“SWEETS FOR LIFE – RELATIONSHIP MARKETING TO CHILDREN IN THE SWEETS INDUSTRY”

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Foreword

With this dissertation we complete our studies at Kristianstad University. We gained during our academic year a lot of experiences and competences in the field of International Business.

The time of our writings was challenging and inspiring at the same time. We could learn much from each other and we had a very good cooperation. We both enjoyed the time very much.

We would like to thank all of our interviewees for participating and for being friendly and supporting. Especially, we would like to thank our tutor Jens Hultman for his support and the guides he offered us during our writings. His suggestions and recommendations to improve our writings were helpful at any time. We also would like to thank Annika Fjelkner who gave us supportive advices concerning the language style of our dissertation.

Finally, we would like to thank our families and friends of being helpful with advices and by motivating us all the time.

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Abstract

Relationship marketing is widely discussed in the fields of industry goods and services. Also, the theme of marketing to children owns an important part within the existing literature in the marketing field. Nevertheless, there is a lack of literature for relationship marketing in consumer markets towards children. But especially in consumer markets there are certain products, which accompany consumer during their whole life. Brand preferences and loyalty towards certain products are not unusual among consumer and often evolve in early ages. Hence, it seems to be reasonable that companies try to attract children within their marketing activities in order to acquire and keep these children as customer. Since candies and chocolate are everyday products, which are consumed irrespective of age, especially the sweets industry presented an interesting sample for our research.

The purpose of this dissertation was to investigate in which way companies in the sweets industry use relationship marketing to children or perhaps do not use a certain approach at all. Our dissertation was based upon a qualitative method. We conducted semi-structured interviews with sweets companies and marketing agencies, which worked in the field of advertisements for sweets.

When companies want to reach children as consumer it is necessary to approach not only the child itself but also its influence groups. Moreover, companies need to consider that marketing towards children requires certain children-friendly tools and approaches. Amongst others present incentives an often used way to establish customer loyalty. Since children start to be early responsive to marketing activities, companies can benefit when they are approaching children as soon as they start to participate (actively or passively) in the buying process. Nevertheless, due to the low-involvement characteristics of sweets products the degree of binding seems to be lower than for products that require high investments. Therefore, the focus of sweets companies remain the establishment of awareness and attraction amongst children. However, since the discussions are increasing if marketing to children is ethical, the focus of companies seem to be shifting more and more away from the target group children, in order to avoid confrontation with the public discussion. This leaves doubt about the future perspectives of our research field.

Key words: Relationship Marketing, Children, Consumer Behaviour Development, Sweets Industry, Consumer Market
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1. Introduction

The first chapter of this dissertation will start with a description of the background, which will lead into the topic. Moreover, the research purpose and questions are emphasised, followed by the presentation of the limitations. The chapter ends with an outline about the structure of this dissertation.

1.1. Background

Food is one of everyone’s essential needs and nowadays the variety of tastes available is endless. Competition is stiff in this industry. Effective management is crucial for the food industry to be able to respond to people’s ever-changing needs and demands. Not least to achieve the top goals like profitability, a competitive edge, and growth success. The focus is lying on the consumer wants. Whether the organisation provides food services or produces canned, dried, frozen products, snack foods or confections, management must keep the pulse on what the market demands. Consumers demand for indulgence, comfort and simplification. They also require products that have a minimal preparation and are available virtually anywhere. Moreover, consumers want products that provide small, personal pleasures and rewards that provide stress relief, add variety and adventure in taste. Due to surplus supply, consumers become more discriminate in product choices. Therefore, the perceived value of products is important. Knowing and delivering what and how people want to eat to maximise their potential of becoming a satisfied customer is part of a successful organisation (Leung and Kleiner, 2004 and Candy Industry, 2001).

Many people want to stay home and spend quality time with family and friends. Here they eat snacks and candies since these products provide them with solace, comfort, and pleasure. When customers where ask to rate their favourite food brands, the result were either candy or cookie brands in most of the time. The key contributors for success within the sweets industry are: how fast the product gets to the shelf, how fast products get marketed and in which way the company markets the product. Additionally, chocolate and candy success or failures depend on companies understanding of what the consumers want (Hein, 2002 and Candy Industry, 2001).

Especially children spend mainly money on food and beverages. They have a need of daily snacking. Therefore, children represent an interesting target group for the sweets
industry. Further on, children are in the special position to have their own money to spend as well as to have the power to influence other people to pay for them. Due to that, but also because of the tempting opportunities to establish strong brand loyalty from childhood on, children present an attractive target group for marketers (O'Sullivan, 2005 and Hein, 2002). Different authors estimated that children under 12 years in the USA spend the enormous amount of around $25 billion directly themselves. Moreover, they influence the spending of another $200 billion per year indirectly through their parents (McNeal, 1998 and Strasburger, 2001).

According to McNeal (1992) the most preferred products, which are purchased by children are sweets, magazines and beverages. Therefore, especially companies operating in the sweets and food industry increase its interest in young consumers. However, every company which decides to target children has to follow certain rules. For instance, in some countries advertising to children is strictly regulated by the government (Benecke, 2007). Children present a particular vulnerable target group for advertisements. This arises due to their different levels of knowledge, maturity and experience to process commercial information (Macchiette, B. and Roy A., 1994 and Cui, G. and Choudhury, P., 2003). Companies should be aware that if they treat children wrong or if they do not follow the rules they expose the risk to damage their image in the public eye (Benecke, 2007).

Although the existing literature is concerned with relationship marketing in consumer markets in general, it does not really offer certain models/approaches for particular target groups. Existing theories, like the five-stage-model of Dwyer (1987), discusses more in general the development process of a relationship from establishing awareness through commitment and a possible dissolution of the relation.

Within the existing literature about marketing to children, especially the development of children to become a consumer is widely discussed. But also here the combination of the relationship marketing approach with marketing to children is not given. For instance, McNeal (1992) established a five stage process in which he describes the process of a child from being an observer of purchase till the final stage of being an independent purchaser.
Since there is a lack of research in the field of relationship marketing aimed at the target group children, it is interesting to investigate here and to bring additional light in this area of research. Especially the sweets industry caught our attention because children are enthusiastic purchaser of products like candies and other sweet items. We think that it is particularly in this sector important to built brand preferences and lasting relations, since these products are popular among all age groups and accompany a consumer the whole life. An interesting aspect is to look at the process and ask in which way companies that are operating in the sweets industry approach children, or what they are doing to establish an ongoing relation to children.

Companies increase their attention towards the importance of children as consumer of tomorrow. Nevertheless, a good overview about requirements and specialities of this complex environment is often missing. We believe that our findings have a practical value since it gives companies a possible guideline of what they have to take into consideration when they emerge a relationship marketing process that is targeted at children. Additionally, our dissertation has an academic value since it can contribute to the existing literature about relationship marketing and provides a further understanding within this field.

1.2. Purpose
The purpose of this dissertation is to investigate in which way companies in the sweets industry use relationship marketing to children or perhaps do not use a certain approach at all. With the help of theories about relationship marketing and about marketing to children, we would like to compare theory with practise in order to bring additional light into this research field.

1.3. Research questions
One of the main research successes is a set of clear conclusions drawn from the collected data. Not least, this depends on the clarity of the posed initial research questions. Furthermore, within the development process of a certain question set it is important that new insights will be generated with the answers (Saunders et al., 2000).
The following research questions shall be seen as a guideline through this dissertation in order to fulfil the research purpose.

1. Which target group shall companies choose in order to reach children as consumer?
2. How do companies address children as target group?
3. When should a company start to address children?
4. How is a company affected when choosing children as target group?

By exploring these research questions we will try to figure out coherences/particularities and requirements of relationship marketing tools to the target group children, which can be added to the existing theories. Moreover, subsequent to the theoretical review of this dissertation we will develop propositions, which will be leaded by the above expressed research questions.

