

1. Study the information below and then answer the questions that follow.

Chewing gum wars in the UK market

Chewing gum is at the centre of a retail battle between Wrigley, the dominant player in the UK market for decades, and Cadbury Schweppes, the world's biggest confectionery company. Six years ago, Cadbury bought an American gum company called Adams. The attraction to Cadbury was that global gum sales were growing at three times the rate of chocolate, and sales forecasters indicated that this trend was likely to continue. One of the products in the Adams' portfolio – Trident – had grown by 20% in 2005. Cadbury's own market **forecasting** suggests that such growth could happen in the UK gum market, where minimal innovation had taken place for many years.

With 'Trident Splash' (a flavoured, liquid-centre pellet gum) and 'Trident Soft' (a soft-chew gum with longer-lasting flavour) Cadbury had two highly innovative products. Following extensive **qualitative market research** in the UK, the brand was launched and they appeared on newsagents' shelves alongside the 32 gum products sold by Wrigley. The launch was accompanied by a **£10 million multi-media advertising campaign** calling upon consumers to 'join the gum revolution'.

The launch has proved to be a great success with in-roads being made into Wrigley's dominant market position. Wrigley has responded to the threat of Trident by setting up a research programme under the title of 'The Wrigley Science Institute', looking to promote the health benefits of its chewing gum products.

Total value of UK gum market in 2006 = £250 million

Percentage Market Share

Wrigley	86.3%
Cadbury	12.5%
Others	1.2%

The growth of global gum is being fuelled by innovation, product quality and new formats, flavourings and packaging. The focus on innovation has broadened chewing gum's appeal to consumers, especially adults.
(*Jim Cali – Cadbury's Director of Global Gum*)

- (a) Calculate the value of Cadbury's share of the chewing gum market in the UK in 2006. [2]
- (b) (i) What is qualitative market research? [2]
- (ii) Explain **one** benefit and **one** drawback of using qualitative market research. [4]
- (c) Explain why accurate sales forecasting is important to firms such as Cadbury Schweppes and Wrigley. [4]
- (d) Consider the view that Cadbury Schweppes' £10 million multi-media advertising campaign is the most important element of its marketing mix in the 'chewing gum war' with Wrigley. [8]