

RESEARCH BACKGROUND AND SECONDARY DATA ANALYSIS

CTC Argosy, among others, is additionally the sole agent of Hollywood chewing gum in Cyprus. Hollywood, which during the 1980's was the leader in sales of all the imported chewing gums in Cyprus has not accomplished to maintain this leadership and became the No 4 gum in terms of market share in Cyprus market.

Our team strongly believes that marketing research is needed to find out what possibly might be the problem for this unlikable result. Company managers gave us some indications of what they believe the problem is. They consider that competitors have the advantage of producing a full line of gums and this is the major reason for their success.

However we will attempt to see the problem at a different perspective because sometimes, as the principle of iceberg is suggesting, the most dangerous part of the marketing problem is neither visible nor understood by managers (Text book p.p)
We want to provide marketing managers with information that will explain the real problem and not its symptoms. This will enable them to make the correct marketing movements.

MARKETING EVALUATION

The *SWOT* analysis for Hollywood chewing gum, which has been the result of data analysis provided to us by the marketing managers of CTC Argosy, is the following:

Strengths:

- Hollywood gum has been in the market for almost half a decade and this can work favorably in convincing people about the seriousness of the company.
- The agent of Hollywood in Cyprus which is CTC Argosy is one of the biggest trading companies in Cyprus having in it's portfolio of products a variety of well known international trade marks.
- The national deposit center of CTC Argosy, which is laid at a strategic place, near to the main highway, enables the company to provide immediate service to its customers nationally. It also saves time and consequently reduces the costs of distribution. Additionally the quality of service is better because the products are kept in a very healthy environment and therefore the customer receives products that are excellent in quality.

Weaknesses:

- Although Hollywood is participating in the four most important segments of the market (Sugar free, Sugar sweet, adult dragees and Adult sticks) it doesn't have the complete variety

of gum types that Stimorol and Orbit have. An extensive line of products should be the ultimate goal of the producer.

- The limited use of promotion and distribution techniques results in a further more negative image of Hollywood Gum. For example, there is typically no print and broadcast advertising or any distributing coupons. There are no sponsoring of activities or advertising on billboards. The main objective of marketing efforts should be the cost-effectively reaching of the target market, through advertising and marketing initiatives, on a regular, consistent basis.

Opportunities:

- It is estimated that the total sales of gum will increase during the next year. It is a fact that total gum sales in Cyprus during 2002 comparing to year 2001 have increased at about 13.5%. The figures speak themselves. The period is ideal and offers a lot of opportunities for market expansion and profit generation.
- Consumers these days are highly interested in getting all the benefits from the different products they consume and this includes also the consumption of gum. The new improved types of gums that are launched these days are associated with the health of teeth and mouth and therefore people perceive gum in a different and more positive way that they did few years ago.

Threats:

- Competition is very intense because the customer can choose among a great variety of products.
- Competitors are very strong and have managed to gain a considerable market share.
- Competitors offer a great variety of gums for the entire satisfaction of consumer needs. (Sugar free, Sugar sweet, adult sticks, Adult dragees, Adult tabs, Children gum)
- Competitor's products have a better position in the kiosks and supermarkets, which mean their distribution techniques, are better.
- Competition is using heavy promotional techniques. Their advertising plan is designed to reinforce their marketing message in as many ways as feasible. (From the web page of CTC argosy)

Definition of the problem

Hollywood chewing gum has lost a big portion of its Cyprus market share the last years. It has been the No 1 imported chewing gum for a long time and over the time it became No 4. The problem seems to derive from the following two causes.

- Competitors offer a larger variety of products. The solution to this problem of course depends on the production plans of the producing company and not on the agent (CTC Argosy). Of course it would be very constructive if the sole agent could influence the decisions of the producer but again this is very difficult to be achieved because Cyprus is very small market. We believe that due to this problem CTC Argosy feels that it cannot compete with the others and therefore does not make a lot of efforts with its promotional and distribution methods.
- Competition uses better promotion and distribution techniques. As we have mentioned previously, when describing the SWOT analysis of Hollywood gum, CTC Argosy is one of the biggest trading organizations in Cyprus and has the advantage of owning a very convenient national deposit center. It has access to a large number of distribution spots. This advantage should be used to promote Hollywood gum to as much as possible distributors (supermarkets, minimarkets and kiosks).

Hypotheses

- The above problem has been the result of not having adopted the proper promotional efforts
- Advertisement is very inadequate comparing to that of competitors
- Distributors are not properly approached neither encouraged to promote Hollywood gum.

