

In becoming Britain's largest cocoa manufacturer in the latter part of the nineteenth-century, Cadbury demonstrates the value that can flow from turning one's own particular brand benefit into the unit of currency of the entire category. The superior product quality of the Cadbury Cocoa Essence brand, forcefully expressed for over forty years via the advertising punch-line of 'Absolutely Pure, Therefore Best', lay at the heart of their success.

Even though both Fry and Rowntree were to follow Cadbury in launching high-quality cocoas, it did not give either of them a stake in owning the benefit of purity. The Cadbury brand was 100% pure – it could not be trumped. While the expansion of the market meant both Cadbury's key competitors were still growing in volume, they were in fact becoming progressively weaker as brands in relation to Cadbury. The more Cadbury stood for product purity and made it important in people's minds, the more Fry and Rowntree seemed insipid and irrelevant. With a single-minded focus, brands can raise the profile of their particular USP into being of significance across the industry, as Volvo demonstrated with the concept of safety.

But nothing lasts forever, and Cadbury were somewhat fortunate that it took forty years for a new category-leading benefit to emerge, that of superior taste and texture. While sales of Cadbury's Cocoa Essence in the early years of the twentieth-century were beginning to suffer at the expense of the superior-tasting Van Houten brand, the fall had hardly been calamitous with two years of 5% declines. But Cadbury saw it as a turning point when many would have seen just a blip.

It is to Cadbury's credit and benefit that they responded so quickly to this new turn of events by sidelining their biggest brand, Cadbury's Cocoa Essence, with the launch of Bournville Cocoa, which was formulated to match the Van Houten product. Van Houten's success in sales terms was not being matched by their grasping ownership of the taste benefit. They hardly advertised at all and retailers resented having to stock them. So the opportunity was still there to follow Van Houten in product terms but to lead them in claiming ownership of the taste benefit, which Cadbury duly did with Bournville Cocoa. Only five years later, Bournville was Cadbury's biggest brand and sales of Cocoa Essence had declined by half.

But it had seemed a hugely risky move. The secret to Van Houten's better product was addition of an alkali to the cocoa. This went against everything Cadbury had stood for with product purity – Bournville Cocoa could not claim to be 100% pure. But what had changed in the market was the definition of quality, from purity to taste, so to keep the Cadbury name anchored to the idea of purity by soldiering on with the Cocoa Essence brand would have almost certainly seen the company slip into obscurity. The current demise of the American car industry at the hands of Toyota shows what can happen when companies stay wedded to market drivers that have been overtaken in the consumers' minds.

This kind of shift in a category's key benefit is not uncommon today, and is arguably more common due to the information super-highway, but how many Marketing VP's would be bold enough to jettison their biggest brand on which rested not just the profits but the entire reputation of the company?

Cadbury triumphed during this seismic change to their category through the convergence of several key management attributes:

- Their strong external radar.
- A willingness to change direction, even at the expense of existing products.
- Speed of decision-making.
- A commitment to produce better products, backed up by appropriate resource.
- Strong promotional and advertising skills, particularly in building up the Cadbury name.

With these attributes, Cadbury had the flexibility to keep abreast of the changing trends.

It is also significant Cadbury's triumph did not rest on a highly productive innovation pipeline. For the first eighty years of their existence, Cadbury contributed little to the innovations that would drive the industry, demonstrating that product innovation was not, and is not, a necessary component for success.

Microsoft invented very little of their product range, yet became the dominant force in their industry. The product that made the company, the operating system MS-DOS, was acquired for the princely sum of \$50,000 from its original author, Tim Paterson, who understood that invention and exploitation are two distinct skill-sets, "*It was a good deal as far as I'm concerned. DOS became big only because of Microsoft's muscle.*"¹

Today, at a time when many business plans rely on unspecified 'breakthrough' innovations to achieve their growth targets, it can be questioned if that is the right focus. Having the right management attributes in place is far more important.

¹ Tim Paterson, "The Dross of DOS", <http://www.forbes.com/asap/1997/1201/070.html>; Accessed December 18th, 2005

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