

Reese's Cup

January 2009-December 2009

MEDIA PLAN



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Situation Analysis

Product Evaluation:

Reese's Cups is a brand of Hershey's Company. Hershey's is the largest producer of chocolate in the U.S. Hershey's sells confectionary goods in all U.S states and in 90 other countries. Reese's Cup is the # 1 ranked confectionary in the nation. It offers a variety of 11 different products all with their own individual and unique taste.



Target Market:

Demographics:

- Age: 12-17 with a secondary market of 35-44
- Sex: Male and Female
- Income: Average HHI of \$30,000-\$39,999 Race: White
- Marital Status: Not Married
- Education: No college
- Region: South with a secondary of Midwest
- Occupation: Other Employed with a secondary of Sales and Office Occupations

Consumer profile:

Consumers of Reese's watch TV and read magazines often. Family values are important to them. They are outgoing and enjoy the outdoors and traveling. The secondary market is concerned with world issues and what is going on around them. They enjoy learning new things and shopping online.

Sales History:

2008- Hershey's company sales were \$1.11 billion as of this year's second quarter. This is an increase of 1.3 %. Hershey Company is ranked 431 on the Fortune 500 list. (By the end of the year, sales are expected to rise 3-4 percent).

2007- Hershey's company reported \$4.9 billion in sales. Earnings reached about 2 million. This was an increase of 3.7% from the previous year.

Product Distribution:

The Hershey Company produces and manufactures more than 50 products. To do this the company has about 13,700 employees and exports confectionaries to more than 90 countries.

Its products are also produced by various third parties and sold to wholesale distributors, grocery stores, mass merchandisers, vending companies, convenience stores, full-time representatives for concessions, and food brokers.

Not only does Hershey produce confectionaries in the U.S. and Canada, but it recently also started manufacturing in Monterrey, Mexico to decrease production costs.

There are five distributors in Oklahoma—located in Tulsa, Shawnee, Norman and two in Oklahoma City. These include Sysco Food Services of Spokane, Deli Design and Aroostook Foods, Inc.

SWOT :

Strengths of Reese's Cup include their highly recognizable characteristics and brand features. The Reese's brand includes a variety of different flavors and products all with the brand specific peanut butter flavor, distinctive orange packaging. The brand also displays a wide variety of sizes including standard, king, big cup, and snack size. The company has the capabilities of mass distribution of their product across the U.S. and the world. Reese's is involved in many promotional programs. Strength of the Reese's brand is their ability to reasonably price their product for consumers and sell in a number of different markets.

Weaknesses of Hershey's Company have some weaknesses

concerning its Reese's brand. One major weakness is Reese's lack of a racially diversified consumer base. Reese's target audience and repeat consumers are mainly Caucasians. Reese's does not control a large amount of consumers from the African American or Asian markets, for example. These groups of people could substantially benefit the Reese's brand if more advertising and marketing efforts were targeted towards them.

Opportunities for the brand included targeting more specific ethnic races such as Black/ African Americans who are the secondary consumers of Reese's Cups. Targeting specific regions and even expanding more into other countries would be beneficial. Expanding the product line to introduce new products and adding new promotional programs will benefit the brand. Hershey's Company has created partnerships with companies such as Baskin-Robbins and Starbucks allowing the use of Hershey's top brand Reese's to be used with ice cream and made into Starbucks drinks.

Threats include a high amount of competition in the candy and chocolate industry. Newer and innovative chocolates and candies are being introduced to markets from different companies. These companies are also including healthier choices with the candies. The product has been around for a long time, so it is with the mature stages. It isn't a new and exciting product. Health is a large factor that affects the sales and consumer buying of Reese's. Health awareness is continuously stressed in the U.S. because of rising obesity rates. Another threat is consumer allergies especially to peanuts and peanut products. An increase in costs of raw material for the products is also a threat to the brand and products.

