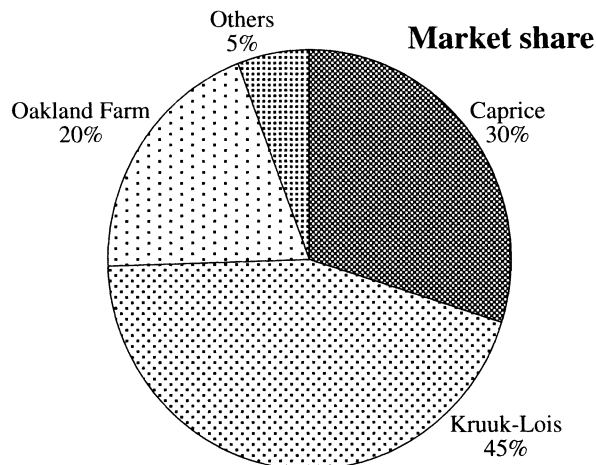
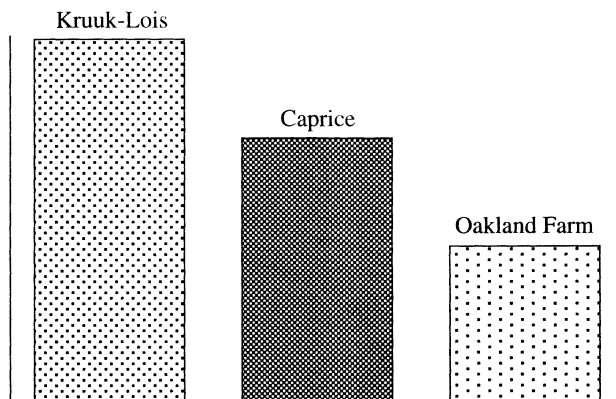


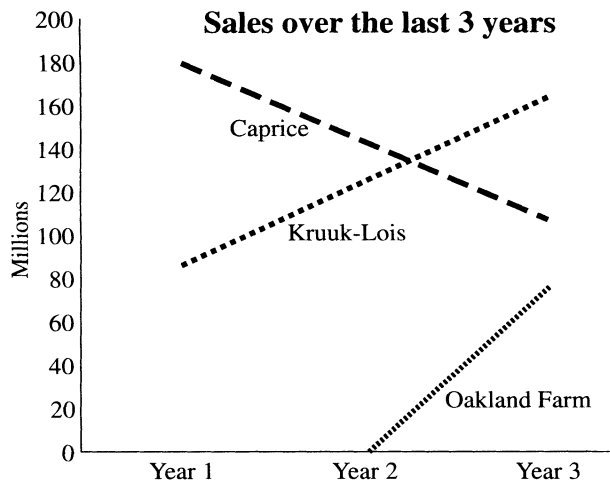
Relative price per 100gsm



Sales dollar breakdown

	Cost of production	Marketing & distribution	Admin & costs	Pre-tax profits
Caprice	42	26	15	17
Kruuk-Lois	36	31	12	21
Oakland Farm	54	20	10	16

Sales over the last 3 years



**Caprice Belgian chocolates: long term sales**

The decline in our sales is taking place in a market which is growing.

Our competitors are exploiting opportunities more efficiently than we are. This is a problem which should be treated with the greatest possible urgency. The consultants Lox Fernhill Associates have suggested four alternatives, which I have summarised below.

**1 Budget range**

Accept Caprice’s declining share in the luxury market – the brand is the oldest of the three and perhaps its time is past. Introduce a heavily-promoted budget brand. Marketing costs would be high but the potential market would be far larger.

**2 Natural classic**

Publicise our use of natural ingredients. Research shows that consumers do not know that this is our policy: they associate these qualities with Oakland Farm products. Aim at consumers who want natural ingredients but dislike Oakland’s eccentric image. Promote Caprice as the classic brand.

**3 Family values**

Maintain product quality and promote an image of traditional quality, exploiting the fact that Caprice is the oldest (best established) of the three main companies. Use images of shared, family experiences in advertising. An aging population could make this an attractive option.

**4 Adults only**

Cut production and administration costs in order to free up more money for marketing. Introduce a new quality range (Caprice Extra?) and promote it aggressively to adults, showing people enjoying the product while engaged in adult activities to compete with Kruuk-Lois.

I suggest we meet to look at these possibilities and any others we can come up with asap.

**Teacher's Notes**

*Chocolate* **Worksheet** **21**

NOTE: This lesson requires some business experience on the part of the students, or at least some interest in marketing and/or competition strategy.

**ACTIVITY**

Groupwork: reading, speaking

**AIM**

To act out a meeting to discuss the marketing of a product.

**GRAMMAR AND FUNCTIONS**

Expressing opinions  
 Disagreeing  
 Comparing

**VOCABULARY**

*market share, breakdown, cost of production, marketing and distribution, administration, admin, a decline, a growing market, to exploit (an opportunity), publicise, a classic brand, to promote an image, established, an attractive option, economies, to free up (money)*

**PREPARATION**

Make one copy of the worksheet for each student in the class.

**TIME**

15-20 minutes

**PROCEDURE**

1 Tell the students that they are going to act out a meeting. Set up the situation. Put the following table on the board, explaining it as you go as in the example. The students don't need to copy the table.

	Caprice	Oakland Farm	Kruuk-Lois
Established	100 yrs ago	2 yrs ago	5 yrs ago
Market share	Falling	Rising	Rising
Key advertising images	Chocolate	Farms, rain forests, community	Money, beautiful people

*Caprice, a 100-year-old company, produces high-quality Belgian chocolate. They are losing market share to two new competitors. Oakland Farm started two years ago with a heavily promoted policy of using natural ingredients only and an eco-friendly image. Kruuk-Lois started five years ago and have promoted to adults. They spend a lot on advertising (beautiful people, adult situations) and are very expensive.*

- 2 Ask the students to work in groups of three or four and give out the worksheets.
- 3 Allow time for reading. Ask the students to list the words in the report which nobody in the group knows.
- 4 Elicit or give definitions and examples to explain the words.
- 5 Tell the students that they are going to hold a meeting to discuss the advantages and disadvantages of the four suggestions and see if they can think of any other possibilities.
- 6 Appoint a chair in each group and ask the chairs to open the meetings.
- 7 When most groups have finished, regroup the students. Make new groups including students from several different groups to compare ideas.
- 8 When the second stage of the discussion is finished, bring the students together as a class and ask for a few comments on Caprice's situation and the options.

**FOLLOW-UP**

If appropriate, ask the students to talk about different images which are or could be used to sell their products or their competitors' products.