

Mars Business Analysis

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Abstract. Mars Incorporated is a well-known confectionery company in the United States. It is famous for its chocolate snacks: Twix, Snickers, M&M's, and so on. It also offers business all over the world. As an outstanding company, it's valuable to analyze Mars's business strategy and take a closer look at its performance in this industry. In the following analysis the paper will be discussing Mars' performance relative to their business. The paper firstly describes the basic introduction of Mars company's background as well as its mission, business strategy, and industry. Then, I will be analyzing Mars's strengths, weaknesses, opportunities and threats compared to their industry competitors. Using information gathered on their top competitors to reveal how well Mars is performing comparatively. Also the paper will be providing recommendations on how Mars can be more successful.

Keywords: business analysis, confectionery company, SWOT analysis, recommendations

1. Introduction

Mars Incorporated is a large, worldwide and famous company which works in the food industry. Its products, such as Snickers, Skittles and M & M's, are famous not only in the United States but also all over the world. They are easily reachable in the grocery stores and people can easily recognize them. Mars's products are not limited to the snack industry. They also work to help people prepare meals, get a healthy lifestyle, and care about pets.

Mars Incorporated has a long history. The company started as a candy factory in 1911 by Frank C. Mars. The company got its name as Mars in 1926. Around 30 years later, the company extended its business to Europe. Frank's son Forrest introduced M&M's back to the United States in 1940. As the candy business became larger, Mars company began to expand its business area. In 1968, Mars bought Kal Kan (a pet food company) and started their corporation to expand its business in pet food. One year later, high-tech vending machines were developed under Mars. Till 1991, Mars still renewed and increased its business in the area of candy and pet foods. After 2000, Mars continued to add new brands to its confectionary goods. In 2009, Mars became the first company to label calories in the front of the snack packs. After 2010, Mars organized lots of activities to help build a better world. It established funds like the Lion's Share Fund, opened its Food Safety Standards Research Center, and so on. Recently, Mars is still very active and leading in the food industry.

The purpose of this paper is to analyze Mars's current business situation and how it can perform better in the future. This paper talks about Mars's business situation based on its background history, business strategies, supply chains, strengths and weaknesses, opportunities, and threats, which is able to provide a complete overview of the company.

2. The mission of Mars

As one of the largest and most successful companies around the world, Mars clearly knows its target and objectives. The company lists its direction of five policies clearly on the website: Quality, Responsibility, Mutuality, Efficiency and Freedom. It is devoted to making a better world for people. "Helping people lead healthier, happier lives" is listed on the website as Mars's mission. Mars, as a company in the food industry, cares about the world and the people who live in the world.

3. The business strategy of Mars

Mars has its complete strategies to run its business. To develop its product, Mars divides its business into 6 segments: Chocolate, Petcare, Wrigley, Food, Drinks, and Symbioscience. Under these six different segments, Mars brings a variety of products and services in its marketing mix. The company targets a large group of customers in the society, mostly all ages of upper and upper-middle classes. Mars also uses a mid-premium pricing strategy to price its products in order to make them a reasonable price for customers so that it can maximize the number of its target market. Besides, Mars also pays attention to its advertising strategies. Taglines and slogans are created, and promotions are made to attract its target market. Social media such as television, newspaper and advertisements assist Mars to reach its customers and enhance its reputation. Extraordinarily, Mars decided not to advertise snacks and food to children who are under 12.

4. Industry Analysis of Mars

As a food developing and producing company, Mars owns an integrated system to run its business. From the very beginning, Mars considers the ingredients resources as an important element in the supply chain. For example, chocolate plays an important role in Mar's production so that it pays much attention to the supply chain of cocoa. Mars has its criteria for the cocoa collection and makes "knowing the farmer groups and farms that supply the cocoa" as a basis. Other than cocoa, Mars also puts great effort into other ingredients such as mint and rice. As Mars cares about the ingredients, it also lists clearly how they use those ingredients in the snacks to show to its customers.

To sell its products, Mars has formed a reliable distribution channel with wholesalers and retailers, which contains over 75,000 numbers of workers. Through these distributors, Mars is able to reach its target market easily and efficiently. Walmart in the United States, Tesco and Lidl in Europe, Big Bazaar and Hypermarket in India are typical large retailers that Mars has cooperated with. Besides the distribution channel, Mars also provides a more personalized service for its customers to have a direct experience with Mars, which strengthens recognition and loyalty. Take M&M's as an example, M&M'S® World store allows customers to enjoy the colorful chocolate displays and purchase M&M'S character related products. To invent new products and attract customers, Mars also applies licensing to products such as novelty candy, housewares, plush and jewelry. Mars cooperates with other companies to design and invent new products to target a larger group of customers and provide them with seasonal products.