Competitive Analysis:

Reese's Cup is the # 1 Rated brand in the nation. Hershey's Company, which Reese's brand is under, is ranked 4th after these three companies below. Reese's primary selling region is the South.

Mars, Inc is privately owned and is based out of Mclean, VA. They manufacture snack foods, drinks, and pet food products. They are the top ranked company in the confectionary industry. They have the 2nd leading product-M&M milk chocolates. The company has locations and sells to over 66 countries. They sell mostly in the South and Midwest. Mars reported revenues of about 8.5 million for 2007.

Nestle company is based out of Switzerland and is the leader in terms of food and beverages in the world. It is the 2nd rated seller between these four companies. They primarily sell in the South. They have revenues of about 8.1 million for 2007.

Cadbury is a company based out of London and is the largest company in terms of market share but are ranked 3rd between the three companies above. The company gains most of its profits from the northern regions. Cadbury reported revenues of about 3.7 million for 2007.

Advertising History:

From 1968-2005, Hershey advertising was done by Ogilvy & Mather. In the past few years, Hershey has made some changes involving their advertising. For example, in September of 2005, the company changed its advertising agency to Arnold Worldwide to capitalize on the markets' media trends.

The company plans to increase its advertising spending by 20 percent each of the next 2 years to bolster sales. The Reese's brand already has a 99 percent awareness level by men, women, teens, and children.

Current advertising efforts are targeted to the older segment because this market has more spending power. To target this group better, the Hershey Company will concentrate on its most popular brands like Reese's. Advertising media will include television, internet, radio, and outdoor. Hershey's has also partnered with other companies to develop new products. Some products include Baskin-Robins Reese's ice cream and Starbucks chocolate.

Marketing Goals

1. To increase Reese's Peanut Butter Cup sales by 3 percent in the Northeast region by the end of the 2009 fiscal year.

- a. This goal can be achieved by taking sales from competitors such as Cadbury in the Northeast region and focus advertisements to people from that area, including regional customs and lifestyles.

- According to the 2007 Product MRI, Reese's top competitor in the Northeast region is Cadbury. Reese's lowest regional sales are within the Northeast region of the United States. Sales in the Northeast region reach 41,471,000. The brand's highest sales amount is in the South. The total for the South is 80,478,000. This is almost twice the amount of the sales in the Northeast region. This is why we want to increase product sales of this region.

2. To increase product penetration of Reese's Peanut Butter Cups by 3 percent among the Black/African American group by the end of the 2009 fiscal year.

- a. To achieve this goal, the Hershey Company should shift its brand positioning from a mainly Caucasian market to an African American/Black focus. This can be accomplished by producing specialized advertisements geared toward this minority group to increase Reese's consumer purchases.

-According to the 2007 Product MRI Reese's Peanut Butter Cup research, there were 25,406,000 African American/Black consumers who bought Reese's in the last six months. They are the second-highest consumer group among overall Reese's sales.

3. To increase the Hershey Company's total revenue by 2 percent.
 - a. Increasing sales by existing heavy users in the first and second quarters will achieve this marketing goal.
 - b. This goal can also be attained by marketing to existing customers to make repeat purchases and therefore, increase the amount of heavy users in the Reese's consumer base.

-According to Hoover's report, Hershey's total revenue for the 2007 fiscal year was \$4,946.7 million. Hershey's revenue from 2006 to 2007, there was a slight increase; however, it conversely affected net income for the 2007 fiscal year. According to the Hershey's Annual Report, highest consumer sales are during the third and fourth quarters.

Media Objectives

- ***Target Audience:***

Advertising should be directed toward males and females aged 35-44 in middle-income groups. Advertising should also be targeted to African Americans to increase sales among this group.

- ***Geographic Coverage:***

Provide national coverage to increase Hershey's total revenue, placing an emphasis in prominent cities. These cities include Philadelphia, Chicago, and New York City.