1.4. Limitation
Every research is restricted to certain resources that are available. Thus, as a matter of course also this dissertation is done within a certain frame. Since clarity about the limitations is essential for the significance and explanatory power of a research, the underlying limitations of this dissertation are subsequently described:

- focus on consumer markets
- exploration of the sweets producers’ perspective
- consideration of children under the age of 12 years
- focus of the conducted interviews on the region of Skåne (Sweden)

This dissertation attends to discuss the concept of relationship marketing with regard to the target group of children. Therefore, the focus of research is limited to consumer markets. Since children present a major consumer group within the sweets industry, we decided to narrow the research further down to this certain industry. Due to the fact that the offered products within the sweets industry have a potential to accompany consumer a life long, this market might present an especially interesting area for the establishment of customer relationships from an early age on. Furthermore, the research approach of this
dissertation examine only the marketing efforts from the sweets producers’ side, given that it would have been too complex to explore the consumer’s view at the same time. However, existing scientific findings were used to achieve also insights from that direction.

As the literature offers no consistent definition up to which age children are still named as children, we limited the considered age within this dissertation as not older than 12 years. This limitation came up, since the most significant changes in the purchase behaviour of children are investigated under the age of 12.

Due to a better accessibility, the conducted interviews within the empirical research were focussed on companies that are located in the region of Skåne (Sweden). We applied a non-probability sampling, which included producers of different enterprise sizes as well as different product offerings in the sweets segment.

1.5. Outline
Our dissertation is subdivided into five chapters. The first chapter provides an introduction to our research. It starts with the background about our chosen topic and gives the reader a first impression about the problems discussed within this paper. The chapter proceeds with the presentation of our defined research purpose as well as the connected questions, which we would like to answer by the help of this dissertation. Finally, the research limitations and a short overview about the outline of this dissertation are given.

Chapter two presents the methodology used for our research. The underlying research philosophy and the applied research approach are described. This chapter continues with an overview about the data collection and a description about the type of study applied within this dissertation. The choice of empirical method is described in more detail by the sections research design, method choice, time horizon and the data collection. Furthermore, information about the sample selection, the applied interview guideline, the response rate and the data analysis are introduced. The chapter concludes with a qualitative evaluation of the dissertation, which includes the validity, reliability and generalisability of our research.
Chapter three contains the theoretical framework of our dissertation. Relevant literature in the fields of relationship marketing in general, but also focused literature about relationship marketing in consumer markets is presented. Afterwards a literature review about marketing to children follows. Amongst others, the development of children’s consumer behaviour is illustrated. The described theories are critically analysed and form the basis for our developed propositions at the end of this chapter.

Chapter four gives a short introduction to our chosen industry and to the investigated companies for our empirical sample. Moreover, an overview about the challenges we had to face within our research process is presented. Concluding, the results of our empirical investigations are analysed and compared to the previously introduced propositions.

Finally, chapter five discusses a critical conclusion of the research and we sum up the findings of our dissertation. Moreover, managerial implications as well as critical reflections of our research are presented. This chapter concludes with a final view to future perspectives and recommendations for relationship marketing to children.

Additionally, the figure 1 below gives an overview about the interdependences of the following chapters and the overall structure of the dissertation.

Figure 1: Structure of the dissertation
(Source: Own figure)
2. Methodology of research

Chapter two presents the methodology, which is adapted in this dissertation. First, the research philosophy and the applied research approach are described. Moreover, a short announcement of the type of method is given. After the presentation of the secondary and primary data collections, the research strategy, including the research design, choice of method and the time horizon are discussed. Furthermore, the sample selection, the interview guideline and the response rate will be described. Finally, the validity, reliability and the generalisability of this dissertation will be discussed.

2.1. Research philosophy

In order to achieve a profound research and to reach the defined purpose of this dissertation, it is necessary to clarify specific methods and procedures in advance. It is important to have a clear idea about the research philosophy and the overall design of the research approach and the research strategy, which will be conducted through the whole research process. A suitable philosophy and an overall methodology are important to reach the aim of this dissertation.

Figure 2 shows the research process ‘onion’ with its particular items. The items, which we were most inspired of and which we will apply are highlighted. The research ‘onion’ illustrates the main layers during a research process with its sections research philosophy, research approach and research design. The inventors of this ‘onion’, Saunders et al. (2007), advise to peal the ‘onion’ layer by layer. Starting from the philosophy it should be encircled further during the research process. It can be seen as guidance through the whole paper and particularly within the empirical methodology. The focus in this section will lay on the explanation of the research philosophy and the research approach. The interior circle with the overall research design will be explained in more detail later on in this chapter.
The research philosophy is related to the development of knowledge and its nature. To develop knowledge in a particular research field in order to answer a specific problem is at the same time the aim of a dissertation. Thus, the research philosophy contains important assumptions about the way the research field is viewed. The positioned assumptions influence the research strategy and the methods as a part of the strategy. Therefore, the research philosophy depends on what the researcher would like to find out. Thus, there are different views on what is important, what is more significant and what is useful (Saunders et al., 2007).

Saunders et al. (2007) distinguish between the following three major ways of thinking when it comes to the development of knowledge:

- Positivism
- Realism
- Interpretivism
The principle of **positivism** is typically used by physical and natural scientists. When conducting this principle the researcher believes that only phenomena, which can be observed, will lead to the production of credible data. And this can lead to law-like generalisations. Typically for this research philosophy is the development of hypotheses, which are deduced from theory. With the right choice of a research strategy, credible data can be collected to test, confirm or refute the hypotheses. Automatically, a further development of theory is generated. Another important fact within this principle is that the research is undertaken in a value-free way. That means that the researcher is external to the process of data collection and cannot alter the substance of the data which is collected (Saunders et al., 2007).

**Realism** is similar to positivism in so far that it assumes a scientific approach to the development of knowledge. This in turn highlights the collection of data and the understanding of those data. The theory of realism points out that only the mind and its contents exist. There are two approaches of realism discussed: direct realism and critical realism. The direct realism refers to what we see is what we get. Whereas the critical realism argue that what we experience are sensations. So the direct realist would assume that the world is relatively unchangeable. The critical realist would recognise the importance of multi-level study. Each level has the capacity to change the understanding of what is being studied. Consequently, there is an existence of a greater variety of structures, procedures and processes (Saunders et al., 2007).

One could argue that the theory of positivism shows a too narrow view on the social world, since it is far more complex. Therefore, it is critical to reduce the complexity to a series of law-like generalisations. If a researcher agrees with this argument the principle of **interpretivism** should be applied. Within this principle it is necessary to understand differences between humans in the role of social actors. This underpins the importance to conduct research among people rather than on objects. It might also be that the circumstances, which are investigated today, may not apply anymore in three months (Saunders et al., 2007).

The principles that inspirited our work most is a mixture of positivism and interpretivism. The main purpose is to investigate in which way companies in the sweets industry use relationship marketing to children or perhaps do not use a certain approach at all.
Therefore, theories within this field are applied and propositions are established, which will be empirical tested. The aim is to discover rules or law-like principles. Nevertheless, since we chose a narrow sample we are aware of the fact that a generalisation is perhaps not possible. Furthermore, since we are value-free in our research an objective analysis of the collected data can be conducted.

2.2. Research approach

An important question within the research project is the conducted approach. Saunders et al. (2007) distinguish between the deductive and the inductive approach concerning research. The inductive approach implies that the research starts with a collection of qualitative data to detect samples and regularities, in order to develop later the theory on this basis. This kind of research approach is especially preferable when exploring a new topic where there is relatively little literature existing. The inductive approach provides a close understanding of the research context. However, in cases where there is already a wealth of literature existing about a research topic the deductive approach is preferable. This approach comprises the consideration of existing theories from which propositions can be defined. By the collection of qualitative data the propositions are afterwards empirically tested.

Due to the chosen research philosophy of positivism and interpretivism as well as for the best achievement of our research objectives, we decided to conduct a deductive research approach. Regarding to the existing amount of literature in the general fields of relationship marketing and marketing to children it was possible to receive profound knowledge about the research fields. This literature review combined with critical reflections on the theory enabled us to conduct our own research and to create own adapting propositions.

With regard to the suggested research stages from Robson (2002) our research approach included the development of propositions (based on theory). These propositions were subsequently challenged by expressed open-end questions within our empirical research. The resulted outcomes of our analysis formed the basis for the indication of further modifications as well as confirmations with the already existing theories.
2.3. Type of study
Our research purpose is of exploratory nature. Exploratory studies are conducted when the researcher want to seek new insights in a particular phenomena and bring new lights in it. Moreover, it is useful to clarify the understanding of a problem. The researcher needs to be flexible and adaptable to changes. So it might be possible that a result of new data change the direction of research since new insights might occur (Saunders et al., 2007).

