumptious Chocolate Bar</i>	<i>Wonka Chocolate Waterfall Bar</i>	<i>Wonka Domed Dark Chocolate Bar</i>	<i>Wonka Fruit Jellies</i> (Grapefruit, Red Apple and Goji Berry)	<i>Wonka Fruit Marvels</i> (Clementine Orange, White Grape and Pomegranate)
Description	Bits of scrumptious toffee pieces, crispy cookies and crunchy peanuts wrapped in milk chocolate	Combination of creamy white chocolate swirled in milk chocolate	Rich and velvety dark chocolate topped with smooth milk chocolate drops	Hard gummies with delicately sugar dusted.	Hard candies with soft centers, delicately sugar dusted.
Product					
Packaging					

Source: PRNewswire (2010)

Appendix 8 – Wonka Exceptionals price

	Product	Pack/Size	Price
WONKA EXCEPTIONALS	<p><i>Wonka Scrumdiddlyumptious Chocolate Bar</i></p> <p><i>Wonka Chocolate Waterfall Bar</i></p> <p><i>Wonka Domed Dark Chocolate Bar</i></p>	 <p>Tablet bar (3.5 oz.)</p>	<p>\$2,39 (recommended price)</p>
		 <p>Bag of minis (each 8.5 oz.-9.5 oz.)</p>	<p>\$4,29 (recommended price)</p>
	<p><i>Wonka Fruit Jellies and Fruit Marvels</i></p>	<p>Box (for each 5 oz.)</p>	<p>\$2,99 (recommended price)</p>
		<p>Tin (for each 1.9 oz. - Marvels only)</p>	<p>\$1,99 (recommended price)</p>

Source: PRNewswire (2010)

Appendix 9 – Own Store placement



Source: Google images

The *Wonka's World*, in the ground floor of the world's greatest toy store, is an unimaginable place with only one thousand square feet (ninety-three square meters). It is not just another retail store; it is an amazing candy store. The consumers and *Wonka* fans can experience and live in the *Wonka's Chocolate Factory*. The entire store environment (the vibrant colors, the purple lights, the smell, the music, etc) is designed to give to the consumer a pleasant and memorable consumer experience.

"This is the only place on the planet that you can find everything Wonka makes. (...) This is more than a retail space – it is an experience. Many people dream about setting foot in the Wonka world, and now they can. (...) With its interactive experiences and amazing retail presentations, Toys'R'Us Times Square is the perfect destination to host the first Wonka candy shop in the world." said Patricia Bowles in an interview to *Slashfood* newspaper (September, 2010)

"The objective was a density of experiences, with new worlds and new sensations around every corner (...)" said Janet The Planet to *Visual Merchandising and Store Design Magazine* (December 2010:44).

The store, besides the candies, sells merchandising like T-shirts and tasty lip-balms.

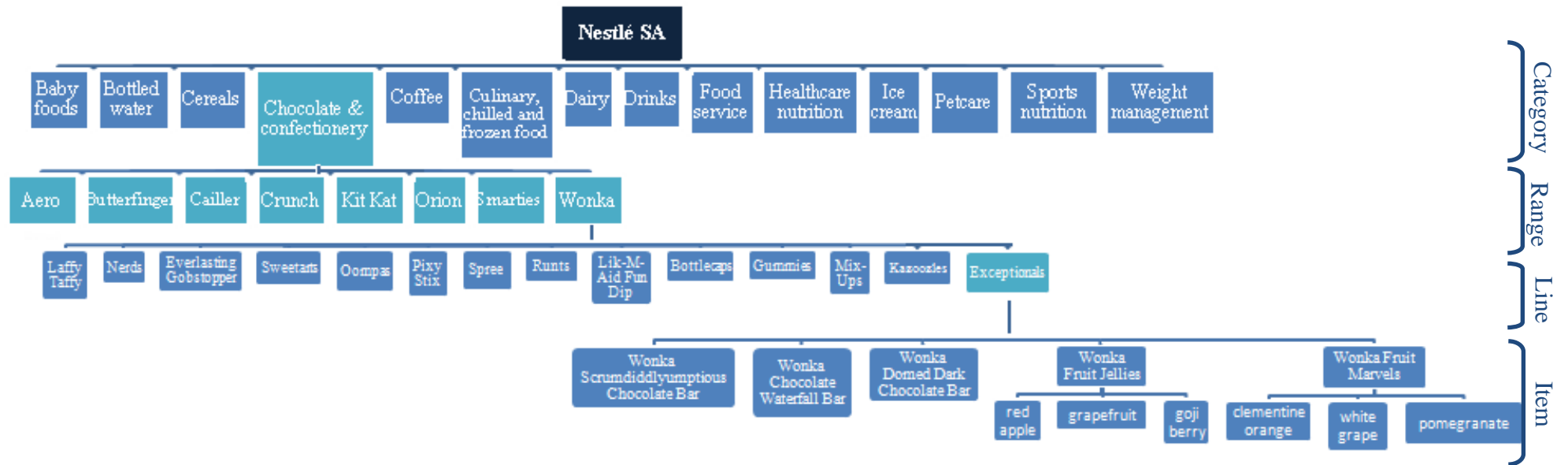
Appendix 10 – *Wonka Exceptionals* Promotion

The *Wonka* brand managers decided also introduced the Purple Tickets (nearly 4.000 tickets). With these tickets the consumers can more easily win prizes. They can be changed for \$500 airline vouchers, \$50 Ticketmaster gift cards that can be exchanged for music, theaters or family events, \$25 movie theater gift certificates. This aims to reach the younger target.

For this release the *Wonka* managers did the world premiere of *Wonka* at Dylan's Candy Bar¹² in New York, magazine outreach, print advertisements (such as 18 million coupons during the course of the summer), online campaign (such as some retailers gave online coupons tied to *Nestlé* brand), TV and cinema advertisements, several events and partnerships with retailer (such as Toys'R'us).

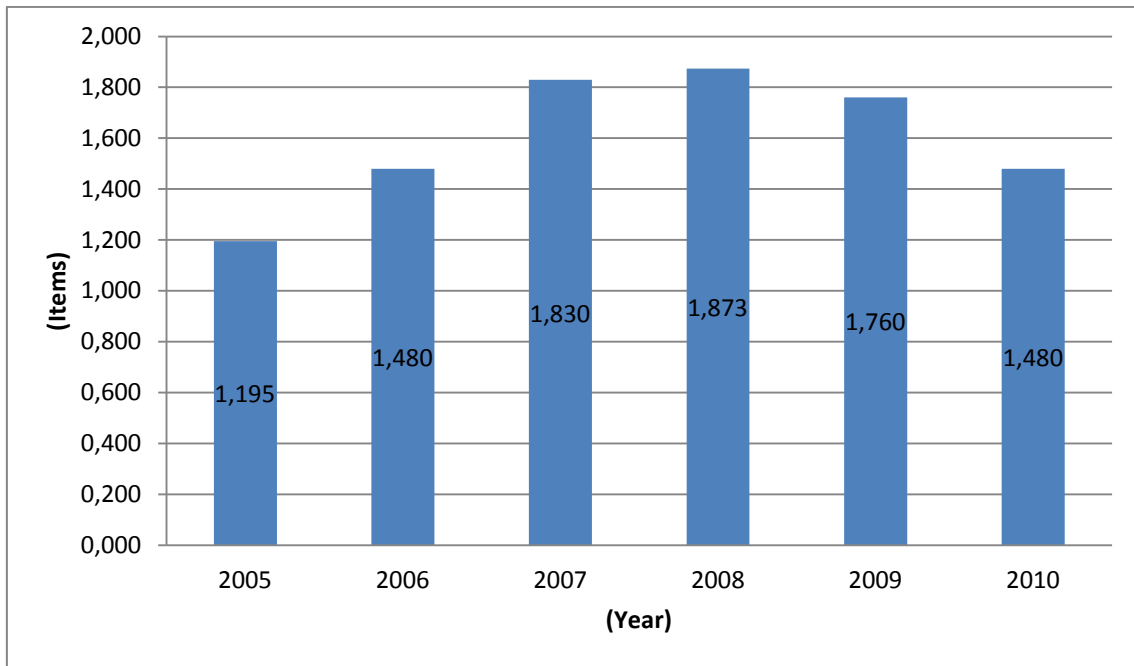
¹² Dylan's Candy Bar is a store which has over five thousand kinds of candy

Appendix 11 – Nestlé SA overview



Source: Own elaboration

Appendix 12 – New Chocolate Introductions, in units, 2005-2010, USA



Source: Compiled by Packaged Facts based on data from Product Launch Analytics Online, Data monitor service

Appendix 13 – Direct and indirect product lines competition

Direct product line - Competition	Chocolate bars products (direct line items)	Chocolate products lines	Positioning	Company brand
<p>Dove Bar</p> 	<p>Dove Bar Items: Silky Smooth Milk Chocolate; Silky Smooth Dark Chocolate; Silky Smooth Almond Dark Chocolate; Silky Smooth Almond Milk Chocolate; Silky Smooth White & Milk Chocolate Swirl; Silky Smooth Raspberry & Dark Chocolate Swirl; Silky Smooth 71% Cacao Dark Chocolate</p>	<p>Direct line: Dove Bar</p> <p>Indirect line: Dove Promises; Dove Specialties; Dove Sugar Free</p>	<p>“DOVE Chocolate creates chocolate indulgences and only chocolate indulgences; careful attention is paid to quality, ensuring a silky, smooth texture and delicious, lingering taste.”</p>	<p>Mars Incorporated</p>
<p>Hersey's Bliss</p> 	<p>Hersey's Bliss Items: Dark chocolate, Milk chocolate; Milk chocolate with a melt-away center; Milk Chocolate with Crème de Menthe Melt-away Center; Milk Chocolate with Raspberry Melt-away Center; Milk Chocolate with Melt-away Center</p>	<p>Direct line: Hersey's Bliss</p> <p>Indirect line: Hersey's Cacao Reverse</p>	<p>“Hersey's Bliss Chocolates, a smooth, creamy and indulgently rich taste you will want to savor longer.”</p>	<p>Hersey Company</p>
<p>Ghirardelli Filled Chocolate Bars</p> 	<p>Filled Chocolate Bars Items: Milk Chocolate with Caramel; Milk Chocolate with Strawberry; 60% Cacao Dark Chocolate with Caramel; Dark Chocolate with Orange, Dark Chocolate with Mint</p>	<p>Direct line: Filled Chocolate Bars</p> <p>Indirect line: Luxe Milk Chocolate; Gourmet Milk Chocolate; Intense Dark Chocolate</p>	<p>“100% all natural. 100% Delicious. Indulge naturally with our intense dark, luxe milk and baking products”</p>	<p>Ghirardelli Chocolate Company (Subsidiary of Lindt & Sprüngli Group)</p>
<p>Lindt Excellence</p> 	<p>Lindt Excellence Item: Excellence 70%; Excellence 85%; Excellence 90%; Excellence 99%; Orange Intense; Chili; Sea Salt; Extra Creamy</p>	<p>Direct line: Lindt Excellence</p> <p>Indirect line: Lindor; Classic; Creation tablets</p>	<p>“It's all about selecting and roasting cocoa beans and the art of creating distinctive and delightful chocolate taste profiles.”</p>	<p>Lindt & Sprüngli Group</p>
<p>Wonka Exceptionals</p> 	<p>Wonka Exceptionals line: Wonka Scrumdiddlyumptious Chocolate Bar ; Wonka Chocolate Waterfall Bar; Wonka Domed Dark Chocolate Bar</p>	<p>Direct line: Wonka Exceptionals Chocolate bar</p> <p>Indirect line: Wonka Fruit Jellies; Fruit Marvels</p>	<p>“World's most incomparably imaginative chocolate”</p>	<p>Nestlé USA (Subsidiary of Nestlé SA)</p>

Appendix 14 – Comparisons between competitors

	Product Characteristics	Price (range)	Placement	Concept
<i>Dove bar</i>	Silky and smooth chocolate – dark, milk, white, almond,	[\$2.49 and \$3,97]	Intensive – retail stores (Walgreens, Walmart, etc)	“Soothing” and “peaceful” quality.
<i>Hersey’s Bliss</i>	Melt-away center -dark, milk, , mint	[\$3.68 and \$4.79]		Smoother. Creamier. More rich. Blissfully decadent.
<i>Ghirardelli Filled Chocolate Bars</i>	Milk, dark, caramel, strawberry, raspberry, orange, mint	[\$2.18 and \$2,99]		Control of the entire chocolate manufacturing process, from cocoa bean to finished product.
<i>Lindt Excellence</i>	Creamy - dark, orange, chili, sea salt,	[\$2.48 and \$2.99]		Passion for skilfully to satisfy the most discerning palate
<i>Wonka Exceptionals</i>	Creamy and smooth - dark, milk, caramel, toffee, cookies, white	[\$2,39 and \$4,29]	Intensive – retail stores and own store	Inspire people of all ages using the imaginative world of the Chocolate Factory.