- ***Seasonality:***

Advertising will be increased during the first and second quarter months of January through June, especially around Valentine's Day and Easter, incorporating the pulsing media strategy.

- ***Reach/Frequency:***

The Reese's brand is an inexpensive good; therefore, consumers should be reminded to purchase the product more frequently as a way to emphasize sales. Specifically, Reese's should reach at least 60 percent of its total audience and increase frequency during the first and second quarters.

- ***Creative Implications:***

Reese's has no creative implications because the brand's products are so well known and have stayed consistent over time. Reese's brand and product image does not require visual support.

- ***Promotion Support:***

We will promote before major holidays, Reese's will focus on advertising during 1st two quarters where sales are low. Holidays will include Valentine's Day and Easter. Promotions will include seasonal packaging and coupons available on Reese's Web site and other sites, including using newspaper freestanding inserts.

Media Strategies

- **Target Audience:**

To reach the target audience of African American male and female consumers between the ages of 35-44, television would be the most efficient way to advertise the brand to the consumer.

- **Geographic Coverage:**

Reese's should continue to advertise in national and local media. To achieve marketing objectives, Reese's should "heavy-up" in three prominent cities. Locations of interest would target metropolises in the top ten African American markets such as New York City, Chicago and Philadelphia. These cities are ranked number 1, 2, and 5, respectively. Media involved in relaying the message on the national scale includes television and Internet, and on the local scale newspapers and outdoor boards.

- **Seasonality:**

Seasonality will play a large role in achieving marketing goals. Reese's will take advantage and emphasize the holiday seasons in the first and second quarters to bolster sales. Holidays emphasized through advertising in the first half of the year include Valentine's Day and Easter. During these times, Reese's should advertise with cable television, outdoor, newspapers, and Internet. Reese's should continue to promote sales during the third and fourth quarter season holidays.

- **Reach/Frequency:**

To achieve media objectives, Internet advertising will be used to increase frequency during the Valentine's and Easter holidays. In outdoor, reach will be at least 80 percent in New York City, Philadelphia and Chicago. Television reach should be at least 60 percent for daytime programming and 80 percent for primetime.

- **Creative Implications:**

Because Reese's does not have any creative implications newspaper can be used to increase sales. Newspaper will help reinforce consumers to make repeat purchases by implementing

advertising through freestanding inserts and detachable coupons, while at the same time informing consumers of Reese's variety of products.

- ***Promotion Support:***

The brands' promotional efforts will be best implemented using the Internet, cable television, outdoor, and newspaper. Since promotional plans include placing coupons on Web sites, including networking sites, the Internet will be the most accurate way to reach consumers.

Media Budget:

- \$25,000,000

Media Advantages:

- Outdoor
 - It has geographic flexibility and positioning in order to 'heavy-up' the Northeast region and Chicago.
 - It is the lowest cost per exposure to reach specific areas.
- Cable TV
 - It is the least expensive medium in television, which creates higher frequency.
 - It makes enable to target specific areas to increase sales.
- Newspaper
 - It has higher visibility than daily newspapers to increase repeat purchasers.
 - FSI can be placed in targeted areas to increase sales.
- Internet
 - It can control frequency to remind customers to purchase and increase sales in targeted regions.
 - It is beneficial to provide detailed information for the target audience.

Media Tactics

Outdoor:

When

- First two quarters of 2009- January - June

Where (DMAs)

- New York City- 22 Faces 1st quarter/ 20 Faces 2nd quarter
- Philadelphia- 14 Faces- both quarters
- Chicago- 34 Faces both quarters

Size (*Rotary Bulletin*)

- Height: 14' /Width: 48'

Why

- Bulletins that rotate have the ability to deliver the same message at multiple locations and also will create a high frequency at each location that is placed at. Reach should be increase from the continuous location rotation throughout the six month period. We hope that the increased frequency and reach during the first two quarters will help to increase their quarterly sales. We hope to reach our target audience more effectively with the type and amount of advertising we are doing