2.4. Data collection and choice of theory
This section deals with the methods for data collection used within our research. In order to achieve a theoretical background of relationship marketing and marketing to children secondary data were used. These secondary data consist of empirical findings, which were previously collected by other researchers. Nevertheless, since the data showed some overlapping to our research purpose these studies provided us with valuable insights and can be seen as a complement to our own primary data. The achieved knowledge out of our secondary data collection formed the basis of this dissertation and enabled us to clarify our research objectives and propositions. To test the developed propositions and to explore the research aim, primary data in form of semi-structured interviews was used to get further insights into the topic.

2.4.1. Secondary data
Secondary data was used in order to provide the reader with a profound background of relationship marketing and marketing to children. This paper aims at exploring a relationship marketing approach concerning children within the sweets industry. The understanding of such a complex topic can only be gained by examining the basics of this topic. Therefore, a look into the previous done research within the field of relationship marketing as well as about marketing to children was provided. Only by examining the fundamentals of relationship marketing and marketing to children, methods as well as steps of a relationship marketing development process can be identified and proved. A certain importance had the examination of articles from academic journals since they showed us the importance and timeliness of our research field.
It should be stated that within our theoretical framework we had to consider a broad variety of literature sources. This became necessary as there is a lack of literature, which is focused on relationship marketing to the target group of children. Therefore, it seemed to be necessary to make also use of related theories (for example about child psychology and consumer behavior but also about relationship marketing in other areas). These provided in some parts overlaps to the field of relationship marketing to children. So only a combination of all those sources gave us the possibility to develop propositions concerning relationship marketing to children.

However, during our search for secondary data in the field of relationship marketing it came up that the existing process models only consider the customer in general. But there is no process model existing, which considers the particularities of a relationship marketing process to the target group children. Since we assume that this general process models might not be sufficient to explain the specialities of our chosen target group, we decided to develop propositions for an enlarged view. The propositions are based on the collected secondary data and are tested in semi-structured interviews. By doing that we had to keep in mind that there is a possibility to meet criticism or refusal from the respondents. Moreover, there exists also the possibility that companies are not aware of the fact that they actually approach children in this certain way.

2.4.2. Primary data
The use of secondary data alone is not sufficient in order to find answers for our research questions. Therefore, we chose to conduct additionally semi-structured interviews. To minimize the population of sweets manufacturers to a manageable size we decided to select samples (Saunders, 2000). We applied a non-probability sampling, which included a small sampling of producers of different enterprise sizes as well as different product offerings in the sweets segment. Even though our chosen research method impedes to generalize from it on statistical grounds, it provides us with important in-depth information. These can be used for the exploration of our research questions (Saunders et al., 2000). Moreover, we believe that the choice of the non-probability sampling method was necessary due to the limited financial resources and available time frame to collect the data. However, more details about the sample selection and the implementation of the interviews are subsequently described.
2.5. Sample selection
The sample was limited to sweets companies and marketing agencies which are working with the promotion of sweets products. The choice towards the sweets industry was strongly influenced by the findings of McNeal (1992), who found out that sweets are one of the most popular products among children. Furthermore, we believe that sweets are products which accompany everybody a life long. Since our first priority in the research method are face-to-face interviews, and since we are studying and living in Sweden, we decided to take this country as basis for our empirical research.

In order to gain also insights from more independent observer of the sweets industry and to solve the response problems that we had during our research, we decided to conduct also interviews with marketing agencies. A requirement concerning the choice of agencies was that the agencies had to be engaged in advertisement for sweets companies.

Even though, our primary choice was to conduct face-to-face interviews, we had to enlarge our sample selection for sweets companies to telephone-interviews outside of Skåne (Sweden). This option of sample enlargement was necessary since it turned out to be difficult to find enough relevant respondents in the chosen geographical area. Therefore, we contacted additionally some large sweets companies in whole Sweden.

In order to find relevant sweets companies and agencies who are engaged in that field we used the internet as information source. Apart from information like contact details of the relevant companies, we could also get a first overview about their promotional activities.

Fifteen companies and three agencies were identified as being relevant for our research. Concerning the sweets companies, we decided to contact only well-known companies with a minimum of 50 employees, since we believe that a certain company size is necessary to apply relationship marketing tools like kids clubs. Moreover, our selection was concentrated on companies who provided English information on their website, in order to assure that we will not meet language problems.
2.6. Choice of empirical method
Previously the applied research philosophy and the research approach were explained. When the research process shows progress, a suitable research strategy must be chosen. The research strategy will help to fulfill the purpose of this dissertation and to collect proper data in order to answer the research questions sufficient.

2.6.1. Research design
The research design and its construct are illustrated and highlighted in dark grey in figure 3. These four layers represent the progress of turning the research questions into a research project. The research design can be seen as a general plan of how the settled research questions will be answered (Saunders et al., 2007).

Within the research design it is necessary to clarify the research strategy. According to the theory there exist different possibilities to design a research. For the purpose of our dissertation the most suitable strategy is the case study. Case studies allow us to generate
answers to the question “why?”, “how?” or “what?”. Furthermore, it gives us the ability to explore and understand our context in a broader sense. The data collection techniques employed are interviews and documentary analysis (Saunders et al., 2007).

2.6.2. Research strategy and data collection methods

As shortly mentioned before, we decided to use the qualitative research method in order to find answers to our research questions. This method seems to be the most suitable one for our exploratory research. Since we want to explore how and why companies in the sweets industry apply relationship marketing, we decided to use data collection in form of interviews. Subsequent we will go into more detail why we chose this kind of primary data collection. Therefore, it seems to be necessary to clarify which options in terms of interviews exist. Saunders et al. (2000) distinguish between the following three major forms of interviews:

- Structured interviews
- Semi-structured interviews
- Unstructured interviews

Structured interviews are mainly used in surveys and opinion polls. In this form of interview every respondent receives exactly the same questions in the same order. This approach allows a quantitative analysis, since a statistical comparison between the conducted interviews can be done. Another characteristic of structured interviews is that mainly all questions tend to be close-ended. This means that the respondents are mainly asked to choose their answer from a limited set of given answers. It is obvious that this form of interview prevent any form of flexibility. Thus, it might be hard to discover beliefs, feelings or perceptions of the respondents, which are not already given as a possible answer (Burns, 2000). Since we would like to gain some new insights in the field of relationship marketing to children, the application of structured interviews seem to be not suitable for our research.

By applying semi-structured interviews, researchers try to combine the advantages of structured and unstructured interviews. A specific interview schedule like in structured interviews does not exist. Instead, researcher use interview guidelines which give them a
direction for their interviews without having a fixed wording or ordering of questions. This approach permits a great flexibility without losing the focus on the crucial issues of the research. Moreover, it allows a more valid response from the interviewed persons with regard to his/her perception of reality, since it is not imposing the perception of the researcher. The interviewed persons can use the language, which is natural to them and do not need to try to understand and adapt to the concept of research. Nevertheless, this approach bears also some disadvantages. Due to the fact that the wording and ordering of questions will vary, the comparability of the information is difficult to assess. Therewith, the interpretation of reality presents an important part in the analysis (Burns, 2000).

Another possible approach would have been completely unstructured interviews. Researchers choose to make interviews without any predefined questions in cases they want keep the social interaction between them and the respondent as natural as possible. However, this form of free-flowing conversation requires a certain level of aplomb and experiences in qualitative research (Burns, 2000).

So far, we have low experience in the conduction of interviews. Therefore, we decided to use an interview guideline in order to keep the direction of this study towards the crucial issues and to make sure that all important information are gained. Moreover, we believe that already a semi-structured interview with open-ended questions can help us to gain new insights in the field of relationship marketing to children. Furthermore, the use of an interview guideline ensures that more or less the same questions are covered within the different conducted interviews. This simplifies the analysis process later as it increases the possibilities to compare the conducted interviews with each other and to find interrelations between them.

An interview can be held either face-to-face or via telephone. Beside the conducted face-to-face interviews we applied additionally telephone interviews. Telephone interviews share many of the previous described advantages of face-to-face interviews. For instance, corrections of obvious misunderstandings are possible and a high response rate can be achieved. Due to the lack of visual cues problems in interpretations might cause. Nevertheless, the major advantages are the geographical dispersed and the lower cost in terms of time and effort (Robson, 2002).
2.6.3. Choice of method
Within our research non-numerical data was collected through a proper data collection technique. Therefore, the research is a mono method one. We conducted a single qualitative data collection technique, namely semi-structured interviews. The results were afterwards analysed with the help of qualitative data analysis procedures (Saunders et al., 2007).