Source: walgreens.com

Appendix 15 – Eleven active in the premium chocolate market

Eleven trends in the premium chocolate market

- **Craft chocolate making:** It is characterized by the production of chocolate through the hand-craft methods, so, is most appreciated by consumers because they are different from chocolate industrially manufactured.
- **Savory-inspired flavors:** Connection between chocolate and culinary. Using cooking ingredients as olive oil, bacon, cheese, curry and chipotle into their bonbons and truffles.
- **Exotic flavors:** is important to discover new tastes and textures, so nothing better than discovering exotic flavors as umami flavours, which comes from Japan and is characterized by the combination of the five basic tastes: sweet, sour, bitter, and salty. It’s about experiences, not just consumption.
- **Raw cacao products:** Reaction to over-processed, over-engineered foods. Maintain the chocolate as much natural as possible, without modifying the cocoa. Dark chocolate.
- **Vegan chocolate:** Chocolate comes from the cocoa tree and when uses pure ingredients and no additives (cocoa, cocoa butter, lecithin, sugar and sometimes vanilla). The new vegan labeled chocolate products have increased 52% per year (a 5-year CAGR) to a forecasted 32 new products in 2010, or 1% of all new product reports.
- **Wine-themed chocolate products:** Use wine to accompany chocolate. The perfect combination.
- **Upscale chocolate candy bars:** It’s not just indulgent, it’s healthier and portion-controlled.
- **Exotic delivery methods:** The new ways to eat chocolate, for instance, the *Le Whif* method - the calorie-free aerosol that gives new meaning to "inhaling a chocolate bar".
- **Beyond bars:** Chocolate products not in bars, for example, some chocolatiers are serving up “tasting tiles” and disks as a means of differentiating their products.
- **Extreme milk chocolate:** Dark milk chocolate (above 40% cocoa mass) combines silkiness with less sugar, more antioxidants.
- **Use of alternative distribution channels:** New and innovative ways to delivery chocolate.

2. LITERATURE REVIEW

2.1. Product Policy

To start it is important to define the product concept. Product is anything, tangible or intangible, that is received in an exchange and is used to satisfy a need. It can be a good, a service, an idea, a person, and an organization (Kotler, 1997; Lindon *et al*, 1997; Assael, 1993). It can be focused on the consumer, B2C, or for business, B2B.

According to Lindon *et al* (1997), companies have some key components to make decisions about the product policy. They are:

- Decide the **activities' portfolio** of the company and their products: determine the relative importance of each activity (finance, technology, human resources);
- Define the **products' intrinsic characteristics**: includes the real, objectives and the observable attributes. These attributes can be classified into three categories: the product formula (technical description of the product), the performances (the observable characteristics by the consumer, that need to correspond to the consumer expectations), and the design (the external visual appearance, the functionality and ergonomics of the product, efficiency, appearance and attractiveness, and so on);
- Develop the **packaging**: includes the package and the product preservation. The visual aspect is important to attract and be identified by the consumer (communication). There are three levels of packaging: the primary package (it is in direct contact with the product), the secondary package (incorporates several units of product in order to form a unit sales), and the shipping package (to transport various products from the factory to the point of sale). The packaging can be analyzed by two components: the conception (the materials, the shape and the system of sealing) and the decoration (the colors, images, labeling, texts);
- Define the **range policy** (See 2.2.3.1. Range and Line Policy).

2.2. Branding

The world of consumption is undergoing major changes due to the variety of consumer needs, preferences, demands, and the higher degree of the competitions. To face this, it is important for the companies to develop new and innovative ways to introduce and differentiate the products on the shelves, not only by focusing on the product attributes, but also enhance the consumer experience. So, how can companies innovate and introduce new brand and new products in the market that correspond to consumer desires and wishes? One strategy can be the Reverse Product Placement, because the consumer already knows and loves the fictional brand and wants to have the possibility to have it.

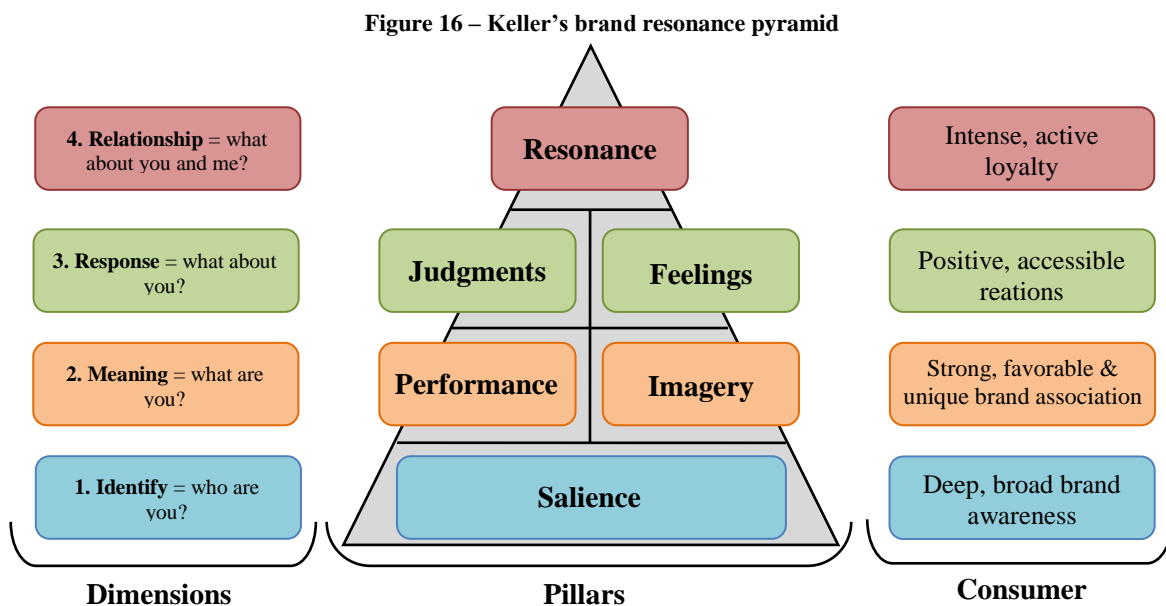
To understand that, it is important to start with the question: What is a brand? This is an important question. The *American Marketing Association*, referred by Kotler and Keller (2009:278), defines brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” This differentiation is in some way, to distinguish substitute products (those products that satisfy the same needs) and also identify the maker of the product. Companies may differentiate themselves through the product performance of the brand (rational, functional or tangible differences) or for what the brand represents for the consumer itself (symbolic, emotional or intangible differences). The brand also legally protects, through registered trademarks, patents or copyrights, against copies, unique features or aspects of a product. Several authors argue that the brand as several functions, like: define a brand position in the consumers’ minds (Aaker, 1991), building notoriety and reputation for the company (Keller, 2003) and to provide the customer loyalty, satisfying them in order to repeat this product (Kotler, 1997; Lindon *et al*, 1997). “Brand loyalty provides predictability and security of demand for the firm, and it creates barriers to entry that make it difficult for other firms to enter the market. Loyalty also can translate into customer willingness to pay a higher price – often 20% to 25% more than competing brands” (Kotler and Keller, 2009:277).

It is imperative to state that the action of branding refers to the association of a brand to a product. This action determine the structure of the brand and allows consumers to organize their knowledge (*i.e.* their feelings, experiences, believes, images and

thoughts) about the several products and services in the market and defined their decision making, creating a competitive advantage to the companies (Kotler and Keller, 2009). Related to this concept, several authors searched for new models and strategies for building a brand, for instance, the Reverse Product Placement, where the product or service is branded in the fictional or virtual worlds and consequently is created in the real world versions¹³ (Lehu, 2009; Edery and Mollick, 2009; Muzellec and Lynn, 2010; Edery, 2006).

2.2.1. Brand Dimension and Equity

According to Kotler and Keller (2009), it is important to understand that the consumer response and their relation to the brands is defined by four brand dimensions: (i) **identity**: Who is the brand?, (ii) **meaning**: What is the brand?, (iii) **response**: What the consumers have to say about the brand?, (iv) **relationship**: What is the relationship between the consumer and the brand?. In order to build a strong brand, these dimensions are based on six pillars: (i) **salience**: consumers' conscience about the brand, such as, strong and deep brand awareness, (ii) brand **performance** and **imagery**: strong and unique brand association, (iv) consumers' **judgments** and **feeling**: positive reactions, and (vi) **resonance**: identification and relationship with the brand, for instance, intensity and loyalty (Figure 16).



Source: Kotler and Keller (2009)

¹³ See more in 2.3. Reverse Product Placement Strategy

As mentioned above, the brands represent an important role in the relationship between the customer and their buying decision. It is also a critical variable in creating and maintaining a relationship with consumers, becoming essential to determine its value, *i.e.* its brand equity. There is not a unique and unanimous form to measure the brand equity. However, there are two perspectives clearly defined: (i) the financial perspective, based on the increasing of cash flows generated by the fact that a brand is associated with a product (Mateus, 2010), and (ii) the perspective based on the consumer perception, identifying the assets (*i.e.* the name, symbols, etc.) which increase the value of a product, to measure the brand value (Keller, 2003; Aaker, 1991). The most used is the second perspective. This perspective defines four sources of the brand equity: (i) brand name awareness, (ii) brand loyalty, (iii) perceived brand quality and (iv) brand association. The **brand awareness** corresponds to the brand recognition and refers to the consumer's capacity to recognize and memorize a brand in different circumstances. The **brand loyalty** defines the level of relation, higher or lower (exclusive, mixed or non-loyal), that a consumer has with a brand and their willingness to switch from brand when he is not satisfied. The **perceived brand quality** is the perception that each consumer has on the quality of the product against the competition. Finally, the **brand association** is connected to the memories that the consumer has of the manifestations of a brand (jingles, specific attributes, endorsements etc). This association will be stronger the more exciting the experiences become and the link with the awareness and loyalty assets (Keller, 2003; Aaker, 1991).

To conclude, the four categories mentioned above are the best way to be able to measure what the consumer feels, how he relates, and the expectations that he has in relation to a brand.

2.2.2. Premium Brands

After defining the concepts, brand and brand equity, it becomes easier to understand the concept of premium brand and premium lines.

The premium brands are defined as excellent quality products with a high price, a premium positioning and prestige image, which gives add value to the consumer (gives some status and premium life-style). These brands are not selective in their distribution and not as expensive as luxury brands, "but, it can be reinforced by a well-selected

brand name, logo, and packaging, and by communicating the product's heritage, place of origin, or the personality behind it" (Quelch, 2006:85). It is important to a premium product to communicate their technical and leadership image, to achieve a competitive advantage and a defensive niche market.

"Many premium marketers offer consumers a multiple product line of premium-quality items that represent a complete life-style concept. Sales growth is achieved by adding new products under the concept umbrella (...) and boost sales of a premium marketer's products through other nonexclusive channels" (Quelch, 2006:94). Their marketing-mix strategy is more focused in the mass market, so, consequently, these brands are also considered as mass-premium brands or premium brands in the mass market.

The premium brand can exist in any product and line categories. The consumer is willing to pay higher prices for a certain premium product when they see the product as: "affordable indulgence, tasteful gifts, smart investments and status symbol" (Quelch, 2006:86). However, some categories are more open to premium marketing than others, e.g the beverage category have many products such as coffee, beer, juice, etc, and some of them are more suitable for premium market than others, depending on the degree of indulgence, commodity or social statements (Quelch, 2006).

The premium market evolves. Therefore, the marketers need to think about the introduction of a premium product, brand or line in the mainstream market and increase the consumer interest for these products. According to Quelch (2006:87), there are five options: (i) **"Introduce a premium version of the existing mainstream brand"**, because introducing a premium brand within a mainstream brand is cheaper and faster than introduce a new brand, the consumer already recognize the brand and is easier to boost the consumer interest; (ii) **"Introduce of acquire a brand with a name unconnected to that of the existing mainstream brand"**. This represents more dedication to the premium brand, because it needs to develop and sustain itself; (iii) **"Trade up a loyal base of consumers from a mainstream franchise when these satisfied customers make repeat purchases"**. The third option is to penetrate the premium segment of a market by offering premium products under a mainstream brand to an existing base of loyal and satisfied consumers who have purchased mainstream products and are looking to trade up" (Quelch, 2006:89); (iv) **"Change the consumer's definition of "premium" to weaken the franchise of existing premium brands by**

upgrade the image of the mainstream brand”; or (v) **“Redouble marketing efforts for the mainstream brand”** and do not do anything to endorse the premium brand.