GRPs

- New York City- 570 (300-1st quarter/ 170-2nd quarter)
 - Philadelphia-600 (300 per quarter)
 - Chicago-600 (300 per quarter)
- Total 1770 GRPs for a year

Costs

- New York- 4 wk rate 100 GRP= \$429,440 & GRP 90=\$390,800
- Chicago- 4 wk rate 100 GRP=\$98,000
- Philadelphia- 4 wk rate 100 GRP =\$244,800
- Total= \$9,035,040

- **Cable TV:**

When

- Daytime (Early AM): December 4 to December 25
- Prime Time: January 15 to February 13 for the Valentine Day
- Prime Time: March 19 to April 9 for the Easter Day.

Where (DMAs)

- New York City
- Philadelphia
- Chicago

GRPs

- 100 GRPs for a week
- Total 1200 GRPs for a year

Costs

- Daytime: \$1,632,000
- Prime Time: \$8,378,400
- Total \$ 10,010,400

Networks

- CBS (most watched among African-Americans)
- Nickelodeon (for the secondary target market, 12-17 years old)

Examples of Programs

- New York City
 - Prime Time
 - The Grammy Nominations Concert Live (CBS)
 - SpongeBob SquarePants (NIK)
 - Daytime (Early AM)
 - The Early Show (CBS)
 - The Fairly OddParents (NIK)
- Philadelphia
 - Prime Time
 - The Grammy Nominations Concert Live (CBS)
 - SpongeBob SquarePants (NIK)
 - Daytime (Early AM)
 - The Early Show (CBS)
 - The Fairly OddParents (NIK)

- Chicago
 - Prime Time
 - The Grammy Nominations Concert Live (CBS)
 - SpongeBob SquarePants (NIK)
 - Daytime (Early AM)
 - The Early Show (CBS)
 - Back at the Barnyard (NIK)

Newspaper:

New York City- New York Times

- Circulation-771,619

Type

- Free standing Insert Sunday edition =\$118.00 per issue
- The inserts will be 2-4 pages in length
- Weekly volume will be 75,000

When

- The FSI's will be place in the Sunday edition of the NY times biweekly With an increased frequency during the 1st and 4th quarters to reach our target audience during 4 large holidays: Valentine's Day, Easter, Halloween, and Christmas.

Philadelphia- Philadelphia Inquirer

Circulation- 710,190

Type

- Free standing Insert Sunday edition =\$100.00 per issue
- The inserts will be 2-4 pages in length

When

- The FSI's will be place in the Sunday edition of the NY times biweekly With an increased frequency during the 1st and 4th quarters to reach our target audience during 4 large holidays: Valentine's Day, Easter, Halloween, and Christmas.

Why Newspaper FSI

- The inserts will help Reese's advertise special holiday coupons and promotions as well as reach out more specifically to our target audience in specific DMA's.

Internet:

When

- We will advertise throughout the 2009 year but will increase frequency in the first two quarters of 2009- January - June

Where

- NBA.com
- Black Planet.com
- Afro Philly.com

Ad Sizes

NBA.com

- Tower (120 x 600)
- Super Tower (160 x 600)
- Island (468 x 60)

Black Planet.com

- Leaderboard (728 x 90)
- Rectangle (180 x 500)

AfroPhilly.com

- Banner Rotator (728 x 90)

When

NBA.com

- We will advertise on this Web site throughout the year 2009. 1st, 2nd, and 3rd quarters will be the heaviest quarters for NBA.com especially during basketball season and holidays

Black Planet.com

- The 1st and 4th quarter are when most advertisements will be place on this site

