# Going organic: Cadbury acquires Green and Black's

Contributed by Euromonitor International
Thursday, 19 May 2005
Last Updated Wednesday, 21 September 2011

Going organic: Cadbury acquires Green and Black's, by Euromonitor International

Cadburyâ€™s acquisition of Green & Blackâ€™s, the ultimate success story in the organic food market, is an excellent strategic move according to global market analyst, Euromonitor International.

According to Euromonitorâ€™s latest research on organic food, a part of its global study into the growing market for health and wellness products, the UKâ€™s organic chocolate market was worth ?24 million in 2004, growing on average by a phenomenal 30% each year since 2002. This compares very favourably to the UK chocolate market overall, which has only managed annual growth of just 1.5% over the same period.

With a market share of over 90%, Green and Black's is the UKâ€™s number one organic chocolate player. Consequently, through its ?20 million acquisition deal, Cadbury can consolidate its hold on the UK chocolate market and gain a solid grounding in the rapidly growing organic chocolate sector.

Green & Blackâ€™s â€“ the perfect combination of premium, organic and fair trade
While organic products are becoming increasingly popular among the UK population, Euromonitor International believe that this trend alone does not explain Green and Blackâ€™s stellar performance. Rather, the companyâ€™s sales have more than quadrupled between 2001 and 2004 thanks to a combination of other factors, including good distribution across various channels from foodservice to supermarkets, the premium image of the brand and the companyâ€™s fair trade policies.

It is these factors that will have made Green and Blackâ€™s a target for Cadbury, with the benefits of the acquisition being numerous. Firstly, Green and Blackâ€™s enables Cadbury to enter both the organic and premium chocolate markets, which are growing faster than chocolate confectionery overall, with a well-established brand that already enjoys significantly wider distribution than many other organic products. Secondly, Green and Blackâ€™s have positioned their products cleverly as not only organic and fairly traded but also, thanks to their high cocoa content, as premium products. Both these marketing strategies are epitomised by the brand name (Green = organic; Black = extra dark).

A better time for Cadbury?
Green and Black's is the fastest growing chocolate confectionery brand in the UK. A 100g bar of Green & Black's Fair Trade Gold Dark Chocolate sells for ?1.09 (US$2.03), which is roughly the price of a 300g Cadbury's Dairy Milk bar. Green and Black's has also extended its brand into ice cream, hot chocolate and biscuits.

Cadbury's sales grew 5% a year between 2001 and 2003, driven by the re-branding and extension of its Dairy Milk brand. Mars' sales grew only 1% a year during the period and Nestl?'s sales were stagnant. Meanwhile Lindt saw 37% annual growth albeit from a small base. Super-premium companies like Thornton's and Elizabeth Stork also saw strong growth.

More to munch
Euromonitor International predicts that Cadbury's marketing power will not only grow Green and Black's share to challenge Lindt at the top of the chocolate premier league, but it will also continue to increase awareness of organic and premium chocolate among UK consumers. Green & Blackâ€™s will also benefit from Cadburyâ€™s strong presence in impulse channels such as newsagents, where distribution of their products is still relatively weak. The brand also offers strong potential for further overseas expansion, something that can certainly now be facilitated thanks to the backing of the worldâ€™s number two confectionery manufacturer.

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