Due to the limited time and the fact that we are studying a certain phenomenon in a particular time, the time horizon of our research is classified as a cross-sectional research.

2.7. The interview guideline
For the conducting of the interviews we decided to apply interview guidelines (see Appendix 1-3). The basis for our interview guidelines were our developed propositions, which arose from our theoretical framework. In order to find out if our propositions are applicable, we developed for each proposition suitable questions. With the help of the questions we tried to find out if the interviewed persons, which are experts in this field, support or disagree with our propositions. Due to the fact that we had to enlarge our empirical data sources, we had to adjust our questions towards the background of agencies and also to the scientist (see Appendix 1-3).

In order to achieve new understandings and insights in the field, all questions were open-ended. This approach offered the possibility to avoid that we give the respondents the answer within the question. While notes were taken during the interview on emerging issues and ideas, the use of the interview guidelines enabled us to identify similarities or/and differences of views.

The lengths of the conducted interviews varied between 30 and 60 minutes depending on the different interview situations.

2.8. Response rate
Out of the fifteen contacted sweets companies, two producers agreed to an interview. From the three contacted marketing agencies, we could arrange an interview with two of
them. Furthermore, one interview was conducted with a scientist within the field marketing of unhealthy food directed to children. Due to our sample enlargement it was not possible to conduct all interviews on a face-to-face basis. Thus, two interviews were conducted within a personal meeting and three in form of a telephone-interview.

2.9. Data analysis

One of the most important steps within the research process presents the data analysis. In contrast to a quantitative analysis, there is no clear and standardised approach concerning qualitative data analysis (Robson, 2002). However, we can describe our process of qualitative analysis in terms of the following activities:

- Unitising data
- Categorisation
- Testing propositions to reach conclusions

Before we could start our analysis we had to sort and unitise our collected data from the interviews (Saunders et al., 2000). Since we both made notes during the interviews, we synchronised our records to ensure that our perceptions agreed with each other. Moreover, in order to avoid misunderstandings between the respondents and us, we sent our combined notes to the respondents to verify the correctness and completeness of it.

In our empirical research we applied an interview guideline, in order to structure our questions and to ensure that the main issues were touched. Thus, the interview guideline and its structure present an important part for the data analysis as well. Within our guideline the developed questions were categorised into five topic themes (as can be seen in Appendix 1-3), which allowed us to indicate the respondents answer in a systematic way (Saunders et al., 2000).

Finally, the different backgrounds of our respondents (as described in chapter 4.3.) enabled us to see the five categories from varying point of views. This allowed us to challenge our propositions in a fruitful critical way and to draw conclusions with regard to our research questions.
2.10. Credibility of the research findings

So far, we discussed the methods we used to achieve a profound data base for the further analysis. When conducting semi-structured interviews, a number of data quality issues can be identified while using them. These quality issues are related to reliability, validity and generalisability (Saunders et al., 2000).

2.10.1. Reliability

The lack of standardisation within semi-structured interviews may lead to concerns about the reliability. The main problem, which arises under the heading of reliability, is whether alternative interviewers would reveal similar information. This refers to the stability or consistency with which a researcher measures something. There are different types of bias that has to be taken into account and which might have an effect on the reliability of the research results. The first bias that might arise is related to the interviewer. It might be that the interviewer creates bias due to his or her comments, tone or non-verbal behaviour. It is also possible that the researcher creates bias in the way he or she interprets the responses. Moreover, where the researcher is not able to develop the trust of the interviewee, or perhaps where there is a lack of credibility, the value of the given information may be limited (Robson, 2002 and Saunders et al., 2000).

Bias that is related to the interviewee may be caused by perceptions about the interviewer. In general, the interviewee may be willing to participate in the interview but may be sensitive to the in-depth exploration of certain themes. Therefore, the interviewee may reject to reveal and discuss an aspect of a certain topic, whereas the researcher would like to explore more. The result will be that the interviewee provides a partial ‘picture’ of the situation (Saunders et al., 2000).

We received a profound preparation through lectures and by reading proper literature about how to conduct interviews. Therefore, we believe that we were well prepared for an interview, since we followed the recommendations given in the literature. For instance, we tried to keep our questions as clear as possible. Moreover, we send our question in advance to our interview partner to give them the opportunity to prepare themselves.
Furthermore, we were aware of taking some risks when conducting the interviews. Since the contacted respondents have a wide knowledge about their fields of work, misunderstandings founded in the different basic knowledge of interviewee and interviewer might come up. However, the fact that both of us were present at the interview reduced the risk of misunderstandings or incomplete information reception.

2.10.2. Validity

Validity refers to the extent to which a researcher can gain full access to the knowledge and meanings of informants. In qualitative research there is a possibility to reach a high level of validity due to carefully conducted qualitative interviews. The flexible and responsive interaction, which is possible between interviewer and respondent in an interview, allows meanings to be probed. Moreover, topics can be covered from a variety of angles and questions can be explained and clarified to the respondent (Saunders et al., 2000).

Further on, the word validity can be replaced by the expression truth. Thus, validity is identified with the confidence of the researchers’ knowledge about a certain research field. Nevertheless, the researcher can not be sure of its truth. A ‘true’ statement involves the possibility of two kinds of error. First, the researcher believes that a statement is true when it is not. Second, the researcher rejects the statement which, in fact, is true. There are two other criteria, which might have an effect on the degree of validity. On the one hand the impact of the researcher on the setting and on the other hand the values of the researcher (Silverman, 2001).

We are convinced that we gained a deep knowledge about our research field. In general through our profound literature review but also through the in-depth interviews with professionals in this field. To challenge our research field and to gain further insights, we established an interview guideline. With the questions we could probe meanings and we were able to cover our research topic from different angles. Nevertheless, we cannot be sure if the answers from our respondents are true or if they answered in the political correct way due to the fact that our topic is a sensitive one especially in Sweden. Nevertheless, we had the feeling that our respondent were enthusiastic in telling us their experience about what they are doing.
The interview with Ferrero was held in German, since the marketing director has the German nationality. Due to that fact, misunderstandings in terms of language differences could be avoided. The other interviews were conducted in English. Since we and the interviewees are not native English speakers, translation problems in languages might occur. As a result, a possibility of errors could have been our level of English. However, we believe that this fact was not the case.

2.10.3. Generalisability
The general aim in quantitative research is to generalise results through statistical sampling procedures. However, such sampling procedures are usually unavailable in qualitative research like it is the case in our study. Data in qualitative research is often derived from one or more cases and it is unlikely that these cases are selected on a random basis. Very often a case is chosen by a researcher because it allows access. This aspect of sample selection applies also in our research. The non-availability of generalisable sampling in qualitative research might lead to a problem. How representative are case study findings for all members of the population? Is there a possibility to generalize from cases to populations (Silverman, 2001)?

Saunders et al. (2000) even goes one step further. He claims that qualitative researches like semi-structured or in-depth interviews cannot be used to make generalisations about the entire population. At least, this is the case when the research is based on a small and unrepresentative number of cases.

In our study the focus lay on the sweets industry and on large sweet producers and agencies. Even though, we conducted only a small number of interviews with professionals, we assume that they possess a deep knowledge about their work and that they can answer our questions in-depth. Generalisations to other countries seem to be not possible, since Sweden shows particularities concerning marketing to children (e.g. governmental regulations). Due to our small sample size we cannot make generalisations about the Swedish sweets industry. Nevertheless, we suppose that other companies in the sweets industry will work similar.
3. Theoretical framework

The theoretical framework chapter provides a literature review in the fields of relationship marketing and marketing to children. The first part of the chapter describes the concept of relationship marketing in general but also the particularities of the concept in the context of consumer markets. The second part of the chapter provides an insight about how the target group children is perceived within the existing marketing literature and points out its particularities.