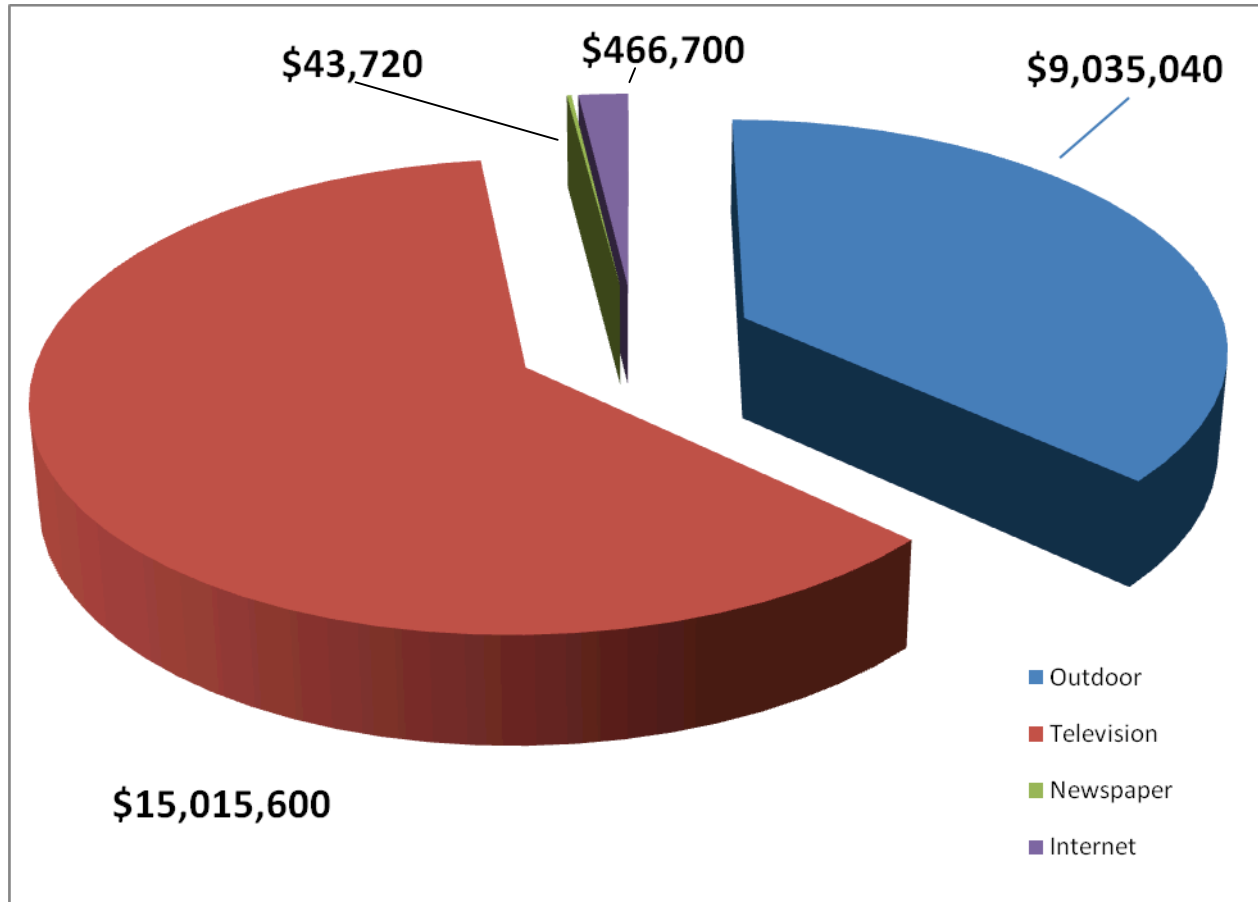
AfroPhilly.com

- Two banner rotators be bought per every month throughout the 2009 year

Costs

- Black Planet.com Letter board Rate- \$7,200/per month
- Black Planet.com Rectangles Rate-\$5,400/per month
- AfroPhilly.com- Banner Rotator \$100/per month
- NBA.com Super tower Rate- \$5,100
- NBA.com Island Rate- \$5,100
- NBA.com Tower Rate- \$5,100