5. SWOT Analysis of Mars

As a competitive company in the world, Mars has lots of advantages to strengthen itself. First of all, nowadays, Mars is already an international company with international brand name and brand presence, which gains global recognition. As Mars sells its products worldwide and people are allowed to get them easily in the markets, Mars owns its reputation widely. Second, Mars owns high brand loyalty and a large number of customers enjoy the good tastes and packing of the goods. Chocolate such as Snickers, M&M's and Twix are very popular among people. Third, Mars is doing a great job at advertising and marketing its target customers. It pays lots of attention to advertise through the media. According to data, Mars spent 1.5 billion dollars in advertising in 2021. Its sponsorship in the World Cup Squad in Italy even brings it more reputation. While Mars puts so much effort into marketing, it also cares about the content presented to the public. It tries to eliminate any potential stereotypes in the advertisements to make its marketing inclusive and responsible. Fourth, Mars is a company that cares for the environment and the world. It sets up lots of sustainability plans and goals to help people protect the environment. Especially, when they look for the ingredients resources and try to establish relationships with local farms. Last, although chocolate and other sweet snacks are always considered to be high-calorie and unhealthy snacks, Mars tries to decrease the unhealthiness in its products. For example, Mars rolls out bars that are around 100 calories for people

to purchase. Compared to Mars, Hershey's chocolate bar is almost all over 200 calories per bar. Besides, it also announced to remove all the artificial colors from its human food portfolio.

Although Mars is already an excellent company, it also has some weaknesses that it has to overcome to become more successful. First, the price of Mars snacks is almost the same as other chocolate brands as Mars's target market is mostly middle and upper class so that customers may consider other aspects to decide whether to purchase from Mars. At Target, customers can buy Hershey chocolate at a price of 0.55 dollars per ounce, while they need to pay 0.64 dollars per ounce for Snickers. Second, customers may switch to other chocolate or snack brands other than Mars as the food industry includes lots of companies. There is competition between Mars and other companies in similar industries, and customers who depend on their personal preferences can freely choose to purchase so Mars may lose some customers. There is not a too much difference between chocolates from different brands. A pack of chocolate which weighs around 7-8 ounces almost sells at a price around 3-4 dollars each. Besides, different brands have some similar products as well: most chocolate brands sell dark chocolate, peanut butter chocolate, almond chocolate, and so on. Some people may prefer national brands while others may tend to purchase from those imported products. Third, sometimes Mars's company image is negatively influenced by bad news especially when there are problems with its products. For example, in May 2022, Mars in the United States and Canada announced to recall gummy candies because there might be thin metal strands in the products. This recall event could negatively affect customers' trust and reliance in Mars because it was about food safety and customers who accidentally eat the strands might have serious health problems. Last but not least, Mars tries to include more healthy snacks as their products these days as people nowadays tend to be more concerned about their health situations but as a confectionery factory, adding sugar to their products is inevitable. Mars's products are known to be high salt, added sugar or fat. Then, the products may be high in calories and threaten people's health.

Mars has lots of opportunities to strengthen its business. First, it has close relationships with those growing cities and retail chains, which allows them to keep their productivity. Mars can keep developing their factories in different locations to maximize its profits by decreasing several costs. Mars currently has its business in more than 130 countries, such as Asia, Austria, Latin America, the Middle East, Africa and so on, which includes about 65 percent of the world's population. Second, they still keep inventing products in their pet care and confectionery industry so that they are able to bring more products to the market for customers to choose. To be consistent with the rising health situation trends, Mars can pay more attention to invent healthier and more low-calorie snacks for people to choose. Kind Bars are known to be a healthy snack substitute for chocolate under Mars. In 2017, the sale of Kind increased about 5 billion dollars. More recently, sales of Kind surges in the beginning of the pandemic as more people purchase more snacks as they work at home. Third, Mars can cooperate with other companies to unite and create more products. For instance, they have already connected with Wrigley. To get mergers in the business, Mars is able to acquire a larger market share and thus become more competitive in the market.