3.1. Relationship marketing

In times of increasing competition and market saturation a significant number of marketers come to the conclusion that it might be difficult to build strategic competitive advantages only on the basis of product characteristics. Rather customer satisfaction within the existing customer base can significantly contribute to the profitability of a company (Egan, 2004). Therefore, the marketing approach from many companies is shifting more and more from a transactional marketing focus to a relationship marketing focus. Grönroos (1994), who is deemed to be a pioneer in the field of relationship marketing, determined that “in industrial marketing, service marketing, managing distribution channels and even consumer packaged goods marketing itself, a shift is clearly taking place from marketing to anonymous masses of customer to developing and managing relationships with more or less well-known or at least somehow identified customers” (Grönroos, 1994 p.14). Even though the number of articles, books or research on relationship marketing is growing rapidly, most literature in this field is related to the business-to-business context or service marketing (ibid.). Nevertheless, it has become increasingly popular to apply the concept of relationship marketing also to consumer markets (Aijo, 1996).

3.1.1. Definition

There are various definitions of relationship marketing existing, though most authors define relationship marketing with an emphasis on certain conceptual aspects. Harker (1999) examined a sample of 26 different definitions of relationship marketing in terms of its underlying conceptualisations. Harker (1999) developed a collection of seven conceptual categories of relationship marketing (displayed in table 1).
When comparing the different definitions with the above stated conceptualisations in terms of their coverage, Harker (1999) concludes that a “general” relationship marketing definition is hard to find. Nevertheless, he argues that the most common and general suitable one is the subsequent cited definition from Grönroos (1994, p. 138):

“Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.”

Consequently, relationship marketing aims at creating involvement and product loyalty by establishing a lasting bond with customers. Thus, the difference to traditional mass marketing, where the main aim is to seek for temporary increases in sales, becomes apparent (Takala and Uusitalo, 1996). Egan (2004) concluded from the Grönroos definition that the concept of relationship marketing recognises the key role of customers and the worthiness of a customer’s lifetime value. Thus, unlike transactional marketing activities, relationship marketing actions focus not only on the outcome (so the product or the service), but also on the customer itself (Bruhn, 2003). Moreover, relationship marketing aims at creating new value for customers. It represents a continuous cooperative effort between buyer and seller rather than one-way communication. Due to

Table 1: Seven conceptual categories of relationship marketing

<table>
<thead>
<tr>
<th>Primary construct</th>
<th>(other common constructs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation</td>
<td>Attracting, establishing, getting</td>
</tr>
<tr>
<td>Development</td>
<td>Enhancing, strengthening, enhance</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Sustaining, stable, keeping</td>
</tr>
<tr>
<td>Interative</td>
<td>Exchange, mutually, co-operative</td>
</tr>
<tr>
<td>Long term</td>
<td>Lasting, permanent, retaining</td>
</tr>
<tr>
<td>Emotional content</td>
<td>Commitment, trust, promises</td>
</tr>
<tr>
<td>Output</td>
<td>Profitable, rewarding, efficiency</td>
</tr>
</tbody>
</table>

(Source: Harker, 1999, p. 3)
the targeted orientation towards customer retention, the concept is primarily long-term oriented (Egan, 2004).

3.1.2. Scope of relationship marketing

For a later containment of the research focus, it is necessary to examine the general scope of relationship marketing before.

The scope of relationship marketing includes the development and management of relationships with different stakeholders. Similar to the variety of different relationship marketing definitions, there are also several diverse fragmentation and groupings existing concerning different stakeholder domains (Egan, 2004). The most applicable model for our dissertation purpose is the concept of Payne et al. (1995). This model divides the different stakeholders that may influence the marketing performance of a company into the following six principal markets: internal markets, referral markets, influence markets, employee markets, supplier markets as well as customer markets. However, as illustrated in figure 4, it is necessary to bear in mind that although marketing activities apply to different groups, the customers represent the core stakeholders (Bruhn, 2003).

Figure 4: The six markets model
(Source: Based on Egan, 2004, p. 130)
The six markets that are affecting relationship marketing will be subsequently shortly described to get a general idea of the concept.

**Internal markets** include all individuals and groups in a company who are influencing the customer orientation of a company’s culture by their performance and beliefs (Payne et al., 1995). Thus, relationship marketing concerns more than only the marketing department of a company because all employees are required to work customer oriented.

**Supplier markets** comprise the network of companies that provide the materials, products or services to which the company adds later on further customer value. Companies can gain advantages like improved quality, a faster time-to-market and lower levels of inventory due to a close and mutually beneficial relationship with the supplier (Payne et al., 1995 and Hougaard, 2002).

**Employee markets** include the activities of recruitment and retention of employees. It is critical for companies to have the right employees in order to strengthen their customer oriented culture (Payne et al., 1995 and Hougaard, 2002).

**Influence markets** contain all kind of entities, organisations and individuals, which have the potential to influence the marketing environment in which the company competes (Payne et al., 1995). Companies try to establish good relationships with all relevant influencers by applying sophisticated public relation measures and corporate communications (Payne et al., 1995).

**Referral markets** include word-of-mouth recommendations of professional advisors like lawyers, managers, accountants etc. Moreover, recommendations from already existing and satisfied customers are a part of this market. The referral market presents a particular effective source within relationship marketing since it has a high credibility. Given that recommendations from referral markets can affect an increase of customer response Therefore, companies try to benefit from these groups (Payne et al., 1995 and Hougaard, 2002).

**Customer markets** include all individuals or organisations that buy goods or services from a company (Payne et al., 1995). Many companies sell to trade customers as well as
consumers. Hence, the customer market includes intermediaries, distributors as well as end purchaser, users and consumers (Hougaard and Bjerre, 2002). Customer markets are placed at the core of relationship marketing. Thus this market is the most widely discussed area in the literature (Veloutsou, 2002). However, according to the six market model it is important to recognize all different stakeholders and their impact, in order to establish and sustain real customer value (Payne, 1995).

We can conclude that the six market model gives an idea about the different areas that need to be considered for a successful implementation of relationship marketing. However, this dissertation aims at achieving a deeper insight in which way the sweets industry applies relationship marketing to the target group of children. Therefore, we will concentrate our further research on the consideration of the customer, influence and referral markets.

3.1.3. Relationship development process

According to the underlying definition of relationship marketing (as described in chapter 3.1.1.), this concept includes the identification, establishment, maintenance and enhancement of a relation. Thus, there is cognition that different customers are at different stages of relational development (Egan, 2004). Therewith, relationship marketing can be described as dynamic due to its process nature.

Moreover, it can be noticed that relationships between customers and companies do not evolve from one second to another but rather emerge over a great amount of time (Egan, 2004). Dwyer et al. (1987) describe relationship development as a process that goes through the following five general phases: awareness, exploration, expansion, commitment and dissolution, as illustrated in figure 5.
In the beginning of the process the involved parties go through the **awareness** stage. Here they recognize each other as feasible partners. During this stage there might occur considerable unilateral posturing and positioning activities, in order to improve the attractiveness to the other party. However, interaction has not taken place yet. The beginning of bilateral interactions indicates the transition to the next stage of relationship development (Dwyer, 1987 and Egan, 2004).

The second stage is described as **exploration** stage. It comprises a search phase during which potential relational partners consider obligations, benefits, burdens and the possibility of exchange within the relationship (Tynan, 1997). Although trial purchases might take place in this stage, the relationship is still very fragile due to minimal investments as well as interdependence. Thus, the exploration stage can be seen as a
testing period for relationships. Further, this stage is divided into the five sub processes: attraction, communication and bargaining, development and exercise of power, norm development (i.e. normalisation of the relationship) and expectation development (e.g. trust and commitment) (Dwyer, 1987).

Subsequent the third stage follows, which is described as expansion stage. This stage arises when the increasingly interdependent parties achieve continual benefits from their relationships (Dwyer, 1987). The first signs of trust and joint satisfaction, which are established in the previous exploration stage, lead at this point of development to an increased risk taking. (Egan, 2004).

When the partners either implicitly or explicitly declare to continue their relationship they enter the stage of commitment. At this point of development a certain level of satisfaction is achieved within the exchange process. This leads to an almost preclusion of other primary exchange partner, who might be able to provide similar benefit. This certainty (in form of customer loyalty) presents a benefit for both parties and implicates an increased effectiveness of the relationship due to established trust (Dwyer, 1987).

The last stage of the model, the dissolution stage, might occur when the relationship is terminated and affected by withdrawal or disengagement. But in general, relationships do not necessarily develop into this dissolution stage. Nevertheless, it is important to consider this stage, since there is always the possibility of dissolution in a relationship development. In this context, it is questionable if it is possible to uncouple highly committed relationship parties, since there might be significant psychological, emotional, and physical bindings. Dissolution is often initiated unilaterally and can have great and costly consequences for the company. Nevertheless, the reasons for disengagement are often not explored (Dwyer, 1987).