Media scheduling and cost



Plan Performance

Combined GRPs

National

Internet: 535 GRPs

Television: 1800 GRPS

New York

Outdoor: 570 GRPs

Newspaper: 140 GRPs

Chicago

Outdoor: 600 GRPs

Philadelphia

Internet: 1342 GRPs

Outdoor: 600 GRPs

Newspaper: 272 GRPs

Combined Reach: 1.7

Cost:

Cost by DMA

National \$15,382,800

New York \$4,937,960

Chicago \$1,176,000

Philadelphia \$2,939,900

Cost by Medium

Total Outdoor \$9,035,040

Total Newspaper\$43,720

Total Television \$15,015,600

Total Internet \$466,700

Summary

Reese's Cup is the # 1 ranked confectionary good in the nation. The Reese's brand already has a 99 percent awareness level by men, women, teens, and children.

Reese's Cups is a brand of Hershey's Company. Hershey's is the largest producer of chocolate in the U.S. Hershey's sells confectionary goods in all U.S states and in 90 other

countries and has the capabilities of mass distribution of their product.

Reese's Target Audience is people aged 12-17 with a secondary market of 35-44. Consumers of Reese's watch TV, shop online, go outdoors, and travel often. The secondary market is concerned with world issues and what is going on around them. Therefore, media chosen to present Reese's message most effectively is TV, Internet, Outdoor, and newspaper, which will achieve the marketing goals.

Current advertising efforts are targeted to the older segment because this market has more spending power. To target this group better, the Hershey Company will concentrate on its most popular brands like Reese's. Advertising media will include television, internet, radio, and outdoor.

One major weakness is Reese's lack of a racially diversified consumer base. Reese's also has lower sales during the first and second quarter. Furthermore, Reese's has lower sales in the Northeast region. Reese's consumers tend to be Caucasian. Few advertising efforts are devoted to Reese's second largest consumer group, Black/African Americans. Marketing goals reflect upon these weaknesses and areas for improvement.

Total GRPs are as follows, advertising in New York City, Philadelphia, and Chicago: Internet: 1206, Television: 1800, Outdoor: 1770, and Newspaper: 412. The Reese's media plan's total spending was \$24,558,760. This was well within the \$25,000,000 budget.

Appendix

Cost Calculations:

Outdoor

New York (\$429,440 * 6 mths) = \$ 2,576,640 & (\$390,800*6)
=\$2,344,800 +\$ 2,576,640= \$4,921,440

Chicago (\$98,000* 6 mths) = \$588,000*2 quarters= \$1,176,000

Philadelphia- (\$244,800 * 6 mths) = \$ 1,468,800* 2 quarters=
\$2,937,600

Total Outdoor= \$9,035,040

Internet

Black Planet.com: Leader board (100,000*5/14,174,000)= .4*5
4x5=20 GRP (\$7,200 rate x 5)= \$36,000*4= \$144,000

Black Planet.com: Rectangle (100,000 * 7/14,174,000)=.5 5x7=35
GRP (\$5,400*7) = \$37,800*3=\$113,400

(100,000 * 5/14,174,000)=4 4*5=20 GRP (\$5,400*5)= \$27,000

\$27,000+ \$113,400= \$140,400

NBA.com Super Tower (100,000 * 5/14,174,000)=.4 4x5=20 GRP
(\$5,100*5) =\$25,500*4= \$102,000

NBA.com Island (100,000 * 7/14,174,000)=.5 5x7=35 GRP
(\$5,100*7) =\$35,700*3= \$107,100

(100,000 * 5/14,174,000)=.4 4x5=20 GRP (\$5,100*5) =\$25,500

\$25,500+ \$102,000=\$132,600

NBA.com Tower (100,000 * 7/14,174,000)=.5 5x7=35 GRP
(\$5,100*7) =\$35,700*3= \$107,100