To conclude, it is important to mention that the premium market is under pressure at two levels. Firstly, if the premium product category is more focused on the functional benefits (derived from the tangible and concrete attributes that consumer can have when experiment the product) this will be pressured by the below categories. Secondly, if the premium product category is more focused on the physical benefits (derived from the intangible attributes like social status, pleasure) this will be pressured by the above categories. As a result, the two main weaknesses of this premium market are: to be too conservative (traditional premium brands with long heritage story of quality have difficulties to innovate) or too aggressive (when distribution channels want to carry premium brands and make pressure to decrease the prices).

2.2.3. Brand Portfolio Management

2.2.3.1. Range and Line policy

Usually, a company provides its consumer’s more than one product category, with the objective to reach the various market segments. Marketers often need to deal with more than one brand inside the same company. To manage this, the various brands are grouped into brand portfolio. “The brand portfolio is a set of all brands and brand lines a particular firm offers for sale in a particular category or market segment” (Kotler and Keller, 2009:301). Generally, marketers need to optimize the brand portfolio, drooping brands if the portfolio is too big and the brands are unprofitable or adding new brands if the portfolio is not big enough to maximize the market coverage (Kotler and Keller, 2009).

Mostly, a company manufactures more than one product. These products are diverse and of different categories and can be grouped by ranges. These ranges are defined around the same technology, same business, a market or a market segment (Lindon *et al*, 1997).

A range is composed by a higher or lower number of products or services that can be reassembled in different types of lines and items of products. One brand can have several ranges, several lines and, consequently, several items. The **breadth of the**

range is measured by the number of its product lines. The **depth of a line** is measured by its number of items within a product line. The **length of a range** is the set of all items of all lines (Lindon *et al*, 1997; Assael, 1993; Kotler, 1997).

2.2.3.2. Line Extension

Generally, marketers have to make strategic decisions regarding their brand portfolios. As reported by Kotler (1997) there are five brand strategic options the company can introduce: (i) **line extension**, (ii) **brand extensions** occurs when the brand name is extended to new product categories, (iii) **multibrands** occurs when new brand names are introduced in the same product category, (iv) **new brands** occurs when new brand names are introduced in new product categories, or (v) **cobrands** occurs when the brand has two or more well-known brand names. To this case study the important brand strategy is the line extension decision, then, will be developed subsequently.

The **line extension** happens when a company decides to introduce new items in the same product line, in the same product category, under the same brand name. Frequently, this extension occurs in new features like new package sizes, flavors, forms (like “light”, “creamy” or “smooth” forms), ingredients, colors and others. The line extension may be **innovative**, such as new and innovative flavors, difficult to find in the market or in the competition, something different; **“me too”**, such as new forms to appeal to the consumer interest, something that probably he will love; or **filling-in**, such as another package size or in another package material like tins, boxes instead of plastic bags.

The majority of new product introduction corresponds to line extensions. This introduction can be made “to utilize excess manufacturing capacity, meet new consumer needs, match a competitor’s new offering, or lock up more retail shelf space” (Kotler, 1997:452). According to Aaker (1991), 89% of the new product introduction corresponds to line extension, 6% corresponds to brand extension and 5% corresponds to new brands.

On the other hand, this strategic option has some risks that the marketers need to take into account. Ries and Trout (1981), referred by Kotler (1997), explain the concept of “line-extension trap”. This occurs when the extensions cause the loose of the correct

meaning of the brand name. For instance, “when a person asked for a Coke in the past, she received a six-and-a-half-ounce bottle. Today the seller will have to ask: New, Classic or Cherry Coke? Regular or diet? Caffeine or caffeine-free? Bottle or can? Sometimes the original brand identify is so strong that its line extensions only serve to confuse and don’t sell enough to cover their development and promotion costs” (Kotler, 1997:452). Another risk is the sales cannibalization of an existing product and consequently dilutes the image of the original brand in the consumer’s mind (Reddy *et al*, 1994).

Nevertheless, this strategic option has some positive aspects. The survival chance of a new product introduction is very high, beating the 80% to 90% of failure rate and this happens because companies use established brand names to access new markets (Table 2). The key success factors are: brand recognition, consumer loyalty, and command premium prices. Some marketers defend the line extensions as the best technique to succeed in the business and some defend the line extensions as the best way to deal with the high competition in the marketplace. It is a way that the companies have to evolve, face the competitive market and to adapt their line product to the new market reality (Kotler, 1997; Reddy *et al*, 1994).

Table 2 - Success Determinants of Line Extensions

The Bottom line on Line Extensions

According to some retail buyers, the compulsion for companies to add a new flavor, a new twist, or a new format to successful product is out of control. The sea of SKU’s is overflowing with uninspiring, redundant, and sometimes completely unnecessary line extensions and product enhancements. While buyers are trying to figure out how to choose from a dizzying array of products, marketers should be trying to figure out just what it is that makes a line extension a success or a failure. This was the purpose of the study undertaken by Reddy, Holak, and Bhat. The researchers used data on 75 line extensions of 34 cigarette brands over a 20-years period and came up with the following major findings:

- Line extensions of strong brands are more successful than extensions of weak brands;
- Line extensions of symbolic brands enjoy greater market success than those of less symbolic brands;
- Line extensions that receive strong advertising and promotional support are more successful than those extensions that receive meager support;
- Line extensions entering earlier into a product subcategory are more successful than

extensions entering later, but only if they are extensions of strong brands;

- Firm size and marketing competencies also play a part in an extension's success;
- Earlier line extensions have helped in the market expansion of the parent brand; and
- Incremental sales generated by line extensions may more than compensate for the loss in sales due to cannibalization

Source: Excerpted from Reddy, Srinivas K.; Holak, Susan L. and Bhat, Subodh, *To Extend or Not to Extend: Success Determinants of Line Extensions*, Journal of Marketing Research, May, 1994), pp. 243-262.

Source: Kotler (1997:455)

2.3. Reverse Product Placement

The world of consumption brands has been undergoing major changes, such as the growth of the competition. The consumer dynamics and demands continue to evolve rapidly. Some marketing strategies have been used to help these brands to survive by selling their products and face the competition. One of these strategies is the *Product Placement*. This is a form of advertisement, where branded goods or services appear in a context where there are no commercial, such as, movies, series, soap operas or other kinds of programs. It is indirect advertisement because products are inserted in a subtle way. Therefore, it is a way to communicate a product or a brand without the viewer rejecting the advertisement (Lehu, 2009; Gutnik *et al*, 2007; Edery and Mollick, 2009).

Currently, this is a strategy used by many brands but that no longer have such an impact on consumers' minds. To face this issue, one strategy that some companies are adopting for their brands today is the *Reverse Product Placement*.

As expected, Reverse Product Placement is a form of launching a new branded good or service by creating products in real life to match those seen in a *fictional world*. The brands are so popular and loved by the audiences that the companies decide to create them in the real live versions. In this subject, usually comes the fictional brand and fictional world concepts (Lehu, 2009; Edery and Mollick, 2009, Muzellec and Lynn, 2010; Edery, 2006).

Related with this brand strategy are the terms *fictional brand* and *virtual brand*.

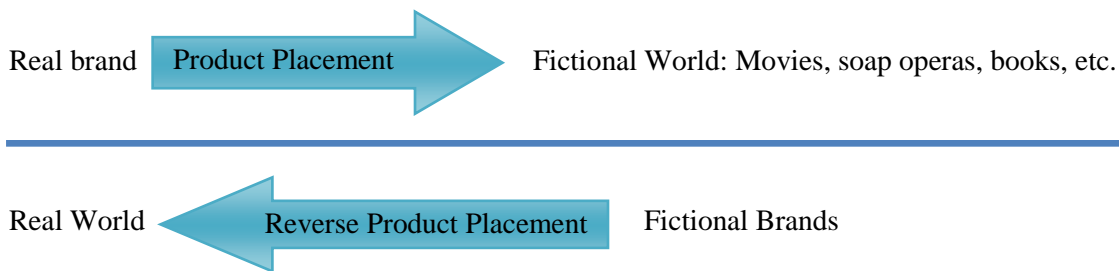
The **fictional brand** is a non-existing brand used in **fictional worlds**, such as books, comics, movies, TV series, and other kinds of programs. The fictional brand can have

four purposes: designed to copy a real corporate brand, satirize a real corporate brand, differentiate itself from real corporate brands and more recently, fictional brands may be used for commercial purposes through the process of Reverse Product Placement (Andersen and Gray, 2008; Muzellec and Lynn, 2010).

The **virtual brand** is the same as fictional brand but in a virtual world, such as video games (computer-based simulated environment) (Edery and Mollick, 2009).

In conclusion, **Product Placement** occurs when in the real world, there is a real brand placed in a fictional world, and **Reverse Product Placement** occurs when in a fictional world, there is a fictional brand that comes to the real world (Figure 17).

Figure 17 - Product Placement and Reverse Product Placement



Source: Own elaboration

According to Muzellec and Lynn (2010:2) “These are more than mere brand licensing as the products are physical recreations of products that initially existed in the virtual world of the animated television series or film. One of the latest manifestations of post-modernism in the contemporary era is what we term *brand precession*”.

As reported by Parreño (2009), Gutnik *et al* (2007), Edery (2006), Muzellec and Lynn (2010), the Reverse Product Placement can be used for several types of brands, products and services, including:

- **Retail brands** such as *Kwik-E-Mart* from *The Simpsons* fictional world. In the classic cartoon TV series, the convenience store where Homer and other characters go is called *Kwik-E-Mart*. In the real world the convenience store chain *7-Eleven* transformed eleven stores across the USA to resemble the front of the *Kwik-E-Mart*;

- **Restaurant chains** such as *Bubba Gump Shrimp* from the movie *Forrest Gump*;
- **Fast Moving Consumer Goods (FMCG)** such as:
 - *KrustyO's* cereal, *Buzz Cola*, *Squishees* from *The Simpsons* TV series;
 - *Bertie Bott's Every Flavor Beans* from the *Harry Potter* book and movies. This brand was born in the books (there are seven books, launched between 1997 and 2007) and more recently with the movies (eight movies, started in 2001). In the books, *Bertie Bott's Every Flavor Beans* is a candy made by Bertie Bott and it is one of the most popular sweets in the wizardry world. The flavors' range encompasses every flavor imaginable. This bean was converted into a popular real-world product by *Cap Candy*, a *Hasbro* division;
 - *Wonka* confectionary from the book and movies *Charlie and the Chocolate Factory*;
- **Virtual brands**, such as in the virtual world of *Second life*¹⁴. This world has the “virtual brands of *Aimee Weber* and **preen**. *Aimee Weber* is the *Second Life* identity of *Alyssa LaRoche*. *LaRoche* founded a line of avatar fashions known as “**preen**” anchored by her in-world avatar persona” (Muzellec and Lynn, 2010:4).

“Reverse Product Placement is showing itself to be open to sectors where innovation is the key” (Hosea, 2007:25), and where creative applications of marketing tools and strategies is necessary.

The study conducted by Muzellec and Lynn (2010) define two types of existing brands in the fictional world: the fictional brand and the computer-synthesized brand or virtual brand.

In the first brand, it is created a certain atmosphere in the fictional world, which is boosted through ‘tangibilization’ or ‘productisation’ in the real world. This mean that it is converted into a real brand with the possibility of commercialized in the real world, closer to the consumers. Examples of these brands were already mentioned and explained before, such as the *Buzz Cola*, *Duff beer* and *Bertie Bott's every flavor bean*.

¹⁴ Se more in: <http://secondlife.com/>

The second brand, the commercial transportation of the computer-synthesized brand is not essentially dependent on a physical structure in the real world. One example of this brand is *Aimer Weber* mentioned before.

In recent years, it was possible to see a changing in the branding concept. Before, the brand was a label, a guarantee, an identification of a country of origin or the maker, and now, with these new “reversed” brands, the brand first emerges in the fiction and later has manufactured or developed the product to allow the consumption. (Parreño, 2008).

These brands try to recreate the fictional *brand precession* in a real brand and be accepted by the costumers. They need to feel the same as they feel when watching a movie or reading a book. So it is important to measure the brand precession of the fictional brand.

2.3.1. Brand Precession

Muzellec and Lynn (2010) argue that these two types of existing brands in the fictional world are not just demonstration of the Reverse Product Placement process but, are demonstrative of a wider phenomenon of brand precession. “Brand precession can be described as the process of fomenting a brand aura entirely in the abstract and the virtual but capturing the imagination and emotional attachment of real consumers” (Muzellec and Lynn, 2010:2). The two types of brand mentioned previously are the best representation of this phenomenon.