It is important to understand that the above described stages are not automatic. They can only emerge in the case both parties recognize the potential benefits of such a relationship. Moreover, it has to be considered that the degree of partnership and bonding will be probably lower in consumer markets in comparison to industrial relationships (Egan, 2004). Nevertheless, it seems to be logical that also private consumers go through similar stages of relationship development. Dwyer’s model presents a wide concept,
which can be considered in terms of business-to-business relationships as well as business-to-consumer relationships.

Bruhn (2003) enhanced Dwyer’s model by elaborating on the relationship development within consumer markets. He created a customer relationship life cycle, which describes three main phases of a customer-seller relationship, displayed in the figure below:

Figure 6: Customer relationship life cycle phases
(Source: Bruhn, 2003, p. 46)

In the **customer acquisition stage** the customer and the seller first go through a so-called initiation phase. Within this process the customer obtain data about the seller, whereby the seller tries to use this stage to establish awareness through promotional activities. The first exchanges of goods determine the transition to the following socialisation phase. Seller and customer use the socialisation phase to become familiar with each other (Bruhn, 2003). The customer acquisition stage (with its two sub-phases) is similar to the first two stages of Dwyer’s model, since both models describe the beginning of a relationship as a testing and awareness building process.
As illustrated in figure 6, with an increasing intensity of the seller-customer relationship the **customer retention phase** can be reached. This second core phase of the model also includes two sub-phases: the growth phase and the maturity phase. In the growth phase companies try to exploit the customer potential fully. Therefore, they try to stimulate cross buying within their product range and start the customisation of their products. However, since the contact is rather indirect between seller and customer within the consumer goods market, the customisation is traditionally impersonal. When companies reach the point that they exploited the customer potential as good as possible, they start to aim at maintaining the sales level. Within this so-called maturity phase, companies try to establish switching barriers and to raise the efficiency. In doing so sellers of consumer goods meet the challenge that only relatively few barriers to switch exist. This situation comes up because of their indirect contact with the customer as well as through the prevalent anonymity of the individual customer on the market. However, companies can try to establish some barriers by applying concepts like club memberships or similar. In comparison to Bruhn (2003), Dwyer (1987) emphasises the characteristics of mutuality and trust much more as an essential part of the relationship of the development stage. This different point of view is reasonable since Dwyer’s model focuses more on partnerships, which mostly occur in business-to-business markets. In contrast, Bruhn’s model concentrates on the perspective of consumer markets, where a very close connection is rare.

Similar to Dwyer’s model Bruhn (2003) also considers the termination of the relationship. This development is covered by the **customer recovery phase**, which is in figure 6 illustrated by a decreasing intensity of customer relationship. However, the customer relationship life cycle model of Bruhn (2003) considers only the possibility of termination from the customer side. The partnership in Dwyer’s model can be stopped from both sides. Moreover, Bruhn (2003) goes into more detail by considering three sub-phases of disengagement: imperilment phase, dissolution phase and abstinence phase. In the imperilment phase the customer develops the idea not to use the seller’s product anymore for various reasons. An example of this might be the experience of not satisfying product quality. Once a customer really decides not to consume the product anymore the dissolution phase is reached. When the customer refrains from using any of the relevant products of the seller the abstinence phase is finally reached. Therewith, the customer relationship life cycle in figure 6 decreases at the end of the development to the bottom.
Even though there is no real relationship between buyer and seller anymore, companies can always use the possibility to recover the relationship by certain measures and improvements. However, companies in consumer markets often only have indirect contact with a more or less anonymous market. Thus, it seems to be necessary to use measures, like market research to identify endangered and lost customer (Bruhn, 2003).

Bruhn (2003) alludes to the idealised status of his model. It is important to keep in mind that the life cycle might vary with regards to duration of phases. Moreover, it might be that not all customers go through all stages of the customer relationship life cycle. There will be also the situation where customers might not be interested in a further purchase after their first trial. Hence, the company will not be able to increase the intensity of their relationship to certain customers. Therewith, the model of Bruhn (2003) complies with the assumption in the model of Dwyer (1987) concerning the duration and occurrence of relationship phases. Nevertheless, the clarification status of his model provides valuable explanations for the individual phases from both the seller and buyer perspectives. Thus, companies can use this model as a guideline for their planning, implementation and control of relationship marketing activities.

All in all both discussed models provide some important insights into the relationship development process. An understanding of these development processes is essential for a further exploration of our topic. Elements of the two strongly related models will be used further on in the dissertation. The model of Bruhn and its deeper view on the consumer markets can be used for a later discussion about the implementation of tools within different life cycle stages. The model of Dwyer shows some similarities to a model established within the marketing to children theory. McNeal’s later on presented model describes different stages within the development of loyal relationship to children. With a combination of these models it will to be possible to explain the relationship development of the target group children later in more detail.

3.2. Relationship marketing in consumer markets

As mentioned in chapter 3.1.2., the general marketing theory considers both trade customers as well as individual consumers within the scope of relationship marketing. In the business world companies, which have individuals as their customer are working in
consumer markets (also known as business-to-consumer markets). In contrast, companies that have business customer are working in business markets (also known as business-to-business markets) (Hutt and Speh, 2007). According to our research objective this dissertation is concerned with relationship marketing to children. Thus, the investigations within the research are limited to the consumer market. Therefore it seems to be necessary to examine in more detail the existing literature, which is particularly discussing the topic of relationship marketing in consumer markets.

During our literature review it came up that, even though relationship marketing is widely discussed in industrial and service marketing, there is still a lack of literature in the field of consumer goods (Sheth and Parvatiyar, 1995). Anyway, most roots of relationship marketing are related to the experience of effective industrial markets, where relationships with key customers was always an important aspect. Moreover, the roots are related to the experience of service marketing, where extended relations with customers present a fundamental part of the production process (Christy et al., 1996).

In consumer markets direct contact between consumer and marketer is in most cases unlikely. This indirect contact leads to the fact that companies often have problems to take the perspective of the customer when designing the relationship marketing activities (Bruhn, 2003). The other effect of indirect contact between seller and consumer is that consumers are more likely to develop a relationship with the product or its symbol rather than with the company. Therefore, not only loyalty concerning the company plays an important role in relationship marketing in consumer markets, but also the loyalty concerning a company’s brand (Sheth and Parvatiyar, 1995). Moreover, consumer goods have a low level of integration. Although customers are often well-informed about their purchased products, the degree of interaction is quite low since the goods are basically manufactured without any customer integration. Another characteristic of consumer goods is the low risk and involvement of customers. As a result, consumers often act on instinct during their purchasing decisions. Thus, the purchasing process tends to be short. Because of the fact that consumer goods are often interchangeable, switching barriers exist rarely. However, it is important to mention that the above described characteristics are not necessarily applicable to all consumer goods (Bruhn, 2003).
Recently, in consumer marketing the focus has shifted from creating brand and store loyalties through mass advertising and sales promotion programs towards the development of direct one-to-one relationships. These relationship marketing programs include frequent user incentives, customer referral benefits, preferred customer programs, after marketing support, use of relational databases, mass-customization, consumer involvement in the company’s decisions and others (Sheth and Parvatiyar, 1995).

3.2.1. Benefits from relationship marketing

- Company view –

The general motivation of companies to engage in relationship marketing is founded in the benefits they can achieve due to the development of more loyalty among customers (Gordon, 1998). However, depending on the industry, there are differences concerning the efforts to implement this concept. Certainly industries with high investments and fixed costs are especially attracted by relationship marketing. This comes up since the establishment of long-term commitment presents a kind of security for their high investments (Gordon, 1998).