$(100,000 * 5 / 14,174,000) = .4$ $4 \times 5 = 20$ GRP $(\$5,100 * 5) = \$25,500$
 $\$25,500 + \$102,000 = \$132,600$

Afrophilly.com Banner Rotator

$(100,000 * 6 / 904,410) = .66$ $6 \times 6 = 36$ GRP $(\$100 * 6) = \$600 * 3 =$
 $\$1,800$

$(100,000 * 5 / 904,410) = .55$ $5 \times 6 = 30$ GRP $(\$100 * 5) = \500
 $= \$500 + \$1,800 = \$2,300$

Total Internet=\$466,700

Television

Cable Daytime- $4,080 * 600 = 2,448,000$

Cable Primetime- $10,473 * 600 = 6,283,800 * 2 = 12,567,600$

Total Television= \$15,015,600

Newspaper

New York Times- $771,619 \text{ circ} * 2 / 3,265,965 \text{ universe} = 5$

$(5 * 8) = 40 * \$118 \text{ rate} = \$4,720$ $(5 * 6) = 30 * \$118 \text{ rate} = \$3,540$

$(\$4,720 * 2 \text{ quarters}) = \$9,440 = (\$3,540 * 2 \text{ quarters}) = \$7,080 +$
 $\$9,440 = \$16,520$

Philadelphia Inquirer- $710,190 \text{ circ} * 1 / 904,410 \text{ universe} = 8$

$(8 * 10) = 80$, $(8 * 8) = 64$, $(8 * 6) = 48$, $(8 * 10) = 80$

$(80 * \$100) = \$8000 + (64 * 100) = \$6400 +$
 $(48 * 10) = \$4800 + (80 * 100) = \$8,000 = \$27,200$

Total Newspaper=\$43,720

Rates:

Outdoor

New York- 4 wk rate Rotary Bulletin GRP 100= \$429,440 & GRP 90=\$390,800

Chicago- 4 wk rate Rotary Bulletin GRP 100=\$98,000

Philadelphia- 4 wk rate Rotary Bulletin GRP 100=\$244,800

Internet

Black Planet.com Letter board Rate- \$7,200/per month

Black Planet.com Rectangles Rate-\$5,400/per month

AfroPhilly.com- Banner Rotator \$100/per month

NBA.com Super tower Rate- \$5,100

NBA.com Island Rate- \$5,100

NBA.com Tower Rate- \$5,100

Television

Cable Daytime- 4,080x600=Cost

Cable Primetime-10,473 x 600=Cost

Newspaper

New York Times- FSI Sunday edition =\$118.00

Philadelphia Inquirer- Preprint Insert 2-4 tab Sunday=\$100

Situational Analysis Source List:

1. www.hersheysvending.com
2. www.hersheys.com/vending/product/reesescups.shtml
3. www.hersheys.com/vending/infocenter/candyPick/View2.asp?regionID=65
4. www.hersheys.com/discover/history
5. www.adweek.com/aw/eseach/article_display.jsp?vnu_content_id=1600020
6. www.adweek.com/aw/eseach/article_display.jsp?vnu_content_id=2024003
7. www.reuters.com/article/rbssFoodProcessing/idUSN
8. www.thehersheycompany.com/news/release.asp?releaseID=762453
9. usatoday.printthis.clickability.com/pt/cpt?action=cpt&title=Hershey
10. www.marketwatch.com/tools/quotes/profile.asp?symb=HSY
11. sales.hersheyfoodservice.com/getproducts.cfm?action=results
12. www.adweek.com/aw/content_display/creative/new-campaigns/
13. www.hersheys.com/reeses/
14. www.thehersheycompany.com/ir/reports.asp
15. www.mriplus.com/cgi-bin/WebObjects/mriplus.woa/10/wo/h81bkFfvA20ML7LCVDzIzg/0.1
16. www.hoovers.com/hershey/
17. www.computerwire.com/companies/company/