Kit Kat: Revitalising a Brand Leader

Introduction

All products have a life-cycle. It starts with preparations for the product’s launch, followed by the launch itself.

Some products are an immediate success; they capture public imagination. Often this results from well-targeted, exciting promotional and advertising activity and from careful market research that has identified a genuine gap in the market. Other products take longer to come to consumers’ attention, and longer still to become popular. Some new products flop, and soon disappear from sale.

The growth stage comes next. Growth can take weeks or months (eg the latest fashion clothes) or years (eg the typical packet of confectionery sweets found in supermarkets). Eventually the maturity stage is reached, where sales of the product and consumers’ level of product awareness are both high. At this stage, products risk going into decline, largely because they have become too familiar and are seen as less exciting than recently launched alternatives.

The life-cycle of a Product

Marketing departments are expected to ensure that products do not go into decline. Mature products need new life injected into them, to keep the buying public interested and aware of the product’s benefits.

This case study provides a classic example of how to put new life into a favourite, leading brand: Kit Kat.

Why Kit Kat needed revitalising

Kit Kat is the UK’s best-selling chocolate bar. However, in the competitive modern world consumers’ tastes continually change. As a result, even the most popular icons have to re-invent themselves from time to time in order to keep their appeal and stay ‘on top’. For example, pop stars adjust their image, film animators amend their favourite cartoon characters, and car designers re-design old favourites such as the VW Beetle and the Mini. The secret of success is to retain enough of the old image to keep the loyalty of present enthusiasts for the product, whilst making sufficient innovations to attract a whole new group of consumers.

In the world of popular chocolates and sweets, there has been in recent years an ongoing revolution in modifying products. In previous times, sweets and chocolate bars remained in more or less the same form for many years. Today, however, modern sophisticated consumers constantly seek novelty and change, and consumers have become the driving force behind product modification.

Take Smarties, for example, which have undergone a series of changes in recent years. Until the late 1980s, Smarties came in well-established standard flavourings, colours and packaging.

Then:

1989 Nestlé introduced blue Smarties
1991 Printing on sweets was introduced
1992 Green chocolate arrived
1995 The standard range of Smarties was relaunched with colourful new packets
1997 Giant Smarties were launched
1999 Smarties ice cream was launched
2000 Mini Smarties came on the scene
2003 Tetrahedron pack for Mini Smarties

Every alert, market-focused producer recognises the need for regular change. This is required because:

• consumers want and demand change
• rival firms are constantly re-inventing themselves and their products
• innovation and inventiveness keep an organisation flexible and able to respond to further change.

Although Kit Kat continued to be the number one confectionery brand by the late 1990s its volume sales were falling. Faced with several increasingly attractive alternative offerings, consumers began to see Kit Kat in its traditional form as lacking in excitement and interest, with purchases being driven more by habit than positive choice. Although the four-finger Kit Kat continued to be highly popular with its core target market of 25-40 year olds, it was losing popular appeal with younger consumers.

The image problem was most evident among core confectionery consumers ie 12-20 year olds. In this important age group, while Kit Kat had been part of ‘growing up’ and may also have made regular appearances in lunch boxes, it was hardly relevant to their lifestyle. The traditional four-finger Kit Kat did not seem relevant to them. In 1999 therefore, Nestlé felt it was time for some re-invention.

Project Tyson

Project Tyson resulted in the launch of Kit Kat Chunky, a super size Kit Kat finger with a real mouthful of chunky milk chocolate. This ‘heavyweight’ idea assumes that younger consumers are looking for novelty, interest and even excitement when they buy a chocolate bar. While most of us are loyal to the chocolate products we buy regularly, we also seek novelty.

Project Tyson, as with all Nestlé projects, followed Nestlé’s internal advertising code of conduct, which reflects the industry position on advertising to children. The project team ensured, for example, that the promotional campaign would not encourage children to pester their parents for products nor would it encourage children to eat confectionery frequently throughout the day, in preference to properly balanced meals.

To find out exactly what consumers were looking for, Nestlé carried out detailed market research, including detailed qualitative research. Many pairs of young people were invited to give their views on different formats for the new product eg whether they preferred one or two fingers, what flavour they preferred (caramel, peanut butter, orange jelly, chocolate layers etc). Researchers also considered the most appropriate form of packaging to add further interest and attraction to the product. Other forms of market research included group discussions with young people who, typically, were regular consumers of chocolate bars.

Researchers had identified a genuine gap in the market. Other products take longer to come to consumers’ attention, and longer still to become popular. Some new products flop, and soon disappear from sale. Researchers also considered the most appropriate form of packaging to add further interest and attraction to the product. Other forms of market research included group discussions with young people who, typically, were regular consumers of chocolate bars. A survey group might consist of, for example, males and females who were:

• 17, 18, 19 or 20 years old
• of different ethnic origin
• from different parts of the UK
• a mix of students and non-students.

The Life-cycle of a Product

Sales

Maturity

Growth

Introduction

Maturity

Sales

Growth

Time

Decline

Growth

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Objectives for the launch

A wise company will look to justify every new venture in strict business terms: it will set tough performance targets. These in turn can be converted into production targets, cost estimates and revenue projections.

Supporting the launch: media, PR and point of sale

For a new product to grab public attention quickly, it is vital to support its launch with well-targeted advertising and promotional activities.

Quantitative objectives

Nestlé set demanding quantitative objectives for the launch. Nestlé aimed to:

- achieve 90% distribution in all sectors of the confectionery market within the first four weeks after the launch.
- sell 50 million units (ie 2,750 tonnes of product) in 1999, the year of the launch.
- increase sales in subsequent years.

Qualitative objectives

Nestlé also set several qualitative objectives. These were to:

- broaden the number of occasions on which people consume Kit Kat, with the vision that Kit Kat would be the natural choice for all breaks.
- increase Kit Kat’s market penetration by enticing new consumers to the brand, and by persuading lapsed users to return to the product, with particular emphasis on the 12-20 year old segment.
- create real innovation in the confectionary market.

The success of the launch

The launch of Kit Kat ChunKy proved to be one of the best marketing success stories in recent times. Over 50 million bars were dispatched within the first few weeks of the launch. Kit Kat ChunKy almost immediately became the best selling confection, and this success story has continued. Nestlé provided excellent support for retailers by providing them with in-store promotions and a smooth supply of the product in order to meet the massive customer demand. Within 6 months, more than 20% of the UK population of the UK had tried the product, and repeat rates have been very high.

Both the quantitative and the qualitative objectives for the launch were quickly met. The most successful aspect of the launch and subsequent marketing activity has been that of revaluing interest in the Kit Kat line, particularly among the 12-20 year old age group. There has been a clear knock-on effect into other age groups and only a limited negative effect on the sale of the traditional four-finger Kit Kat. In addition, the Kit Kat ChunKy is a versatile product with an ability to inject new ideas into the market focused at 12-20 year olds eg by producing varieties such as orange flavoured ChunKy.

Conclusion

The launch of Kit Kat ChunKy has shown that intelligent innovation and adaptation, supported by meticulous market research and product promotion, really can extend a successful product’s life-cycle significantly.