

Unit 17

Case Study: The KitKat

The KitKat was launched as Rowntree's Chocolate Crisp in 1935 and renamed KitKat in 1937. The following year it was the company's most popular product. It first became a national favourite in the war years of the 1940s, when the government endorsed it as a healthy, cheap food. Ever since it has been the most popular chocolate bar in the UK. It was one of the main reasons behind the takeover of Rowntree by Nestlé in 1989. It maintained its supremacy even when faced with competition from Nestlé's own Smarties and Black Magic. According to the KitKat website, 47 bars are eaten every second in the UK and a year's production would stretch around the London Underground more than 350 times.

However, in 2003 sales fell by 5 per cent from nearly £123 million in 2002 to £116 million by the end of 2003. 'Saying the business is in crisis is extreme', argued a consumer brands analyst at the time, 'but maintaining its position in the UK confectionery market is going to be a challenge. It's a cut-throat market.' There was concern that saturation point had been reached.

Nestlé fought back by introducing a number of variants to the KitKat market as from 2004. These included an orange and mint flavour, a lemon and yoghurt flavour and a Halloween variant, Blood Orange. In addition, in 2005 a caramac KitKat was launched and the KitKat Dark has now established itself as a permanent addition to the KitKat range. Both the two and four finger versions of the KitKat have remained popular and they have been joined by the KitKat Chunky as mainstays of the KitKat product range.

There are many different variants upon the KitKat theme in those countries where the product remains popular. In Malaysia there is a hot weather version that is less likely to melt in the heat and in Japan a range of flavours, including green tea, passion fruit and lemon cheesecake, have been introduced. Japanese school children regard the KitKat as a lucky charm for exams and tests and take them into school on test days.

In England, health scares regarding childhood obesity have led to a school ban on vending machines selling crisps, chocolate and fizzy drinks as part of what has been termed the 'great KitKat clampdown'. These and other health moves have seen food manufacturers such as Nestlé criticized for encouraging youngsters to eat what are seen as unhealthy foods. Health campaigners have also singled out the KitKat



chunky for particular criticism.

Source: adapted from *The Guardian* 10.9.2007, *The Independent*, 15.2.2004; www.nestle.co.uk and www.news.bbc.co.uk

- Using information from the article, draw and label the product life cycle for KitKat. (3 marks)
- Identify significant periods in the product life cycle of KitKat using examples from the article. (6 marks)
- Using information from the article, explain the product extension strategies used by Nestlé in relation to the KitKat. (8 marks)
- Discuss how changes made in the future might affect the product life cycle of KitKat. (8 marks)