The main reasons why companies are active within relationship marketing presents the economics of customer retention and the possibilities to create competitive advantage out of it (Sheth and Parvatiyar, 1995). Even though, there are differences concerning industries, Egan (2001) concluded that it is in general less expensive to retain existing customers than to recruit new customers. The implementation of relationship marketing can help to achieve greater marketing productivity by making it more effective and efficient. For instance, the application of relationship marketing practises supports the development of cooperation between marketers and consumers. This can help to reduce some unproductive marketing practises (associated with competitive mass marketing) by achieving more efficient consumer responses (Sheth and Parvatiyar, 1995). Moreover, it gives companies the chance to meet the customer needs in a better way, for example by involving them to a certain degree in design and development decisions (Hougaard and Bjerre, 2002). Hence, Sheth and Parvatiyar (1995) concluded that the developing cooperation between customer and marketer effect that the “consumer will be willing to undertake some of the value creation activities currently being performed by the marketer, such as self-service, self-ordering and co-production” (Sheth and Parvatiyar,
Finally, another possibility how companies can benefit from retained customers presents the opportunity that these customers can provide advertising in form of word-of-mouth recommendations. This form of advertising is for companies beneficial, since it is not only free but often also more effective in the market than paid advertising (Vavra, 1995).

The implementation of relationship marketing presents a valuable asset for companies due to the above described reasons. Another reason for implementing relationship marketing is its function as indicator for future sales and profits (Hougaard and Bjerre, 2002). But companies should always keep in mind that there is no guarantee that the customer can be really bind for life (Egan, 2004). However, taking into account the above explained benefits, companies show greater willingness to engage in and maintain long-term relationships with consumers. Nevertheless, these advantages will only occur if the customers are willing to show commitment. Moreover, customers need to show a motivation to reduce their choice set in order to be in a relationship with the firm or brand. It is a natural and prevalent consumer practise that consumer patronize selected products and that they are not exercising their whole market choices. This so-called relational market behaviour comes up as most consumers demonstrate preferences to buy the same products, to visit the same shops or even to go through the same buying process time and time again. Therefore, for a company it is particularly essential to expose and understand the factors that can motivate customers to become loyal to their company (Sheth and Parvatiyar, 1995).

- Consumer view -

The nature of consumer behaviour shows that consumer have a tendency to reduce their choice set purposefully, even in situations where they could normally choose. Customer faces an overload of advertising messages because of increasingly tougher competition on the consumer market. To avoid this stimulus satiation, consumers use the help of choice reduction. For consumers this reduction simplifies the task of information processing. Moreover, consumers apply choice reduction in order to make their decisions more efficient as well more cognitive consistent. The influence of family members and peer groups but also of marketer-induced policies or governmental mandates plays another important role for choice reduction (Sheth and Parvatiyar, 1995). Finally, consumer behaviour literature explain choice reduction with regard to the consumers attempt to
reduce the perceived risks, which they associate with future choices (Sheth and Parvatiyar, 1995).

It is important to notice that relationship marketing goes beyond repeat purchase behaviour and inducements. Nevertheless, a clear separation is difficult since the result of relationships is mostly conceptualized with regard to increased loyalty. This is in turn discernible by repeated purchase behaviour (O’Malley and Tynan, 2000). However, perhaps a greater and more valuable relationship develops when consumers actively get involved in the decisions of a company. Therefore, any relationship that attempts to develop customer value through partnering activities is likely to create greater bonding between consumers, marketers and their products. The greater the enhancement of relationships through such bonding, the more committed the consumer becomes in the relationship. Hence, it is likely to patronize other marketers (Webster, 1992).

3.2.2. Sociological impacts on relationship marketing

The purchase and consumption decision of consumers is strongly influenced by certain social institutions and groups to which consumers belong to. Consumers consciously reduce their choices and even engage in certain types of consumption patterns in order to achieve acceptance within their social group (Whan Park and Parker Lessig, 1977). In this connection, the family is regarded to be one of the most important influencer on the individual consumer behaviour. “As the basic sociological unit, the family determines and shapes the entire social viewpoint and perception of each of its members, including their purchase and consumption behaviour.” (Sheth and Parvatiyar, 1995, p. 391). The strong influence of parents and other influence groups in particular on a child’s consumption will be discussed further in chapter 3.3.3.1.

However, a general understanding why consumers comply with social groups should be already established at this stage. In order to explain the consumer compliance with social groups, Sheth and Parvatiyar (1995) refer to different theories of social exchange and interaction. According to these theories, the aspect of power has an important influence on consumer behaviour. Power occurs in form of authority, through means of group rewards, coercion or expertise. It effects that individuals comply to groups either to receive benefit or to avoid punishment. Another reason, which is related to the factor of
power, is that a consumer complies with social groups in order to avoid conflicts. Moreover, joint efforts that aim at achieving a common goal can influence consumer behaviour towards group compliance. Thus, consumer behaviour is influenced by consumers’ cooperative behaviour concerning the interests of other members of the social group.

3.2.3. Customer or market segment impacts on relationship marketing

As discussed before there might be industries and markets, which are more appropriate to the concept of relationship marketing than others are. Whether a particular consumer market is relationship marketing friendly depends on the particular characteristics of the customer group, but also on the attributes of the marketed product (Christy et al., 1996). With regard to different customer features, the certain following aspects tend to encourage the growth of relationships.

For instance, high involvement products or brands affect that customers are rather willing to engage in relationships. An example for this kind of products is cars. For a lot of consumers cars present not only a conveyance but also a hobby they follow with enthusiasm. As a result consumers are attracted by the opportunity to learn more about the product field and to establish a closer relation with the producing company (Christy et al., 1996).

A consumer’s uncertainty about a product field presents another aspect that encourages the growth of a relationship. As higher the perceived risk of a consumer as more likely it is that this consumer values a marketing relationship based upon trust and positive reputation (Christy et al., 1996; Bruhn, 2003).

Moreover, aspects like the provision of attractive and relevant added value for the customer or psychological variables like status-seeking can encourage the growth of relationships (Christy et al., 1996).

Finally, the need for a high customization of the product can influence a customer’s willingness to step into a relationship (Christy et al., 1996). For instance left-handed
people are probably willing to collaborate with producers in order to get suitable products for them.

3.2.4. Product impacts on relationship marketing

With regard to different product attributes there are some consumer markets, which will be more likely to develop marketing relationships than others will.

Product attributes like a **high purchase frequency** can encourage the development of marketing relationship because of the greater opportunity for contact (Christy et al., 1996 and Pels, 1999). Another influencing feature might be the ability to **differentiate** the product offer for the customer in a relevant way. Also the existence of **switching costs**, from one brand in the product field to another, will influence the encouragement of relationship development (Bruhn, 2003). Furthermore, the necessity of a **regular maintenance** or repair of products increases the likeliness that a relationship develops (Christy et al., 1996).

Table 2: **Customer and product influences on relationship potential**

<table>
<thead>
<tr>
<th>Product field</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low relationship potential</td>
<td><strong>Short term</strong></td>
</tr>
<tr>
<td>e.g. retail, petrol, basic groceries</td>
<td>Transactions dominate</td>
</tr>
<tr>
<td>High relationship potential</td>
<td><strong>Short term</strong></td>
</tr>
<tr>
<td>e.g. cars, hi-fi, tailored clothes</td>
<td>Few natural relationship</td>
</tr>
</tbody>
</table>

(Source: Christy et al., 1996, p. 131)

The classifications in table 2 shows that there are some product fields in which the development of relationships is more likely and some product fields which lead only rarely to natural relationships (according to the underlying characteristics). Nevertheless,
O’Malley and Tynan (2000) emphasised that there is a surprisingly long list of possible exceptions offered.

3.2.5. Impacts of incentives on relationship marketing

Christy et al. (1996) point out that any kind of product fields (illustrated in table 2) is able to increase the customer motivation to enter into a marketing relationship. This can be done by adding extra incentives for the customer. In case there are tangible or intangible rewards available, consumers will be more likely willing to bind themselves in a relationship (ibid.).

An example for tangible incentives to enter into or remain in a long-term relationship is the availability of financial- (or near-financial) benefits or the provision of extra product features. For instance, family and friends schemes are one way to give customers certain discounts or extra supplies of the product in question. Moreover, add-ons like the access to online-games when purchasing certain chocolate products might present extra benefits, which attract consumers to step into a relationship. The provision of extra information about the company, brand or product field is another tangible incentive for consumers. An example for this might be the publication of kids’ club magazines or newsletters. Finally, access to especially customized products (e.g. t-shirts with a personalized imprint) or the provision of special customer service arrangements can be possible tangible incentives (Christy et al., 1996).

Intangible incentives can attract consumers to bind themselves in a relationship (Christy et al., 1996). An example for this could be the status-seeking argument, which we mentioned earlier. Another possibility of intangible incentives is the prospect of enhancements to the self-esteem concerning responsibilities (ibid.). For instance, this might be the case when companies stress their adherence to ethical issues like fair trade. Such activities could provoke that consumers get the feeling that they are doing something good when they purchase this certain brand.

