

5. RECOVERY STRATEGY PAYS OFF FOR THORNTONS

It's chocolate season - Valentine's Day, Mother's Day, and Easter are all in close succession, and Thorntons has been innovating on products to lure chocolate lovers into its stores. Thorntons Moments, described as a family treat, are just hitting the shops shelves this week. Further work is also under way on design and layout, and the new look will be trialled at 10 stores this summer.

Mike Davies, the chief executive, joined Thorntons from Mars in October 2006, pledging to revive the fortunes of the company which began as a single shop in Sheffield in 1911. His recovery strategy appears to be paying off.

Yesterday, Thorntons reported a 14% jump in half-year profits as it notched its fifth successive quarter of sales growth. Revenues rose 13.9% to £126.7m in the 28 weeks to 12 January while profits increased to £11.9m from £10.5m. Thorntons trades from 378 owned stores and 252 franchises and its products are also available through supply deals with major supermarkets and retailers. Its website and catalogue service, Thorntons Direct is also making steady progress, enjoying revenue growth of 25.6% to £5.3m in the period.

Cliff Feltham, The Independent, 21 February 2008

(a) Outline **two** economies of scale that Thorntons will benefit from if it continues to be successful. [4]

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