In a market that contains lots of companies, Mars faces lots of threats as well. First, chocolate is a very common snack that people would like to purchase, which allows lots of chocolate companies to thrive. As a result, Mars must compete with other chocolate companies who bring cheaper and more creative products. Within the United States, Hershey is known to be a competitive rival to Mars. Besides, Mars also has to confront lots of competitors in the global market. In 2021, Mars has a revenue of 45 billion dollars while Nestle has a revenue of 95 billion dollars globally. Although Mars is considered as one of the top chocolate companies, several other brands may also catch up quickly. Mars currently has its business in around 130 countries, while Nestle operates in 189 countries, which can be considered as a globally larger confectionery company than Mars. These chocolate brands provide similar products to the market, such as milk chocolate. To develop a larger market, those companies also find mergers and cooperate to reach their goals. For example, Hershey invests in Blue Stripes and Fulfill Holding which are snack companies in 2019. (<https://www.cspdailynews.com/snacks-candy/hershey-invests-2-snack-businesses>). Moreover,

these two brands both provide healthy and premium chocolate for their customers. Blue Stripes are known to mark chocolate as a superfood in their brand and it also has products that exclude added sugar, and Fulfill Holdings is professional at making vitamin-fortified and high-protein nutrition bars. Hershey does well in including these healthy elements in their brands to catch up the current trend of healthy lifestyles. Hence, Mars does not seem to play a leading role in producing healthy snacks. Second, the consciousness of health among people rises nowadays, they may decide to purchase fewer unhealthy snacks with high sugar or fat levels, which may make a difference to Mars. Eating these unhealthy snacks increases the risk of cardiovascular health problems, diabetes, and cancers. As a result, it is reasonable for people to try to avoid snacks from Mars. Third, the labor wages have increased in the United States so the cost of producing goods becomes more expensive, which can reduce the profit Mars earns every year and thus threaten the business. In 2022, hourly wage in the United States increased 5.2% compared to last year. Once the problem gets more serious and Mars starts losing profits, the business may not be able to survive any more.

6. Recommendations

As a confectionery business, Mars should pursue and follow what the market tends to favor so that it can satisfy most people's desires and then maximize its profit. As mentioned in the previous paragraphs, Mars has already invented healthy snacks, such as 100-calorie snack bars, to satisfy people's needs to live a healthy lifestyle, there is still something Mars can do to help people reach a high-quality life. Currently, people look for a high quality of life and premium chocolate. Although the global confectionery market was hit by the COVID-19 pandemic from 2020, the demand for premium confectionery goods surprisingly increases. The sales of premium confectionery goods increased around 13%. Not only healthier snacks but higher quality and more delicate packaging may also bring more profit for Mars. (<https://www.grandviewresearch.com/industry-analysis/premium-chocolate-market-report#:~:text=Report%20Overview,9.3%25%20from%202022%20to%202030.>) Moreover, people tend to look for functional snacks to satisfy their daily nutritional needs. According to the data, 78% of the customers agree that taking snacks regularly is a way to care for their body conditions, which increases a lot compared to the year 2020. Hence, Mars can also begin its inventions and attach importance to its nutritional aspects of the snack. (<https://www.foodbusinessnews.net/articles/20526-sizing-up-snacking-trends>)

In addition, Mars should also pay more attention to its ingredient resources. As Mars is now known to build close relationships with farmers that supply those ingredients, the benefits that those farmers earn seems very limited. For example, when a chocolate is sold, cacao farmers are only allowed to earn about 6% of the final price on average (https://damecacao.com/chocolate-statistics/#million_tons). Once farmers find there are no profits to make, they may quit to keep supplying cacao for business to use. However, if Mars is able to negotiate and provide a reasonable benefit for them, it can thus gain a stable supply of its ingredients.

Last but not least, Mars's products are common around grocery stores and supermarkets in the United States, but it can enlarge its business by providing more online shopping experiences for its customers. Online shopping becomes very popular as the technology develops, so more and more people tend to shop chocolate online. Under the categories of the distribution channel, online stores grow fastest, which is predicted to have a compound growth rate of 6.75% on average. (<https://www.businesswire.com/news/home/20220111005749/en/United-States-Chocolate-Market-Competition-Forecast-Opportunities-Report-2021-2026-Featuring-The-Hershey-Company-Mars-Ferrero-and-Lindt-Sprunli---ResearchAndMarkets.com>). As a result, if Mars provides an individual online shopping website, its sales may increase as customers have more access to it.

7. Conclusion

In general, Mars is doing a great job in the confectionery industry now. It can also get improvement by keeping renewing and upgrading its business strategies to become a stronger company in this industry. Although Mars does have several threats such as their competitors within the similar industry, it can still be an excellent company if it pays attention and takes actions to pursue the current trends in the market and care about its customers.

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