RESEARCH OBJECTIVES AND RESEARCH METHODOLOGY

Research objectives

- To become aware of how advertising influences the buying decisions of consumers when it comes to decide for chewing gums.
- To find out if current promotional techniques are efficient and if not what should be used to attract the attention of consumers.
- To realize whether distributors are willing or not to promote Hollywood and how they would be motivated to promote Hollywood gum instead of the others.
- To understand which criterion is considered by the consumer when they buy chewing gums.

Research methodology

The research will be an examination of both, consumers and distributors perception of Hollywood gum.

- **It will consist two questionnaires.** The one will be addressed to consumers and the other one to distributors. The reason we have divided the survey into two groups is because we need to grasp the opinion of the ultimate consumer and at the same time understand the distributor's point of view.
- **Our population for the first questionnaire will be all the people who buy/use chewing gums.**

Operational definition of the above population is:

1. Who do we want to interview?

People whom they use/buy chewing gum.

2. What will be approximately their age?

We are interested in people that aged between 18 and 35 years old.

- **Our population for the second questionnaire will be those people whom distribute/sell chewing gum.**

Operational definition of this population is:

1. Who do we want to interview?

People that distribute or sell chewing gum.

2. In what type of distributors will we concentrate our efforts?

We will focus on kiosks and minimarkets.

- **In both cases the questionnaires will be personally administered because:**
 1. The response rate will be higher because we will be there to help in case of any problem.
 2. Since the first survey will be conducted mostly among students of the college, the use of a personally administered questionnaire will save us time and money because students are easy to be approached when they are at school.
 3. As far as concern the second survey which will be conducted among distributors, again the use of personally administered questionnaire is the most appropriate. Additionally a personal interview might be used in the case that respondents need additional explanation on the questions. Each member of the group will be responsible to contact two or three

distributors that are located near his/her neighborhood and with his/her personal advice will help the respondents to answer the questions.

- **We will use a non-probability sampling method and more specifically the convenience sample.** In the first case the respondents will be chosen randomly at the Cyprus College cafeteria place or in the classrooms. This questionnaire **will be given to 30 people.** As far as concern the second case, again the use of convenience sample is the most appropriate. Each member of the group will give the questionnaire to three distributors of his/her neighborhood. The possibility of getting answers back will be higher because respondents will feel uncomfortable not to respond. In this case we will administer 10 questionnaires.
- **The administration of questionnaire will be completed on the 19th of December** so as to have enough time to analyze it and present the results and their implications by the 9th of January, which is the due date for this project.

Questionnaire design

The **first questionnaire** will be divided into four groups of questions that are related to consumer buying habits for chewing gum.

- Demographics information
- General evaluation
- Taste and quality evaluation
- Distribution and promotion evaluation

The **first questionnaire** will include **18 questions that will be a combination of multiple-choice questions and open-ended questions.**

Multiple-choice questions are helpful for both the respondents and the researchers. For respondents is easier because they only need to choose among specific statements. The benefit for researchers is that they can limit the answers of respondents so as to continue within the scope of the research. Additionally multiple-choice questions are easier to be analyzed.

Although open-ended questions are more difficult to be analyzed on the other they enable respondents to give further explanation for their purchasing habits.

The **second questionnaire** will be **simpler and with fewer questions.** We will use a combination of open-ended questions and multiple-choice questions. Open-ended questions will be used mostly because we want to give the distributors the chance to express their ideas. We

might result getting answers that we didn't think about and this will be very constructive for our research.

PRETESTING PROCEDURES AND RESULTS

After we have prepared the first draft of the 2 questionnaires we gave them for pilot testing. **The first questionnaire was given to 10 people.** We have used a convenience sample again because the respondents could be approached more easily. The respondents were people who use and buy gum and were chosen among the students of the college. We focused on giving the questionnaire to friends and students with previous experience in questionnaire design so as to get a more expert advice. We came up with the following changes:

- In **part A**, we corrected the composition of both questions because initially they were not expressed as questions.
- In **part B**, in all the questions that had the choice “**other**” we add the phrase “**please specify**”. With this addition respondents are asked to be more specific and give us a more complete answer when choosing “other”.

Additionally in question 4 we add the phrase “please use the space below”.

- In **part C**, question 4 was unnecessary and therefore we deleted it from the questionnaire. Additionally, question 3 was rephrased because respondents could not understand if they were asked to comment on a specific gum brand or just on the flavor.
- In **part D** questions 1,2,3,4,and 5 were rephrased because of grammatical mistakes. Question 7 was changed completely. Instead of asking the respondents to say which gum brand they think is the **first in the market**, we decided to ask them for the **first three** gum brands in the market. This change was essential because we would be given the chance to know if respondents rank Hollywood gum among the three first in the market.

The second questionnaire was given to 4 people who sell or distribute chewing gums.