The degree of brand precession differs as the brand, because they can survive without physical support, *i.e.* live only in the fictional world and may never exist in the reality, being commercialized only in the virtual world. “If such brands could acquire legal protection, we contend that this phenomenon would be significantly different than the traditional brand-building process and as such has substantial implications for both marketing practitioners and researchers” (Muzellec and Lynn, 2010:2).

In short, the brand precession process could revolutionize the way of building a brand. This is one of the implications that Reverse Product Placement may have in the brand management.

The authors define three orders of brand precession, according to the two types of existing brands in the fictional world (Figure 18).

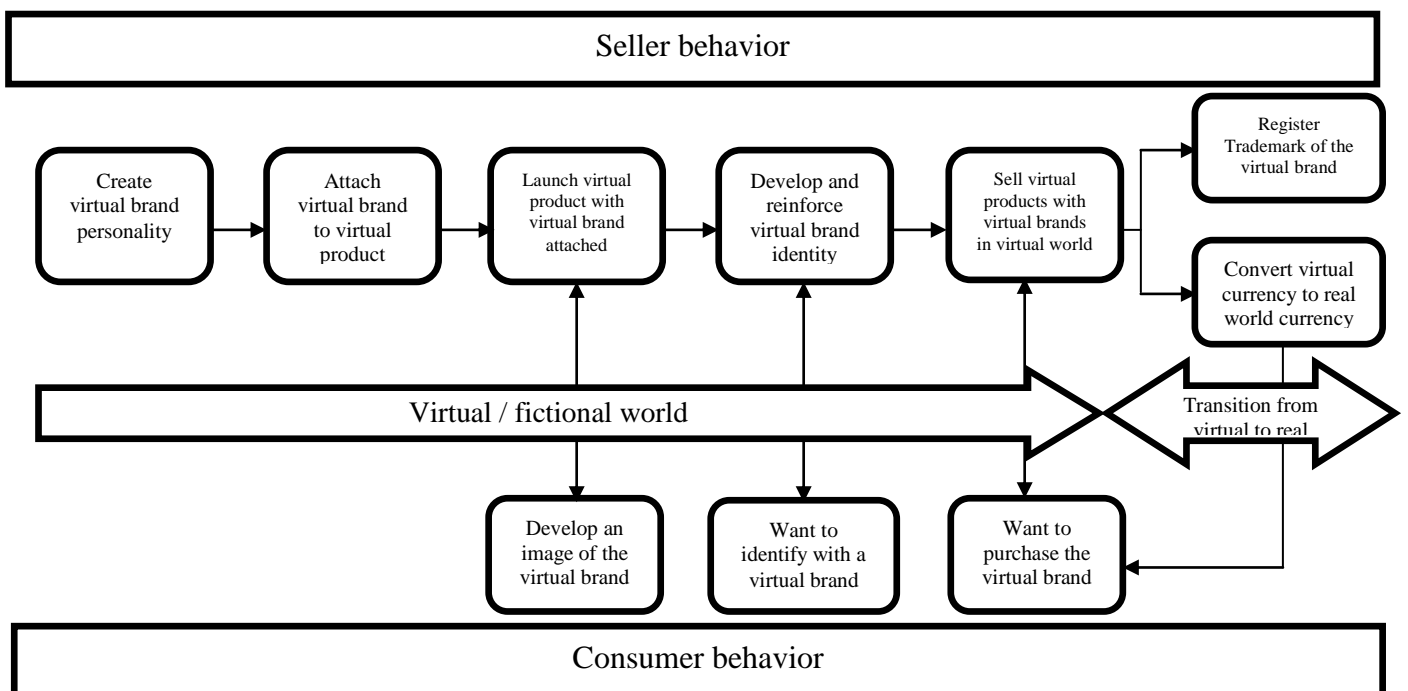
Figure 18 - Three orders of brand precession



Source: Adaptation of Muzellec and Lynn article (2010)

Another aspect to consider is the importance of the consumer emotions and attitudes. It is essential to think about the consumers' behavior, because they will create a bond with these fictional brands. But how does it work? How is it possible to sell a fictional branded product? How can managers manipulate the meaning of the fictional brands in the fictional world, so that consumers in the real-world can get emotionally linked? (Figure 19)

Figure 19 - Praxis of brand precession

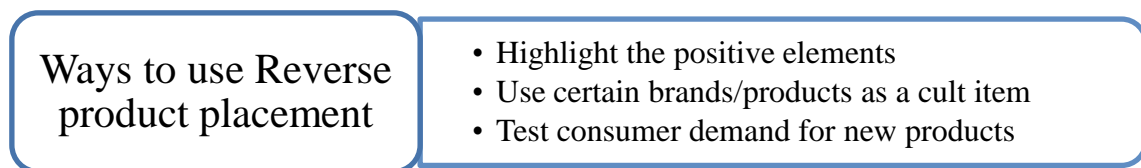


Source: Muzellec and Lynn (2010:5)

Looking to the Figure 19, it is possible to see how managers can manipulate fictional brand in the fictional world, while consumers in the real world create bonds and empathize with that brand.

According to Mortimer (2009), there are three ways to use this strategy (Figure 20).

Figure 20 - Ways to use Reverse Product Placement



Source: Own elaboration

The first way is to use the positive elements that the fictional brand have in the fictional world, to give them the perfect impulse for being sold and perfectly well known in the real world. So, the consumers already have a positive feeling and a positive bond with the brand before it hits the shelves. Even before it is commercially available, it is created in the consumers' minds, a brand recognition, thus giving a competitive advantage. However, this brand needs to correspond to consumers' expectations. Otherwise, it does not have much chance to survive in the real world.

The second way is to use certain fictional brands/products as a cult or a very special item for certain movie fans, creating the need in their minds and subsequently demand for it in the real world. This item/product is so special for the fans that they request to the movie director to produce it and sell (in the real world) exactly as the movie item (fictional world). In short, the demand is created by the movie fans, *i.e.* the potential consumers.

The third way is to use Reverse Product Placement to test consumer demand for new products. This happens when a certain product, of a certain brand, appears in a movie (Product Placement) as a very desirable item, that people will want to acquire. Consequently, there will be high demand in the real world for this product and a huge business opportunity for the company. This allows them to know if there will be consumer demand in the future.

In conclusion, the Reverse Product Placement can be a good way to test the demand, a market research, a name, a product or service, a concept or idea and still an advertisement.

2.3.2. Objectives

In accordance to Parreño (2008) and Hosea (2007), the main factor of attraction for the companies when they think in using this strategy is to reduce the costs involved in developing and promote the product.

One good example of reduction costs was the re-launch of the *Wonka* brand. This happened because *Nestlé USA* decided to reposition this brand at the time of the *Charlie and the Chocolate Factory* movie release, in 2005. The consumer already knew about the product and the brand so, it was a huge opportunity for a Reverse Product Placement brand strategy.

The central idea here is the speed at which the company has to introduce their fictional brand in the real world, because they need to take the right moment given by the entertainment (movie, TV show, game), introduce the product/service on the market fast to be sure to take the advantage of the strategy. It is important to generate interest for the branded product before the real launch (Hosea, 2007).

Conforming to Edery and Mollick (2009) and (Hosea, 2007), the cost to educate a costumer is relatively lower when they already knew about the product and they have some affinity to the brand. All that the brand has to do is to place it on the shelf and they know automatically that a consumer will buy it.

As said Gutnik *et al* (2007:19) “Since it is often much less expensive to release a fictional product than to manufacture an actual product, Reverse Product Placement may someday be used to gauge the public’s interest in a proposed new product. Companies may release products online, with plans to create the real versions contingent on public reaction to the online version.”

Another good example is the *American Appeal*, a clothing retailer. They launched a new line of jeans in the *Second life* world, allowing users the possibility to dress their avatars with clothes of this brand, some months before launching them in the real stores. The main objective of this pre-online launching is to create positive buzz. Let the people

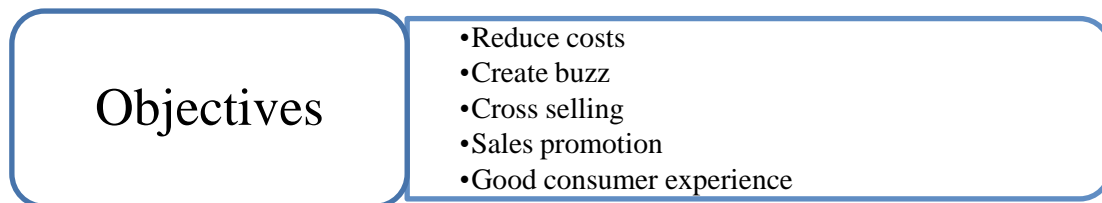
know and use the product (in the virtual world) before the launch. Other objective is the cross selling between a virtual product and a real product, because if a person buys one jeans in *Second life* is given one coupon with 15% discount to buy in the real world store.

As Chabris (2007) said, referred by LexisNexis (2007), the Reverse Product Placement is a strategy rarely used; is something new to the consumer. Another objective is to “Bring something to life, (...), and give customers the opportunity to sample such products, is a ‘satisfying’ experience (...)”. For the viewers of movies, it really is a dream to be able to buy and have the experience and use in the reality, something from the fictional world (Hosea, 2007).

In conclusion, this strategy gives to the fictional brand a good promotion benefits in the short time, in the real world. But, after the initial buzz, the brand needs to survive alone, with their own strengths.

As we can see, this brand strategy has many objectives (Figure 21).

Figure 21 - Main objectives of Reverse Product Placement



Source: Own elaboration

2.3.3. Advantages and Disadvantages

According to Parreño (2008), this strategy has some **advantages** for companies who intend to use it, such as “**lower costs for market entry** and, ideally, enhanced **customer relationships**” (Edery, 2006:24). It is clear that brands like *Duff beer*, when they arrived to the market the brand already has a **positioning in consumers’ minds** (*The Simpson* TV viewers), so the communication to the consumer is easier.

Another implication is the **strong affection** that consumers have with the fiction series' characters (*e.g.* Homer Simpson). The higher the affection, the higher is the positive consumer attitudes toward this brand. It is important to think about the connection that consumers have with the character that relates to the brand (If the relation product/character is positive).

“Why spend tens or hundreds of millions of dollars fighting mature competitors for mindshare and shelf space in the physical world when you can launch a new offering in an uncluttered fictional one?” (Edery, 2006:24). If brands begin to launch several fictional brands in the real world, the strategy becomes saturated and the next big challenge is finding space in the fictional world for new products.

In short, the higher the affection to certain fictional character, the more positive is the link between brand and the consumer and the higher is the probability of purchasing the product (Russell and Stern, 2006). The physical world may ultimately cease to be the most important battleground for new products (Edery, 2006).

However, there are **disadvantages** like “ill-fitting product placement lack effectiveness and can even result in **negative brand attitude**” (Edery and Mollic, 2009:43). As a result of this issue, it can damage the brand image of the fictional brand when they are launched in the real world. Another issue is the **no correspondence in the real world to consumer expectations** (consumer have expectations that they want to see matched in the real world). If this happens, the consumer will **create a negative buzz** and the brand cannot survive. With this issue comes the fact that there is no measure tool for this consumer expectation and desire so, it is difficult to **measure and control** the expectations, the acceptance and the affinity that the consumers have with the fictional brand.

To conclude, this kind of strategy is used only with **B2C** brands and products, explained by the fact that it is focused on the consumer's expectations and consumer's relationship. As expected, branding through Reverse Product Placement strategy is long and complicated process.

2.4. Strategic Marketing Management

2.4.1. STP Model

The market is composed by a number of buyers with several differences and demands. Regarding that, markets can be segmented in several ways. The market segmentation objective comes from the need to group buyers and customers with similar needs and characteristics. These interest groups are classified as target markets for the marketing-mix development (Kotler and Armstrong, 2003; Kotler, 1997). To this, the more usual **segmentation** variables are: Demographic (*e.g.* age, gender, income, occupation, education, social classes), Geographic (*e.g.* region, city, metro size), Psychographic (*e.g.* lifestyle and personality), behavioral (*e.g.* occasions, attitudes toward the product, status) and others. In the premium market, the segmentation criteria commonly used are the demographic (age and income) and the psychographic (sophisticated, adventures or conservatives). After the segmentation, it is important to choose the most attractive segment: the **targeting** (*e.g.* if the target is female or male, children, young or adult, the age range, etc).

The final step is to define a **positioning**, *i.e.* how companies want to be seen by their target. Like in the segmentations strategy, the positioning represents a choice: leave some segments, customers and positioning in order to be stronger and more attractive to others. The positioning has two dimensions: (i) the identification (what is the kind of product?) and (ii) the differentiation (what distinguishes it from other products?). To differentiate one product from another, companies have to focus on the distinctive characteristics. To chose these characteristics/attributes the marketers need to keep in mind three important factors: (i) consumers' expectations regarding the product category, (ii) current competitors' positioning to respond to these expectations; and (iii) potential product trumps and potential advantages in this market segment. These three factors compose the golden triangle (Assael, 1993; Lindon *et al*, 1997; Kotler and Armstrong, 2003).

