

## Markets

### Dairy Milk enjoys prolonged purple patch

*Cadbury's Dairy Milk* has cemented its status as the UK's second largest grocery brand, in a clear indication that the weathered the storm following this summer's salmonella scare.

With a brand value of £524m (€775m), the iconic chocolate bar is headed only by *Coca-Cola* in the list of the UK's 100 most valuable grocery brands, as calculated by brand valuation consultancy *Intangible Business*. *Wrigley's Extra* chewing gum rates as the second most valuable confectionery brand at number 25 while confectionery staples *Galaxy*, *KitKat* and *Maltesers* also feature in the top 50.

According to *Intangible Business*, sales of *Cadbury Dairy Milk* have grown 13% annually since 2003 making it the UK's biggest selling chocolate brand. It notes that the product enjoys a strong brand heritage; an asset which helped it emerge from the salmonella scare with its reputation intact.

"Dairy Milk has been around for more than 100 years and is deeply embedded in the national culture," explained William Grobel, marketing director at *Intangible Business*.

Furthermore, *Cadbury's* regular tweaking of the packaging design ensures *Dairy Milk's* contemporary and familiar feel, while product innovation, such as new flavour variants and product sizes, broadens the brand's appeal.

Of its big-name rivals, Grobel earmarked *Galaxy* as the brand most likely to close the gap on *Dairy Milk* at the top of the pile. He also cited *KitKat* as a brand with a degree of unrealised potential. "For a number of years *KitKat* pursued a brand extension strategy which didn't really work. If it can re-strengthen and remain loyal to its core offering it can maybe challenge *Dairy Milk* again."

Confectionery is the second largest sector of the UK grocery market with a cumulative brand value of £1.6bn. It also boasts 16 of the top 100 grocery brands, the most achieved by any single category.

Of the major brand owners, *Mars* holds the most valuable collection of confectionery brands with ten lines in the top 100, worth a combined £1bn. *Cadbury Schweppes'* five most lucrative brands are collectively worth £806m placing it marginally ahead of rival *Nestlé* whose six top 100 brands total £801m in value.

The study observes that the majority of the confectionery brands making the top 100 have been around for generations and are owned by multinationals, making it tough for new brands to enter the market. William Grobel claims that while there are opportunities for new brands to make significant headway in the market, as long as they lack the financial clout of a multinational behind them, they will always struggle to reach the scale of established rivals.

Nevertheless, brands that make great waves in their infancy can make themselves ripe targets for acquisition. Grobel cites the example of *Green & Black's* as a brand that has gone from strength to strength since it was bought by *Cadbury Schweppes* in May 2005.

UKs most valuable confectionery brands 2006

Rank	Brand	Brand Value 2006 £m
1	Cadbury Dairy Milk	523.8
2	Wrigley Extra	154.6
3	KitKat	119.3
4	Galaxy	118.9
5	Maltesers	107.1
6	Aero	62.1
7	Mars	62.0
8	Cadbury Flake	61.0
9	Cadbury Roses	60.2
10	Twix	58.5
11	Quality Street	58.5
12	Haribo Gums and Jellies	52.1
13	Magnum Ice Cream	48.3
14	Snickers	44.0
15	Celebrations	40.7
16	Bassetts Confectionery	35.1

Source: *Intangible Business*

In the biscuits and snacks category, only *Mr Kipling Cakes*, *McVitie's Cakes* and *McVitie's Chocolate Digestives* managed to infiltrate the chart as crisp brands came to the fore. Despite being valued at £70.3m, the study claims that *Mr Kipling* is in danger of losing some of its lustre as it struggles to disassociate itself from the past. Nevertheless, almost 130m packs of *Mr Kipling* cakes are sold every year and they are eaten in 50% of UK households.

An overview of the top 100 chart shows that food provenance is becoming increasingly important as retailers attempt to reduce food miles and strengthen a brand's values and heritage. Another notable trend is the increased popularity of organic and fair-trade foods, which has prompted many companies to launch organic and fair-trade brands in a bid to highlight their ethical credentials.