Convenience sample was used again because people we know could give us better advice of how to correct questions. The following changes have been made for the 2nd questionnaire:

- Question 2 was wrongly expressed because all the chewing gums are usually placed in front of the cash box. The question should aim to find out the order in which gums are placed. Is Hollywood gum more visible to customers than other gums are?
- In Question 4 “**Do customers usually demand a specific brand or do they go for the first they see**” we added a 3rd choice, which according to pilot testing was very important.

Customers sometimes ask to buy the new gum they saw in an advertisement recently. The 3rd choice will be “the **one they saw in an ad recently**”.

- We also added the following new question in the questionnaire: **Does Hollywood gum take new customers?** This addition was made because one of the respondents said that Hollywood gum is bought only from regular customers and not new ones. With this addition we can estimate if this observation is true or not.

Pilot testing was generally very helpful for the accomplishment of our project’s objectives. On the one hand it gave us the opportunity to improve our questionnaires by correcting or adding ideas and on the other hand it gave us a first taste of the kind of answers expected to get.

DATA COLLECTION, ANALYSIS AND MARKETINING IMPLICATIONS

Data Collection

Having made the necessary changes to the initial questionnaires we proceeded our research by giving the revised ones to the respondents. Data was collected and entered carefully into SPSS for analysis.

Analysis of data Of Consumers Questionnaire and Marketing implications

We had a 100% response rate in both cases. In the first questionnaire the demographics of the respondents were as follows:

- 80% of the respondents aged 18-25 and 20% aged 26-35 (table 1)
- 56.7% were females and 43.3% males (table 2)

General information about the purchasing habits of the respondents is the following:

- 16.7% of the respondents said they buy chewing gum everyday and 20% buy gum every two days. The notable aspect of this analysis is that that **33.4%** of people who buy gum in the above frequencies aged 18-25. **The most frequent users of chewing gum are young people between 18-25 (table 3).**
- 46.7% of the respondents answered they buy gum once a week. 10% of people who buy gum once a week is 26-35 years old (table 3).

A gum agent’s priority should be to secure his dominance among people aged 18-25 and then try to move towards people aged 26-35 to persuade them buy more often chewing gum. CTC Argosy should focus in promoting Hollywood in a way to gain the preference of young people. This could be accomplished through sponsoring young people’s activities and appear as the young people’s gum.

The respondents were asked to say what are the reasons for having a chewing gum. The most popular reasons were the following (Tables 4-8):

- Habit - 43.3%
- Healthy teeth – 33.3%
- Other reasons – 30%

The above results show that most of the people have gum because of habit but also because they care about the health of their teeth. Hollywood can satisfy both tendencies.

The respondents were also asked to say which gum they buy more often. Their preferences, which confirm the position of Hollywood in the Cyprus market, are the following (Tables 9-18):

1st – 50% said Stimorol

2nd – 26.7% said Orbit and V6

3rd – 20% buy more often Aquafresh

4th – 13.3% said they buy Hollywood and Elma more often

From the people who buy Hollywood, 7.7% answered that they buy Hollywood because of the taste, 3.8% said because it lasts more and 3.8% for the health of their teeth. (Table 19-25)

The conclusion of the above results is that people do not really have a good reason for buying Hollywood. **CTC Argosy should attempt to give an identity to Hollywood gum through advertisement to help the product being distinguished among the others.**

The last question, which dealt with the general evaluation of a chewing gum, asked the respondents which packages of chewing gum they prefer. Table 26 shows that 76.7% prefer dragges and 20 % sticks. Of course Hollywood offers both packages and therefore can satisfy all the needs of people.

Analysis for distribution and promotion evaluation is the following.

In first question people were asked which gum brands they see more often at the shops. We had the following answers: 63.3% - Stimorol, 46.7% - V6, 43.3% - Orbit, 20% - Aquafresh, 16.7% - Hollywood, 13.3% - Elma and 13.3% - Wringleys. These are the results from the consumers' observations. **The fact that only 16.7% of consumers see more often Hollywood gums in the shops is in conflict with the answers taken from Distributors in the other questionnaire. 50% of distributors said that Hollywood gum is first in their shelf.**

In question: when a new type or flavor of chewing gum is produced do you want to try it, 86.7% of consumers answered positively. This point shows that because gum is mostly bought on impulse, people want to see in the shelves and try new products. For this reason CTC-Argosy should consider to renew its product line in the distribution places.

In third question we focused to find from where consumers are usually informed that a new brand or flavor of chewing gum has been produce. The results are the following and CTC-Argosy should take them very seriously:

- 60% from the shops,
- 46.7% from TV
- 23.3% from magazines.