3. TEACHING NOTE

3.1. Target Audience

The present case study is inserted within the framework of strategic and operational marketing subjects and is aimed to Management and Marketing students.

It is intended for both bachelor and master students, who have basic knowledge of marketing and intend to acquire some insights on the main subjects of strategic and operational marketing, more specifically for Reverse Product Placement, branding and line extension. In this way, it will enable the articulation of the fictional brand and real brand, the company analysis and its strategic development, in order to implement a marketing strategy in the context of a real business situation. This is a real case of success in this strategy subjects.

3.2. Pedagogical Goals

The main objectives of the case study are:

- Endow students with decision-making competencies in a real business situation. Provide strategic and operational marketing insights in the context of the Reverse Product Placement (RPP) and line extension.
- Understand the real opportunities for the introduction of a fictional brand in the real world, the relation and acceptance by the consumer.
- Impact and implications of RPP on branding process and management.
- Understand the RPP strategy using a real brand in a real market context. Analyze a case of success in the implementation of this strategy.
- Understand the success of *Wonka* brand and *Wonka Exceptionals* in the USA premium chocolate market (premium brand in the mass market).
- Endow students with the competencies to understand strategic and branding decisions, regarding the consumer needs, the economic situation and the market competition. Endow students with the needed tools to plan a line extension.
- Students should understand the concepts used in the case study in order to answer the questions.

3.3. Methodology

In order to develop this case study it was used a general review about the *Wonka* fictional and real brand and *Wonka Exceptionals* premium line followed by a general review of the USA economy and the USA premium chocolate market. To collect the relevant and important data it was used:

- Secondary data collection: reading and analysis of scientific articles, books, newspapers, magazines, market studies, for the purpose of understanding the USA premium chocolate market, competition, market growth, consumer behavior, *Wonka* brand and *Wonka Exceptionals* evolution and potential.

The analysis of this case is based on both a qualitative and quantitative approach. This begins with the specific market context - the premium chocolate market, based on a real brand (the *Wonka* brand), their reality and their introduction and development strategy (the *Wonka Exceptionals* line extension) for a global USA economic context and the NPD.

The main objective of the qualitative information is to understand one way to introduce one fictional brand in the real market, their strategy, implications, objectives and development with the introduction in a new market with a new premium product line extension, *i.e.* their survival and innovation.

Quantitative information:

- NPD value (in percentage),
- Market value (in dollars),
- Sales value (in percentages),
- Value of the selling price of premium chocolate (in dollars/ per ounce),
- Value of the chocolate consumption (per capita),
- Analysis of American buying frequency (in percentage),
- Competitors' patterns analysis.

To explain the qualitative and quantitative information it is necessary to use some tools to understand the case information and to answer the case questions. In this case the main tools are:

- RPP Analysis: strategy used by a few companies to introduce fictional brand in real brands. Innovative branding strategy.
- Porter Five Forces Analysis: this model is used in the question resolution as a strategic tool for analysis of market attractiveness to determine competitive advantages: **threats of new entrants** (barriers to entry into new markets, like costs, economies of scales, capital requirements), **threats of substitutes**, **bargaining power of suppliers**, **bargaining power of buyers** and **intensity of rivalry** (Assael, 1993). To help to decide if the market is or not attractive it is possible to determine the weight of the five forces in a scale 1 to 5, where 1 is the lower and 5 is the higher;
- Critical Success Factors (CSF) Analysis: identifies the main factors that determine the success of the companies in the market. It is a critical because it is vital to the success of a project or the mission of the company;
- SWOT Analysis: identifies the **opportunities** and **threats** of the external environment (external factors to the company that are ahead of its control, like information about the competition and customers), and the internal **weaknesses** and the **strengths** of the company (internal information, resources and capabilities of the company, that are within its control) , analyzing the impact in the organization and the company performance (Assael, 1993);
- STP Analysis: used to group the buyers and the consumers with similar characteristics and help companies to position in the consumers' minds and differentiate themselves from competitors.

3.4. Animation Plan

Session	Objectives	How to do it	Time
1 st	<ul style="list-style-type: none"> -Case presentation; -Raise up the students' interest to the thematic approached in the case; -Introduction to the line extension (after the presentation of the branding subject); -Introduction to the RPP strategy. 	<ul style="list-style-type: none"> -Give the case to the students; -Synopsis of the case by the Teacher; -Brief class discussion hold by the students, about the <i>Wonka</i> brand and the RPP strategy and consequently, the premium chocolate market characteristic, main products, competition. -Visualization of excerpts¹⁵ of the film <i>Charlie and the Chocolate Factory</i>, 2005, Tim Burton adaptation; 	90'
Out of the class	<ul style="list-style-type: none"> -Reading the case. 	<ul style="list-style-type: none"> -Individual reading. 	45'
2 nd	<ul style="list-style-type: none"> -Understand the case; -Analysis of <i>Wonka</i> fictional brand strategy. 	<ul style="list-style-type: none"> -Identify and understand the RPP main objectives, opportunities and introduction ways. Use the <i>Wonka</i> brand as illustration of a real and successful RPP example; -Distribution of case questions. 	90'
Out of the class	<ul style="list-style-type: none"> -Solving the case in work groups; -Prepare class presentation. 	<ul style="list-style-type: none"> -Analysis of information in the case study; -Search for complementary information (for instance, watch one of the movie adaptations) for the question 8; - Group discussion; -Resolution of the questions and slides elaboration. 	240'
3 rd	<ul style="list-style-type: none"> -Work groups presentations; -Discussion and conclusion. 	<ul style="list-style-type: none"> -15' slides presentation in work groups; -Final considerations by the teacher about the questions' resolutions. 	90'

¹⁵ *Charlie and the chocolate factory* official trailer: <http://www.youtube.com/watch?v=vyB4s9eox2o>
Willy Wonka and the chocolate factory official trailer:
<http://www.youtube.com/watch?v=ymFkoSNCTV0&feature=related>

3.5. Animation Questions

1. What are the advantages for a company to introduce a fictional brand in the real market?
2. What are the advantages of the RPP strategy for building a brand?
3. What is the importance of the line extension for the *Wonka Exceptional*?
4. In your opinion, what is the importance of a company in an innovative brand concept? Discuss that based on the *Wonka* brand concept and their chocolate imaginative world.
5. What are the main difficulties for the premium brands in the mass market to differentiate themselves from competitors?
6. In your opinion, Mr. Benson brand project should be focused on *Wonka Exceptionals* line extension? Explain your opinion and suggest another alternative.
7. What were the main difficulties found in solving this case?

3.6. Proposal for Resolution of Questions

Question 1 – Analyze the business attractiveness of the “everyday gourmet and affordable luxury” segment, in the chocolate bars category, by using one strategic tool at your choice.

The strategic tool to be used is the Porter’s Five Forces because is a strategic tool for analysis of market attractiveness determining the competitive advantages.

Porter’s Forces	Description	Weight (scale 1-5)
<p>Threat of new entrants</p>	<ul style="list-style-type: none"> - Barriers to enter are low – the entrance of new companies is easy; - The products flavors and textures are easy to copy. However, the consumer experience given by the different brands is more difficult to copy; - The product characteristics provided by companies are similar; - Easy access to the distribution channels – product with intensive distribution; - It is not necessary a huge finance investment – companies that already manufacture conventional chocolate bars easily produce premium chocolate bars; - Customer switching costs is low – the prices are identical in all the existing premium brands of this segment; - Premium chocolate market is a growing market and the “everyday and affordable luxury” is a growing segment, with huge sales potential. There are lots of spaces to new entrants. <p>Conclusion: High probability of new entrants.</p>	<p>High - 5</p>
<p>Threat of substitutes</p>	<ul style="list-style-type: none"> - Substitute products: conventional chocolate bars (mass products, with lower quality); - Buyers’ willingness to substitute is low – consumer realized that it is worth paying a little more money to consume and experience chocolate. When they experience premium chocolate bars does not intend to buy a ordinary (conventional) one; -The substitute products have lower price, so, the costs of switching to substitutes is lower too. As stated before, this factor is not important for consumers. <p>Conclusion: Low power of the substitute products.</p>	<p>Low - 2</p>

Bargaining power of suppliers	There is no necessary information in the case to do this force.	
Bargaining power of buyers	<ul style="list-style-type: none"> - Consumers are those who decide to buy the product; - Consumers preferences are sophisticated, however, change frequently. They are demanding consumers; - Consumers have all the important information about the companies and their products. They know what the companies are, where to find them, and how to choose their products; - Differential advantages of industry products: unique gourmet flavor combination and strong brand concept; - The number of products available in the market is high, so, the buyers have at their disposal several products with similar characteristics. On the other hand, there are some differentiating proposals that make consumers value the quality of the product (taste and texture) and the consumer experience; - Consumers do not like to have limited choices. <p>Conclusion: Medium power of buyers</p>	Medium – 3
Intensity of Rivalry	<ul style="list-style-type: none"> - Five main players in this segment: <i>Dove, Hersey, Ghirardelli, Lindt, Nestlé</i>; - Two indirect competitors (with organic and fair trade chocolate): <i>Russell Stover</i> and <i>Endangered Species</i> - Since 2009, the market leader is the <i>Lindt</i> and their subsidiary <i>Ghirardelli</i> - the line between the leader and their competitors is not well defined yet (in 2004 the leader was <i>Hersheys</i>), having high probability of change; - Products characteristics, of this players, are similar, the brand concept is, mainly, the difference between competitors - there are medium/high rivalry; - Barriers to exit in this market segment are low, because companies can continue with the manufacture of conventional chocolates - this leads to a low rivalry. <p>Conclusion: High intensity of rivalry</p>	High - 5
Conclusion	Medium/High attractiveness	3,75

- On each force, three or more possible factors are referred. Students can refer other factors.

Question 2 – Develop a SWOT analysis relative to the *Wonka Exceptionals* line.

The SWOT will be based in the USA premium chocolate market in the “everyday gourmet and affordable luxury” segment, where we can find *Wonka Exceptionals* line.

<p>Opportunities</p>	<ul style="list-style-type: none"> - ‘Lipstick factor’ – chocolate sales increase during economic recession; - Despite the cuts in NPD - the innovation, the introduction of the new trends and the healthier chocolates, helped the market maintained a good position; - Potential of the premium chocolate market – it is characterized by the continue outperform in the industry - growing market; - New trends in the premium chocolate market; - Increasing importance of the “everyday gourmet and affordable luxury” segment; - Consumer awareness about the health benefits and ethical concerns of the premium chocolate; - Consumers’ preferences have become more sophisticated – more willing to pay higher prices for their chocolate; - American chocolate-loving – it is more about the experience than it is about mere consumption – increase interest in unique gourmet flavor combination.
<p>Threats</p>	<ul style="list-style-type: none"> - USA economic recession – consumers are buying the chocolate less often and more discriminatively as households incomes contract with the USA recession; - The confectionary companies cut their NPD budgets; - Seasonal market (Christmas, Easter and Valentines’ Day); - Consumers are buying small quantities of premium chocolates (less sales volume); - High competition – five main players in this market segment - <i>Lindt</i> and <i>Ghirardelli</i> are the market leaders; - Premium chocolate companies offer similar product characteristics.
<p>Strengths</p>	<ul style="list-style-type: none"> - The <i>Wonka Exceptionals</i> line is based on a different and strong brand concept (given by the ‘Wonka Twist’ and the chocolate fictional world) - Original brand concept– stands for creativity in confections; - High-quality of product, delicious and different eating experience, indulgence, and appealing to the imagination; - “fantasy, whimsy and familiarity” of the <i>Wonka Exceptionals</i> products and concept; - Innovative and creative line that elicit a positive emotional reaction from consumers; - Loved line by the consumer; - Fun premium chocolate products that rejuvenate the category; - Different color of the package – not boring colors, but purple and holographic

	<p>purple;</p> <ul style="list-style-type: none"> - <i>Wonka</i> store in New York – promote the products (providing a pleasant and memorable experience) and the concept; - Innovative and effective communication – exceptional results in the relationship with their consumers.
Weaknesses	<ul style="list-style-type: none"> - The <i>Wonka Exceptionals</i> provide similar product characteristic (the premium products are not daily manufactured, <i>i.e</i> premium mass products) where the brand concept is the main difference; - Because of the high consumers’ expectation about the premium <i>Wonka Exceptionals</i> and their fictional world becomes difficult to correspond to this expectation and deliver the entire wondrous <i>Wonka Exceptionals</i> experience. So, this expectations are too high and this line is not always able to deliver the incredible <i>Wonka Exceptionals</i> experience; - Since the <i>Wonka Exceptional</i> is an everyday premium chocolate their manufacture is in considerable quantities and with a intensive distribution –leading to a difficulty to differentiate the premium chocolate from those of the mass products in the consumer’s minds;

- Students can identify other correct factors.

Question 3 – Over the years, the *Wonka* fictional brand was introduced in the real market by *Quaker Oats* and *Nestlé USA*. Make a chronological presentation of the main actions intended by both companies and identify the respective objectives for each action. In your opinion, how successful was the Reverse Product Placement strategy developed by both companies for the *Wonka* brand?

Year	Action	Objectives
1971 (<i>Quaker Oats</i>)	First movie adaptation. This brand and his imaginary world were so popular and loved by the audiences that the <i>Quaker Oats Company</i> decided to create them in the real live versions - the milk chocolate bar – introduction of the <i>Wonka</i> fictional brand in the real world.	Reduce the cost to educate the consumer about the new brand.
		Take advantage of the buzz created around the movie.
		Promote the sales of the product (milk chocolate bar).
2005 (<i>Nestlé USA</i>)	Second movie adaptation. They tried to recreate, by the second time, the fictional brand precession in a real brand and be accepted by the costumers. The consumers need to feel the same as they feel when watching the movie or read the book.	Create buzz.
		Involve and to be closer to the consumers.
		Reduce the costs to develop and promote the brand and their products.
2009 (<i>Nestlé USA</i>)	With the second reposition strategy (new and renewed strategies) the brand was no longer focused on product characteristics, but with the experience that could give to its customers.	Make the brand the most inspiring consumption experience in the real world.
		Be closer to the consumer.
2010 (<i>Nestlé USA</i>)	Introduction of the <i>Wonka Exceptionals</i> premium line in the <i>Wonka</i> brand portfolio. This line introduction was launched together with Golden Ticket campaign, a similar campaign to the one promoted by Mr. Wonka in the fictional world.	Deliver the incredible <i>Wonka</i> experience.
		Create buzz.
		Introduce the new line to a broad audience and give the consumer the feeling of excitement to search for a Golden Ticket.
2010 (<i>Nestlé USA</i>)	Opening of the first and only <i>Wonka</i> store.	Provide a pleasant and memorable consumer experience.
		Sales promotion.
2011 (<i>Nestlé USA</i>)	<i>Wonka Exceptionals</i> line extension with the two new bars.	Product innovation.
		Increase the consumer experience.

Reverse Product Placement strategy success for *Wonka* brand: As the several objectives set by the *Quaker Oats* and *Nestlé USA* were attained, and considering market results documented by the case, it can be concluded that the RPP strategy for the *Wonka* fictional brand to be adapted to the real world was successful. The fictional brand created a good brand precession where it was possible to capture the imagination and emotions of the real consumer. Despite the failures and barriers that the *Wonka* real brand faced through its history, this brand was able to survive with its own strengths and it is in permanent innovation, using all the potential of the fictional world.

- The students can describe other correct objectives as long as they present a correct justification for their answer.

Question 4 – Identify which of the three ways to introduce a fictional brand in the real market was followed by *Wonka* brand, what was the order of brand precession and what was the *Wonka* brand central idea.

Ways to introduce fictional brands:

There are three ways to use the RPP strategy: (i) highlight the positive elements, (ii) use certain brands/products as a cult item, and (iii) test consumer demand for new products. The way used for *Quaker Oats Company*, in 1971, was to highlight the positive elements because:

- The positive elements of the *Wonka* fictional brand are: creativity and the power of imagination; inspires people; reminds people of what is possible in the real world; ‘Wonka twist’ (“magical” skills to create wondrous chocolate); wondrous, whimsical and amazing world of chocolate;
- The idea was to highlight these positive elements in the fiction (in the book or in the movies), captivating the audience and giving them the perfect impulse for the *Wonka* products be sold and perfectly well known in the real world;
- The Mr. Wonka chocolate world has a huge potential to create bonds with the possible consumer, leading to a business opportunity;
- Consumers already have a positive bond with the brand before it hits the shelves. The consumers have connection with the fictional brand, creating a

bond, so, when *Quaker Oats Company* launched it in the real world they already knew, recognize and love it;

- Even before *Wonka* brand be commercially available, it is created in the consumers' minds, a brand recognition, thus giving a competitive advantage.

Order of brand precession:

There are three orders of brand precession. The order of the *Wonka* brand used is the first order mentioned in the literature review: Relates to brands which initially exist in the fiction but are applied to products that actually exist or can exist in the real, physical world. The *Wonka* brand initially exists in the fictional world and be able to recreate their fictional products (the products mentioned in the book and movies) and now are available in the real world.

Wonka brand central idea:

The central idea of this brand is based on fun, innovative, high-quality confections for candy lovers of all ages.

- According to the order of brand precession, the students can give as an answer the second order of brand precession, as long as they explain, and that explanation is relevant.

Question 5 – Identify the critical success factors necessary to succeed in the USA Premium Chocolate Market, to *Wonka* and *Wonka Exceptionals*.

The critical success factors (CSF) represent the variables that provide more value to the customer and that better differentiate competitors in a given product category. These factors become important for the strategic development, since they provide to the marketer the opportunity to see if the objectives set were achieved for the brand.

The possible CSFs are:

- Creative products and brand concept – this factor is based on the fictional world of the Chocolate Factory providing an original chocolate concept that cannot be compared with any other chocolate available on the shelves;

- Beautiful product content – the product characteristics is based on an incredible ingredient combination, wondrous chocolate textures and high-quality products;
- Amazing and incredible consumer experience;
- Indulgence taste – this factor is based on the quality chocolate with an affordable indulgence;
- ‘Wonka twist’ – this factor is based on the “magic” skill to do exceptional chocolate;

➤ The students should refer at least five CSF. The students can give some other CSF.

Question 6 – Describe the current segmentation, targeting and positioning chosen by *Wonka Exceptionals*, using the golden triangle.

Segmentation:

The three main segmentation criteria used are:

- Demographic: gender and age;
- Geographic: States;
- Psychographic: personality and attitude.

These segmentation variables must be combined within a whole, throughout its marketing and communication strategy. Actually, developing a correct segmentation is vital to this and any company, for the reason that, for different clients, with different needs, habits and expectations, needs different marketing and communication tools.

Targeting:

- Age: [18-49],
- Gender: male and female;
- States: 50 federal states of the USA;
- Personality and attitude: “young and young at heart”, sophisticated taste buds, “people who see possibilities where others see limitations” – modern and

actives, creative, like to experiment new products, trend followers, imaginative, chocolate lovers.

Positioning:

Two pillars to define its position:

- Identification: Beautiful and indulgent product content and innovative chocolate;
- Differentiation: unique chocolate concept based on the 'Wonka twist'. This line is not another premium chocolate product line.

The golden triangle of positioning:

“WORLD’S MOST INCOMPARABLY IMAGINATIVE CHOCOLATE”

1. Consumers’ expectations: Quality, indulgence, flavor, diversity, innovation, tasty, a good experience, escape for the dark and difficult days;
2. Current competitors’ positioning - based on the leaders:
 - a. *Lindt*: selected and roasted cocoa beans, art of creating distinctive and delightful chocolate taste profiles; dark chocolate;
 - b. *Ghirardelli*: 100% all natural, 100% delicious, natural indulgence, intense dark chocolate, luxe milk and baking products, combination of fruit and milk and dark chocolate;
3. *Wonka Exceptionals* trumps and potential advantages: Amazing and incredible consumer experience, indulgence taste, 'Wonka twist', incredible ingredient combination, wondrous chocolate textures, affordable indulgence, original chocolate concept that cannot be compared with any other available on the shelves.

Question 7 - What were the most important opportunities for the *Wonka* brand with the *Wonka Exceptionals* introduction in its portfolio?

Most important opportunities:

The *Wonka* managers identify that the potential of the *Wonka* brand equity was not entirely explored. Consumers loved, recognized and had a strong bond with this brand,

based on the amazing history of the fictional world, regardless of their age. So, with this opportunity, the *Wonka* brand had decided to introduce the *Wonka Exceptionals* line, in order to broaden the consumer target. Before, the *Wonka* brand products were directed to consumers from [8-14], target to kids, but the managers have realized that the products were bought by consumers of all ages, many times until their adulthood. This target was not adjusted to the real consumers. As a result, with the new premium line the *Wonka* brand was able to diversify their products, enabling more people wish to consume them (mainly, more mature consumers), not just conventional products, but sophisticated and premium, directed to consumer from [18-49], corresponding to their wishes. The *Wonka* managers realized that with this introduction, they reached consumers that were not typically premium chocolate consumers and began to demonstrate interest about this, such as the male gender. In consequence of that, if the *Wonka Exceptionals* extend the line, it will be able to maintain this current STP, because the new products will follow the same STP as the other premium products already existents in this line.

To summarize, the brand managers said: *“What we found is that the story of Wonka never fails to elicit a positive emotional reaction from consumers. And that seems to resonate with them regardless of their age, so, we knew we had an opportunity to broaden the consumer target. (...) It’s really the young and the young at heart. People who see possibilities where others see limitations, which have that sense of imagination and Wonka lets them loose in that space. It is really about capturing the hearts and minds of those people and we’re hoping to bring new users into the category.”*

Question 8 – Imagine that you are Joanna Roberts, from Nestlé confections & Snacks USA department, and are asked to develop the project proposed by Mr. Benson: develop the *Wonka Exceptionals* line extension following the principles of Reverse Product Placement. Justify you choices.

- To develop this question the student needs to search for additional information to that provided in this case, namely the book and the movies in order to find some possible brand names and to develop products characteristics.

Product development:

Bellow two possible new products are proposed to the *Wonka Exceptionals* line extension by using the framework of the product policy: activities' portfolio, products' intrinsic characteristics, packaging and range policy.

- Students can develop one product or more, as long as they justify their option. If the student wants to be more innovative, they can use one of the other brand decision possibilities referred in the literature review.

1st product: *Wonka Luscious-Scrumptious Fruit Delight bar*- name combination found in the book;

Products' intrinsic characteristics: Description: delicious chocolate bar with the unique combination of smooth 70% cocoa dark chocolate, blueberry fruit pieces and a subtle taste of mint.

Inside of each chocolate piece – the squares – there is a fresh blueberry fruit involved with the delicious liquid filling with a subtle taste of mint. The exterior of the chocolate bar is covered by smooth 70% dark chocolate. In the mouth, when the cocoa starts to melt, the consumer finds the blueberry and the mint liquid which provides a unique bittersweet fruit taste: a sweet, rich and intense taste combination. In order to incorporate a blueberry and the mint liquid in each square of the bar, its height is higher than the normal bar. The “W” of the *Wonka Exceptionals* logo is designed in each square.

This product responds to the needs of the consumer because combines new tastes (mint and blueberry) and texture (liquid and fruit) in a unique way.

Packaging “the conception” should cover:

- Primary package;
- Wondrous and whimsical, equal to the others products of the line;
- Hermetically sealed - guarantees that the product is kept in perfect condition and that it is protected from flavor contamination;
- Laminated aluminum chocolate package;
- Shape: oblong package.

Design “the decoration”:

- Holographic purple;
- In the top of the package is the *Wonka Exceptionals* logo. Above the logo is the name of the chocolate bar, in white letters with a purple shade, and a brief description about the principal ingredients “luscious dark chocolate with blueberry & smooth mint liquid”
- In the middle of the package is the image of one dark chocolate bar, and a half square where one can see a blueberry and the mint liquid;
- In the bottom of the package is the phrase: “Truly amazing chocolate made with natural ingredients”.

Range policy: This is a new item of the *Wonka Exceptionals* line - increasing the depth of the line.

2nd product: *Wonka Dippy White Delightfully bar*– name combination found in the book;

Products’ intrinsic characteristics: Description: delightful chocolate bar with the unique combination of smooth white chocolate (cocoa butter and cream - no powdered milk) with a subtle lemon yogurt flavor. Made with natural and pure ingredients it reveals a natural color and flavor. It provides a total indulgence experience with the combination of sweet and sour taste.

The creamy white outer layer hides a rich vanilla and lemon yogurt cream flavor (this yogurt cream has lemon grains) providing delectable lemon taste across the tongue. In order to incorporate a lemon yogurt in each square of the bar, its height is higher than the normal bar. The “W” of the *Wonka Exceptionals* logo is designed in each square.

This product responds to the needs of the consumer because combines new taste and texture stimulating the taste buds with melt cream and with lemon grains pleasingly in the mouth.

Packaging “the conception” should cover:

- Primary package;
- Wondrous and whimsical, equal to the others products of the line;

- Hermetically sealed - guarantees that the product is kept in perfect condition and that it is protected from flavor contamination;
- Laminated aluminum chocolate package;
- Shape: oblong package.