The other sources received a smaller percentage. **It is obvious that if CTC-Argosy wants Hollywood to be competitive it must promote its new and existing products through the shops, TV and magazines.**

The respondents were also asked for which gum brand was the last advertisement they saw and remember. The following are the results: V6 13.3%, other 13.3%, Stimorol 10%, Bubble 10%, Orbit 10%, Elma 7.4%, Hollywood 6.7%, and Aquafresh 3.3%.

The results indicate that either it's difficult for people to remember ads or gum suppliers do not use advertisements on regular basis. From a small search that we have done the last five nights on TV and in few magazines we discovered that respondents were right. Advertisements of gums do not exist. However this is not a good reason for Hollywood to not advertise.

From the next question's result we can see that 50% of consumers remember more the advertisement they saw on TV, another 10% from radio, 10% from magazines, 6.7% from outdoors, and 3.3% from newspapers.

The results of the above two questions can be used very effectively by CTC-Argosy. A large percentage of market remembers those advertisements shown on TV. Our small research indicated that advertisements of gums do not exist this time of year therefore this could be the right time for Hollywood to promote its products through TV.

A very important reason for CTC Argosy to act in the above manner is the results of next question:

- 40% of consumers consider that advertisement is very important in buying a particular gum
- 36.7% consider it important and only

- 16.7 consider that advertisement is unimportant.

These results show that consumers are highly influenced by ads. CTC-Argosy can use ad to give a new image to Hollywood gum and make it more distinctive. This could result to increase of its market share.

In marketing we have learned that perception is reality. In the last question of our questionnaire we tried to discover which gum brands the consumers perceive as being the first three in the market. We got a variety of answers.

- 50% of the respondents consider Stimorol and Wringleys first in the market place
- 44.4% believe that Hollywood is the first in the market place
- 33.3% Orbit and Aquafresh

For the second place we have:

- Bubble with 80%
- V6 with 69.6
- Hollywood with 55.6
- Wringleys with 50%
- Aquafresh with 33.3 %

We can clearly conclude that consumers perceive Hollywood as a well-established brand name because they have ranked it in both first and second place with high percentages.

Since the perception of most of consumers for Hollywood gum is good, it will be much easier for CTC-Argosy to increase its market share. It does not need to convince people about the well name of the brand. **It only needs to enhance it more and give it a new dimension through advertisement and better promotional techniques.**

Analysis of Distributors Questionnaire and Marketing implications

One of the objectives of the research was to find out if current promotional techniques are efficient.

According to table 2, which presents the results of question “Is Hollywood included in your shop” all the responders, answered positively. Therefore is concluded that Hollywood is being sell in all the shops or at least in the most shops.

The cooperation between the retailers and the suppliers seems to not be efficient or successful from the point that only 30% of the retailers are satisfied with the suppliers. In

addition, about 40% are not satisfied at all. The implication of the above result is that the service offered by CTC-Argosy suppliers is not the best and therefore corrective action should take place. (Table 4)

The responders were asked to say in which order they place the different gum brands. Amazingly most of them (50%) (Table 3) answered that Hollywood gum is placed first. This means that Hollywood is enough visible to customers. What should be done by CTC-Argosy now, is to convince more retailers to reposition Hollywood gum in their shops

According to table 5, 80% of people buy always a specific brand and 20% say they buy the gum they saw in an advertisement recently. (See also the analysis of consumers' questionnaire).

Question 5 is giving us the observation of the retailers of which gum brand has the biggest sales. The results of our analysis are the following:

- Stimorol 90%
- V6 30%,
- Orbit 20%.

These results show that Hollywood is not included in the first three brands that are mostly preferred and confirms the information we have received from the marketing department of CTC-Argosy. However it is in conflict with the perception of consumers.

Based on the results shown on table 7 is concluded that retailers have not noticed any specific problem with the sales of Hollywood gum.

A very important observation is deriving from the analysis of question 7 (table 8). The purpose of this question was to find out if there is a specific reason for a retailer to promote one brand more from the other.

- 60% of the responders consider that a good reason to promote one brand more is the commission they received.

CTC-Argosy should take this aspect very serious and if the commissions they offer are not competitive, they should reconsider it or revise their policy.

The last conclusion we can reach through the analysis of the distributors questionnaire is that according to (table 9) 40% of the responders answered that new customers do not buy Hollywood gum. This implicates that its market share cannot be increased.

For once again we stress the fact that CTC Argosy must give more value to Hollywood gum by identifying more clearly its characteristics. This should be done through heavy advertisement and other promotional techniques such as sponsorships.

Additionally distributors should be treated in a more professional way because these people are the ones who are in direct contact with the consumers. The more the distributors are satisfied with the benefits they get from the suppliers the higher the possibility that they will promote the products of a specific supplier.