Design “the decoration”:

- Holographic purple;
- In the top of the package is the *Wonka Exceptionals* logo. Above the logo is the name of the chocolate bar, in white letters with a yellow shade, and a brief description about the principal ingredients “delectable combination with chocolate & smooth lemon yogurt cream”;
- In the middle of the package is the image of one chocolate bar, with white tinted by yellow color and a half square where one can see the lemon yogurt;
- In the bottom of the package is the phrase: “Truly amazing chocolate made with natural ingredients”.

Range policy: This is a new item of the *Wonka Exceptionals* line - increasing the depth of the line.

➤ Some other possible names:

- *Wonka Whipple-Scrumptious Fudgemallow Delight bar* – named found in the book;
- *Wonka Nutty Crunch Surprise bar* – named found in the book;
- *Wonka Wiggle Delightfully bar* – name combination found in the book;
- *Wonka Light-Brown Creamy-Colored bar* - name combination found in the book;
- *Wonka Marbles-Smooth Wacky bar* - name combination found in the book;

➤ In this answer seven possible names have been proposed and intrinsic characteristics for the new product. Students can use one of these or other that they consider relevant, provided that they follow the concept of brand.

3.7. Question Slides


ISCTE IUL
 Instituto Universitário de Lisboa

WONKA CHOCOLATE CASE STUDY.
MANAGING A BRAND CREATED THROUGH
REVERSE PRODUCT PLACEMENT

Case Study Resolution


Wonka brand and

Wonka Exceptionals line



1

“Oh, what a man he is, this Mr. Willy Wonka!” cried Grandpa Joe. “Did you know, for example, that he has himself invented more than two hundred new kinds of chocolate bars, each with a different centre, each far sweeter and creamier and more delicious than anything the other chocolate factories can make!”




Roald Dahl, *Charlie and the Chocolate Factory*, 2010:22

2

INDEX

- Problem
- Business attractiveness analysis
- SWOT Analysis
- Reverse product placement strategy – objectives and efficiency
- Reverse product placement – Ways to introduce the fictional brand, Brand precession and Central idea
- Critical success factors
- STP – Golden triangle and main opportunity
- Product development – Line extension



3

PROBLEM

Inspire the consumer giving them the idea that that everything is possible

High degree of brand engagement


So many confectionary brands are all about their individual products, but *Wonka* is unique in that it stands for creativity in confections

Charlie and the Chocolate Factory

Understand the *Wonka* fictional brand and their potential to be a real life brand.

Understand the reverse product placement.

Look at the huge potential of the *Wonka Exceptional* line, extending the line?



4

QUESTION 1 - Analyze the business attractiveness of the “everyday gourmet and affordable luxury” segment, in the chocolate bars category, by using one strategic tool at your choice.

Threat of new entrants High	<ul style="list-style-type: none"> • Barriers to entry are low. • The products flavors and textures are easy to copy. The consumer experience given by the different brands is more difficult to copy. • The product characteristics provided by companies are identical. • Easy access to the distribution channels. • It's not necessary a huge finance investment. • Customer switching costs is low. • Premium chocolate market is a growing market, with huge sales potential.
Threat of substitutes Low	<ul style="list-style-type: none"> • Substitute products: conventional chocolate bars. • Buyers' willingness to substitute is low. • The substitute products have lower price, so, the costs of switching to substitutes is lower too.
Bargaining power of suppliers	<ul style="list-style-type: none"> • There is no necessary information in the case to do this force.

5

Bargaining power of buyers Medium	<ul style="list-style-type: none"> • Consumers are those who decide to buy the product. • Demanding consumers. • They have all the important information about the companies and their products. • Differential advantage of industry products: unique gourmet flavor combination. • High number of available products in the market with different brand concepts. • Consumers don't like to have limited choices.
Intensity of Rivalry High	<ul style="list-style-type: none"> • Five main players in this segment: <i>Dove, Hershey, Ghirardelli, Lindt, Nestlé</i>. • Two indirect competitors: <i>Russell Stover</i> and <i>Endangered Species</i>. • The line between the leader and their competitors is not well defined yet. • Products are similar, the concept is, mainly, the difference between competitors. • Barriers to exit to this market segment are low, because companies can continue with the manufacture of conventional chocolates.
Conclusion: Medium/High attractiveness	
On each force, three or more possible factors are referred. Students can refer other factors.	

6

QUESTION 2 - Develop a SWOT analysis relative to the *Wonka Exceptionals* line.

Opportunities	Threats
<ul style="list-style-type: none"> - Importance of innovation, the introduction of the new trends and the healthier chocolates. - Potential of the premium chocolate market. - New trends in the premium chocolate market. - Increasing importance of the "everyday gourmet and affordable luxury" segment. - Consumers' preferences more sophisticated. - Interest in unique gourmet flavor combination. 	<ul style="list-style-type: none"> - USA economic recession. - The confectionery companies cut their R&D budgets. - Seasonal market. - Consumers are buying small quantities of premium chocolates. - High competition. - <i>Lindt</i> and <i>Ghirardelli</i> are the market leaders. - Premium chocolate companies offer similar products.
Strengths	Weaknesses
<ul style="list-style-type: none"> - Willy Wonka Twist. - "Fantasy, whimsy and familiarity". - Innovative and creative line. - Loved line by the consumer. - Different color of the package. - Possible introduction of new products in this line. 	<ul style="list-style-type: none"> - Similar products to those of the competition. - Intensive distribution. - Consumers expectations can be difficult to reach.


Students can identify other correct factors.

QUESTION 3 - Over the years, the *Wonka* fictional brand was introduced in the real market by *Quaker Oats* and *Nestlé USA*. Make a chronological presentation of the main objectives intended by both companies and identify the respective actions for each objective. In your opinion, how successful was the reverse product placement strategy developed by both companies for the *Wonka* brand?

Year	Objectives	Action
1971	Reduce the cost to educate the consumer about the new brand.	First movie adaptation.
<i>Quaker Oats</i>	Take advantage of the buzz created around the movie. Promote the milk chocolate bar sales.	 Introduction of the <i>Wonka</i> fictional brand in the real world.

Year	Objectives	Action
2005	Create buzz. Involve and to be closer to the consumers. Reduce the costs in developing and promote the brand and the products.	Second movie adaptation.
<i>Nestlé USA</i>		
Year	Objectives	Action
2009	Make the brand in the most inspiring consumption experience in the world. Be closer to the consumer.	Second reposition strategy.
<i>Nestlé USA</i>		

Year	Objectives	Action
2010	Deliver the incredible <i>Wonka</i> experience. Create buzz. Introduce the new line to a broad audience and give the consumer the feeling of excitement to search for a Golden Ticket.	
Year	Objectives	Action
2010	Provide a pleasant and memorable consumer experience. Sales promotion.	

Year	Objectives	Description
2011	Product innovation. Increase the consumer experience.	
<i>Nestlé USA</i>		
Reverse product placement strategy success for <i>Wonka</i> brand. Well adapted in the real world.		
	<i>Wonka</i> fictional brand	<i>Wonka</i> real brand
	Good brand precession	Faced failures a barriers
	Possible to capture the imagination and emotions of the real consumer	Was able to survive with its own strengths
		Permanent innovation

The students can describe other correct objectives as long as they present a correct justification for their answer.

QUESTION 4 - Identify which of the three ways to introduce a fictional brand in the real market was followed by *Wonka* brand, what was the order of brand precession and what was the *Wonka* brand central idea.

Ways to introduce fictional brands

Highlight the positive elements.

Creativity and power of imagination
Inspires people
Remind people of what is possible in the real world
Mr. Wonka twist ("magical" skills to create wondrous chocolate)
Wondrous, whimsical and amazing world of chocolate

Order of brand precession


First order of brand precession: relates to brands which initially exist in the fiction but are applied to products that actually exist or can exist in the real, physical world.

Wonka brand central idea

Fun, innovative, high-quality confections for candy lovers of all ages.

According to the order of brand precession, the students can give as an answer the second order of brand precession, as long as they explain, and that explanation is relevant.

QUESTION 5 - Identify the critical success factors necessary to succeed in the US Premium Chocolate Market, to *Wonka* and *Wonka Exceptionals*.




- Creative products and brand concept.
- Beautiful product content
- Amazing and incredible consumer experience.
- Indulgence taste.
- Mr. Wonka twist.

The students should refer at least five CSF. The students can give some other CSF.

QUESTION 6 - Describe the current segmentation, targeting and positioning chosen by *Wonka Exceptionals*, using the golden triangle.

Segmentation criteria	Target criteria
<ul style="list-style-type: none"> •Demographic: gender and age. •Geographic: States. •Psychographic: personality and attitude. 	<ul style="list-style-type: none"> •Age: [18-49]. •Gender: male and female. •States: 50 federal states of the USA. •Personality and attitude: "young and young at heart", sophisticated taste buds, "people who see possibilities where others see limitations" – modern and actives, creative, like to experiment new products, trend followers, imaginative, chocolate lovers.



Positioning: "WORLD'S MOST INCOMPARABLY IMAGINATIVE CHOCOLATE"

Identification: original and innovative chocolate **Differentiation:** unique chocolate concept based on the Mr. Wonka twist. This line is not another premium chocolate product line.


Consumers' Expectations:
Quality, indulgence, flavor, diversity, innovation, tasty, a good experience, escape for the dark and difficult days

Current competitors' positioning :
Lindt: selected and roasted cocoa beans, art of creating distinctive and delightful chocolate taste profiles; dark chocolate.
Ghirardelli: 100% all natural, 100% delicious, natural indulgence, intense dark chocolate, luscious milk and baking products, combination of fruit and milk and dark chocolate.

Wonka Exceptionals trumps:
Amazing and incredible consumer experience, indulgence taste, Mr. Wonka twist, incredible ingredient combination, wondrous chocolate textures never seen before, original chocolate that cannot be compared with any other available on the shelves and unique concept.

Question 7 - What were the most important opportunities for the *Wonka* brand with the *Wonka Exceptionals* introduction in its portfolio?

Main opportunity:



Wonka brand equity was not entirely explored

Broader the consumer target - [18-49]

↓


reached consumers that were not typically premium chocolate consumers and began to demonstrate interest about this, such as the male gender

QUESTION 8 - Imagine that you are Joanna Roberts, from *Nestlé confections & Snacks USA* department, and are asked to develop the project proposed by Mr. Benzon: develop the *Wonka Exceptionals* line extension following the principles of reverse product placement. Justify your choices.

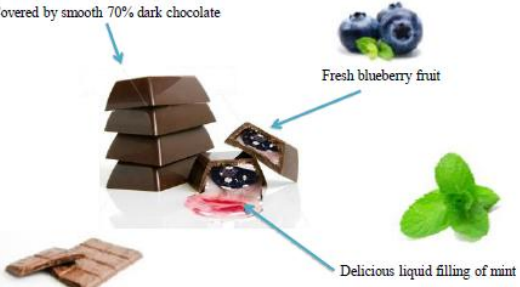
To develop this question the student needs to search for additional information to that provided in this case, namely the book and the movies in order to find some possible brand names; and to develop products characteristics.

1st Product development: *Wonka Luscious-Scrumptious: Fruit Delight bar*

Products' intrinsic characteristics delicious chocolate bar with the unique combination of smooth 70% cocoa dark chocolate, blueberry fruit pieces and a slight taste of mint.



Covered by smooth 70% dark chocolate



Fresh blueberry fruit

Delicious liquid filling of mint

In the mouth, when the cocoa starts to melt, the consumer finds the blueberry and the mint liquid which provides a unique bittersweet fruit taste: a sweet, rich and intense taste combination.

Packaging "the conception"	Design "the decoration"
<ul style="list-style-type: none"> •Primary package •Wondrous and whimsical, equal to the others products of the line •Hermetically sealed •Laminated aluminum chocolate package •Shape: oblong package 	
<p>Range policy</p> <p>This is a new item of the <i>Wonka Exceptionals</i> line - increasing the depth of the line.</p>	<p>19</p>

2nd Product development: Wonka Dippy White Delightfully bar

Products' intrinsic characteristics Delightful chocolate bar with the unique combination of smooth white chocolate (cocoa butter and cream - no powdered milk) with a slight lemon flavor (white chocolate bar tinted of yellow).

It provides a total indulgence experience with the combination of sweet and sour taste. The creamy white outer layer hides a rich vanilla and lemon yogurt cream flavor (this yogurt cream has lemon grains) providing delectable lemon taste across the tongue.

20

Packaging "the conception"	Design "the decoration"
<ul style="list-style-type: none"> •Primary package; •Wondrous and whimsical, equal to the others products of the line; •Hermetically sealed - guarantees that the product is kept in perfect condition and to protect it from flavor contamination; •Laminated aluminum chocolate package; •Shape: oblong package. 	
<p>Range policy</p> <p>This is a new item of the <i>Wonka Exceptionals</i> line - increasing the depth of the line.</p>	<p>21</p>

Other possible names

In this answer seven possible names have been proposed and intrinsic characteristics for the new product. Students can use one of these or other that they consider relevant, provided that they follow the concept of brand.

22

"Charlie picked it up and tore off the wrapper . . . and suddenly . . . from underneath the wrapper . . . there came a brilliant flash of gold. Charlie's heart stood still. 'It's a Golden Ticket!' screamed the shopkeeper, leaping about a foot in the air. 'You've got a Golden Ticket! You've found the last Golden Ticket! Hey, would you believe it! Come and look at this, everybody! The kid's found Wonka's last Golden Ticket! There it is! It's right here in his hands!'"

Roald Dahl, *Charlie and the Chocolate Factory*, 2010:18

23

4. CASE STUDY MAIN CONCLUSION AND CONTRIBUTION

According to Package Facts market research (2010), the USA premium market is a growing market, where there is space to brands evolution and new products introduction. With the current USA economic recession, confectionary companies cut their NPD budget to cope with decrease in sales and the innovation loses its central role. However, marketers have to innovate and find new ways to introduce new brands and new products in the market and differentiate them from those of the competition, in a simple and profitable manner. Companies are forced to look ahead to understand the consumers' demands, providing satisfying experiences and introduce innovative and original branded products in the market. The Reverse Product Placement is a possible solution to innovate in times of crisis because based in the inspiring fictional world it can create a real world of experiences, where consumers can buy and use powerful brands. The 'reversed' brands need to recreate the brand precession (the brand aura in the fictional world) in the real world and be accepted by the consumer. It is imperative that they feel the same as they feel when watching a movie or reading a book. This strategy brings the consumer from the fictional world, where they were emotionally involved with the brand and facilitates the maintenance of a long term relationship.

This case study intends to contribute to the understanding of the Reverse Product Placement strategy, as another way to move from a traditional branding strategy to an innovative branding experience; using the experiences to offer dreams and thus offer products giving life to the brand and creating a memorable interaction with the brand identity. All this aims to gain competitive advantage and survive in a highly competitive market. For the teacher this case study is significant because is able to capture the attention of the student, get involved in Branding and Reverse Product Placement subjects and encourage their participation in class.

Furthermore, the *Wonka* brand case study allows to use the analysis tools to understand the market attractiveness, identify the main determinants in the market, identify the strengths, weaknesses in the brand marketing strategy and the line extension process.

It is important to mention that the chocolate is loved and desired by most of the consumers, giving the best competitive advantage to this strategy implementation. The *Wonka* brand used the combination of two central factors: the love for chocolate and the

extraordinary world of the Chocolate Factory. After the initial buzz about the book and movie's fictional brand, the *Wonka* real brand survives with their own strengths (using all the potential of the fictional world), despite the failures and barriers that the *Wonka* real brand faced through its history. It is a brand loved and desired by the consumers and gives them incredible quality products, allowing them to escape the realities of their daily-life and enter into the Mr. Wonka's world. Moreover, consumers' tastes and preferences have become more sophisticated, so *Wonka* products, with the *Wonka Exceptionals* line introduction, have become more premium in an incredible and affordable indulgence. With this line the *Wonka* brand was able to diversify their products, enabling more people wish to consume them, not just conventional products, but sophisticated and premium, directed to mature consumer and ones that were not typically premium chocolate consumers, corresponding to their wishes.

Having said that, branding through Reverse Product Placement strategy is a long and complicated process, during which a creative applications of marketing tools and strategies is necessary.

5. BIBLIOGRAPHY

Books

Aaker, D. (1991), *Managing Brand Equity – Capitalizing on the Value of a Brand Name*. New York: The Free Press.

Andersen, Robin and Gray, Jonathan (2008), *Battleground: The Media*, Greenwood Press, Westport, Connecticut, London, Vol. 1 and 2.

Assael, Henry (1993), *Marketing Principles & Strategy*, 2nd edition, Stern School of Business, New York University, The Dryen Press.

Edery, David and Mollick, Ethan (2009), *Changing the game: how video games are transforming the future of business*, Pearson Education, FT Press.

Kotler, Philip (1997), *Marketing Management- Analysis, Planning, Implementation and Control*, 9th edition, Prentice Hall International.

Kotler, P. and Armstrong, G. (2003), *Princípios de Marketing*, São Paulo: Prentice Hall.

Kotler, P. and Keller, K. L. (2009), *Marketing Management*, 13th edition, New Jersey: Pearson International Edition.

Lehu, Jean-Marc (2009), *Branded entertainment; product placement and brand strategy in the entertainment business*, Kogan Page Limited, 1st paperback edition, United Kingdom.

Lindon, Denis; Lendrevie, Jacques; Rodrigues, Vicente; Lévi, Julien; Dionísio, Pedro (1997), *Mercator XXI – Teoria e prática do marketing*, 1^a edição, Dom Quixote.

Quelch, John A. (2006), *Readings in Modern Marketing*, The Chinese University of Hong Kong, Hong Kong: The Chinese University Press.

Roal Dahl (2010), *Charlie and the Chocolate Factory*, Puffin Group, New York.

Scientific Papers

Edery, David (2006), *Reverse Product Placement in Virtual Worlds*, Harvard Business Review, Harvard Business School, 00178012, December 2006, Vol. 84, Issue 12.

Muzellec, Laurent and Lynn, Theo (2010), *There is no Spoon”: Towards a Framework for the Classification of Virtual Brands and Management of Brand Precession*, Oxford Management Publishing, Management Online Review.

Package facts (2010), *Chocolate Candy Market in the U.S.: Trends and Opportunities in Premium, Gourmet and Mass Market Products*, Sep 1, 2010
138 Pages - Pub ID: LA2505082.

Package facts (2005), *The U.S. Market for Chocolate: Chocolate Bars, Bagged/Boxed Chocolates and Gourmet/Premium Chocolate*, Feb 1, 2005
222 Pages - Pub ID: LA1037709.

Reddy, K.; Holak, L. and Bhat, S. (1994), *To Extend or Not to Extend: Success Determinants of Line Extensions*, Journal of Marketing Research, Vol. 31, No. 2, Special Issue on Brand Management (May, 1994), pp. 243-262.

Wyatt, Sally Lyons (2010), *State of the Snack Industry 2010*, SymphonyIRI Group, <http://www.symphonyiri.com/Portals/0/SNAXPO-2011.pdf>, Accessed 08 February 2012.

Working Papers and Thesis

Mateus, Inês de Albuquerque Tomás (2010), *A relação entre marcas e consumidores no facebook*, Master Thesis in Marketing, ISCTE-IUL.

Gutnik, L.; Huang, T.; Lin, J. B. and Schmidt, T. (2007), *New Trends in Product Placement*, Strategic Computing and Communications Technology, University of California, Berkeley.

Keller, Kevin (2003), *Understanding brands, branding and brand equity*, Journal of Interactive Marketing 5(1), 7-20.

Magazines and Newspapers

Candy and Snack TODAY (2011), *Value key to premium chocolate's success*, January/February 2011 Issue, pp 44-48,

<http://digital.ipcprintservices.com/publication/?i=60796&p=3>, Accessed 07 February 2012.

Candy and Snack TODAY (2010), *News Exclusive: Nestle*, May/June 2010 Issue, pp 80-81, http://digital.ipcprintservices.com/display_article.php?id=396328, Accessed 20 January 2012.

Candy Industry Magazine (2010), *U. S. Chocolate Sales Up, Volume Down*, September 2010 Issue, pp10-43, <http://digital.bnppmedia.com/publication/?i=47558>, Accessed 08 February 2012.

Candy Industry Magazine (2008), *Special Report: Loving luxe*, June 2008 Issue, http://www.candyindustry.com/Articles/Departments/BNP_GUID_9-5-2006_A_10000000000000364748, Accessed 03 February 2012.

Candy Industry Magazine (2004), *Consumer perceptions sweet 'n sour*, June 2004, Vol. 169 Issue 6, pp14, http://www.candyindustry.com/Archives_Davinci?article=62, Accessed 08 February 2012.

Hosea, Maeve (2007), *Reverse product placement: Fantasy brands on a reality check.*, Marketing Magazine, Brand Strategy, Centaur Communications Ltd. May 4, 2007, pp 24–29.

Kaufman, Steve (2010), *How sweet it is*, Visual Merchandising and Store Design Magazine - Experience retail Now, December 2010 issue.

Lindell, Crystal (2011), *Industry Trends*, RetailConfectioner, September 2011 Issue, pp 8-9, <http://digital.bnppmedia.com/publication/?i=81193>, Accessed 12 February 2012.

Parreño, José Martí (2009), *Irrumpe el product placement inverso*, MK Marketing+vendas Magazine, N° 246, May 2009, pp18 –21.

Online Magazines and Newspapers

Business Wire (2009), *WONKA® Re-Imagines Itself - Re-Launch of Beloved WONKA Brand Announced at All Candy Expo*, May 19 – 2009, <http://www.businesswire.com/news/home/20090519005534/en/WONKA%C2%AE-Re-Imagines>, Accessed 15 January 2012.

Henschen, Holly (2009), *Premium Chocolate Holds Steady in Tough Economy*, Wall Street Journal, Business, January 7, 2009, pp B3A, <http://online.wsj.com/article/SB123129657237259887.html>, Accessed 08 February 2012.

Lawinski, Jennifer (2010), *World's First Wonka Store Opens in NYC*, Slashfood Internet Newspaper, September 23, 2010, <http://www.slashfood.com/2010/09/23/worlds-first-wonka-store-opens-in-nyc/>, Accessed 17 January 2012.

Mortimer, Ruth (2009), *Product displacement and reverse product placement – all the rage?*, Brand & Business blog, Marketing Week, April 2009, <http://brandstrategy.wordpress.com/2009/08/04/product-displacement-and-reverse-product-placement-all-the-rage/>, Accessed 15 October 2011.

Nexis, Lexis (2007), *Fact File - Reverse product placement at 7-Eleven brings 'Simpsons' to life*, AllBusiness Magazine, July 16, 2007, <http://www.allbusiness.com/company-activities-management/product-management/14447257-1.html#ixzz1mAu8zJ7v>, Accessed 12 February 2012.

PRNewswire (2010), *Introducing WONKA(R) Exceptionals: New Decadent Chocolates, Delectable Fruit Jellies and Mouth-Watering Fruit Marvels*, February 18, 2010, <http://www.prnewswire.com/news-releases/introducing-wonkar-exceptionals-new-decadent-chocolates-delectable-fruit-jellies-and-mouth-watering-fruit-marvels-84690127.html>, Accessed 05 February 2012.

PRNewswire (2010), *You Could Be a Lucky Finder of WONKA's Golden Ticket!*, March 25, 2010, <http://www.prnewswire.com/news-releases/you-could-be-a-lucky-finder-of-wonkas-golden-ticket-89150647.html>, Accessed 17 January 2012.

PRNewswire (2009), *WONKA Brings Bamboozle to a City Near You This Spring*, March 31, 2009, <http://www.prnewswire.com/news-releases/wonka-brings-bamboozle-to-a-city-near-you-this-spring-61987387.html>, Accessed 17 January 2012.

PRNewswire (2009), *WONKA Named Presenting Sponsor of This Year's The Bamboozle Festivals and Roadshow*, March 24, 2009, <http://newsblaze.com/story/2009032406030700029.pnw/topstory.html>, Accessed 17 January 2012.

Russell, Cristel Antonia and Stern, Barbara B (2006), *CONSUMERS, CHARACTERS, AND PRODUCTS: A Balance Model of Sitcom Product Placement Effects*, Journal of Advertising, 35:1, May 2006, http://www.redorbit.com/news/science/509069/consumers_characters_and_products_a_balance_model_of_sitcom_product/, Accessed 25 November 2011.

Wong, Elaine (2010), *Nestlé Hopes to Spread Wonka Magic to High End*, ADWEEK Magazine, February 28, 2010, <http://www.adweek.com/news/advertising-branding/nestl-hopes-spread-wonka-magic-high-end-107098>, Accessed 14 January 2012.

Web Sites

<http://www.nestleusa.com/>, Accessed 03 January 2012.

<http://www.prnewswire.com/>, Accessed 17 January 2012.

<http://www.adweek.com/>, Accessed 14 January 2012.

<http://www.allbusiness.com/>, Accessed 17 January 2012.

<http://www.candyindustry.com/>, Accessed 08 February 2012.

<http://www.businesswire.com/>, Accessed 15 January 2012.

<http://www.symphonyiri.com/>, Accessed 08 February 2012.