It should be mentioned that not only the existence of available rewards is of importance for the successful building of marketing relationships. Moreover, it is necessary that the consumers are also aware of it. Only if consumers know and value the expected benefits
that result out of a relationship with a company, they will feel up to engage within this relation. However, one of the most important requirements for the establishment of a successful relationship between customer and company is the mutual trust in each other (Christy et al., 1996). Regarding to the commitment-trust theory of Morgan and Hunt (1994), the factor of trust presents the basis of a marketing relationship and can lead to customer retention. To inspire consumers with trust, one way is that companies try to establish positive reputation (Christy et al., 1996). Companies that have a strong and well-communicated reputation in their market segment will be much more likely to be successful (Morgan and Hunt, 1994).

However, O’Malley and Tynan (2000) criticized that “social exchange theory over-emphasises the role of trust, commitment, communication and mutuality in exchange within consumer markets.” (ibid., p. 222). They even assume that the seller plays the active “managing” part in consumer markets, whereas consumers are only acting as passive participants. Due to the mostly indirect contact between seller and consumer in consumer markets it is rarely possible for companies to establish mutual and trustful partnerships with the customer. Thus, relationships in consumer markets are mainly focussed on the establishment of customer or brand loyalty (ibid.).

3.3. Marketing to children
Marketing to children is in the literature widely discussed. Beside the channels, which can be used to approach children, the actual process of becoming a customer is investigated. Hereunder, different influences, which have an impact on the customer behaviour attitudes of children, are discussed. As we will examine subsequently, the debates about ethical or unethical marketing activities towards children increase nowadays steadily.

3.3.1. The importance of the children market
In the 1940s and 1950s children were not considered as consumers with their own wants and needs. They were rather seen as an extension of their parents’ purchasing power. With the advent of television and other mass media, marketers’ point of view changed. Children emerged to an important target market for business (Wimalasiri, 2004).
Today’s children are not anymore seen as one big market segment. In fact they are viewed by marketers as a multidimensional market. Besides the fact that they are customers in their own right, children are identified as a steadily increasing factor of influence on family purchase decisions. Obviously, children are also seen as a future market, since they will be the consumers of products and services when they become older (McNeal, 1992 and Caruana and Vassallo, 2003). Thus, we can identify three markets:

- Primary market
- Influence market
- Future market

Nowadays, children are defined as a primary market. They have money, needs and wants of their own, and the authority and willingness to spend the money. McNeal (1993) stated that children in the USA have more than $6 billion of spending power per year. This money includes expenses for toys, sweets and clothing. Although most money is given by parents (pocket money), the fact that children can already dispose of such resources suggest that the customer life cycle starts already in early childhood. This is the case for all social levels, from low-income to high-income families. Nevertheless, the primary market is still the smallest one of the three identified markets.

The influence market is even larger. In this market over $260 billion in household purchases are directly and indirectly influenced by children. The direct influence refers to situations when children are making requests for goods and services. For instance, children tell their parents to buy a certain brand when the family is doing the shopping. Indirect influences occur in situations when parents take the preferences of the child into account while purchasing. We will come back to the influence issues in chapter 3.3.3.1. of this dissertation.

Perhaps the future market has the greatest potential of all markets. Obviously, children are growing up and, therefore, they are becoming the consumers of tomorrow. By definition, customers switch back and forth among stores and brands because of prices, premiums or some unique attributes such as location. This fact underlines the difficulty to hold them as customers for a lasting time. Nevertheless, marketers should be aware of the
fact that they actually only have two sources to get new customers. On the one hand they have the possibility to acquire customers from competitors, who already have a customer base. It is difficult to get customers from competitors since they have to switch from one brand to another. The other source is new customers who have not entered the market yet. For instance, children have not entered the marketplace yet and are therewith potential new customers for marketers. This target group bears a huge potential, because when they are nurtured correctly, they tend to become more loyal customers in the future (McNeal, 1992).

Therefore, companies are increasing their advertising activities towards children. Especially the food industry has recognised the previously described trends. In the age bracket from 3 to 11, children mostly request food which includes products like snacks or candies. Marketers are driven by the desire to develop and build brand awareness, brand preference and brand loyalty. They believe that brand preferences emerge before children start their purchase behaviour. Thus, marketers try to establish a life-long relationship from childhood on. Brand preferences appear when children either make positive experiences with the brand or parents like the brand (Story and French, 2004).

3.3.2. Social aspects when targeting children

Although children present a notable market segment, marketers should be aware that this group is described as a sensitive group when it comes to marketing activities. In general, the sensibility arises due to temporary environmental or personal circumstances, which place the consumer in a sensible position for a period of time. For instance, children have neither the knowledge nor the mature analytical skills to deal with over-tempting offers from companies. This fact creates consumer vulnerability. As a result, children are especially vulnerable concerning promotional strategies conceived and executed by marketers. For instance, product-based programming presents an ethical issue since children may not distinguish actual programming from product-related advertising that sponsor a show on television (Macchiette and Roy, 1994 and Bergadaà, 2007).

Nowadays, marketers are confronted with the discussion if they should sell to children generally. On the one hand there are voices that would like to stop the promotion of products to children directly. On the other extreme there are sympathisers of absolute
commercial free speech. They argue that any form of restriction on advertising is a violation of fundamental rights. No doubt, most people would accept that children remain immature consumers. Children are more vulnerable to exploitation and, therefore, in most nations advertising to children is legally grounded. There is an ongoing discussion about where to draw the line between the previous mentioned extremes, if advertising to children is acceptable or not. Or, even more precisely, when comes the point where marketers cross the ethical boundary (Wimalasiri, 2004)?

Obviously, marketers should be concerned with the difficulties of advertising to children and about the manner in which way these advertisements should be structured. For instance, companies should be concerned of the nature of the message or about the call to action. Marketers need to recognise that they have to act with circumspection in the design of advertising since this specific target group is immature (Wimalasiri, 2004). For instance, the International Chamber of Commerce (ICC) promotes high standards of business ethics through the development and promotion of rules. These rules include codes and guidelines how companies can assure that its marketing communication to consumers are responsible. The ICC supports the fact that marketing communication is best regulated by effective self-regulations within a legal framework. Moreover, the ICC stated that especially young children deserve careful treatment by marketers in any commercial communication directed to them. Therefore, they advise that marketers should sell their products to children “in a responsible manner” since children have a lack of experiences as consumers. The ICC recommends that especially food and beverage marketers should continuously review and update their self-regulatory guidelines to assure responsible marketing (ICC, 2006).

Nevertheless, since youngsters present the future market, they cannot be constituted as just a simple segment of the population. The solution can also not be to isolate these children by banning advertising targeted at them. Overall, the aim should be to ensure that children become enlightened consumers. The practices of consumerism provide children with necessary facts for the development into aware adults (Bergadaà, 2007).
3.3.3. The socialisation process
The question that marketers have to answer is at which point they could start to address children. When do children start to understand advertising and when do they start to connect the advertising with a brand and the company behind the advertisement? To answer these questions marketers should have an understanding of the development process of a child. Before children could conceive advertising they must have acquired some basic skills for the understanding of media texts. Studies in the research field of the socialisation process focus mainly on the knowledge and attitudes that develop over childhood, which give youngsters the tools to deal with the market (Bergadaà, 2007 and Bjurström, 2002).

„A consumer is Born“ is the headline of an article written by McNeal and Yeh (1993). The article describes the development of children from a very early stage of their lives on. It explains when they begin to build consumer skills, up to the point when they are able to make independent purchases. This process of becoming a consumer is expressed by the idea of consumer socialisation. Bjurström (2002) defined the process as a development of an infant who is becoming a member of the society and who is steadily learning new skills that are needed to function in the culture he or she is born into. A more narrow description related to advertising is given by Lowery and Fleur (1988) (cited by Bjurström (2002), p. 1) who defined this process as “the developmental process by which young people acquire the knowledge, attitudes and skills relevant to their functioning in the marketplace”.

Down to the present day, an impressive amount of researchers have investigated the topic of consumer socialisation. Within the socialisation process dramatic developments in cognitive functioning and social maturation can be observed. Improvements in the cognitive functioning contribute to the development process of consumer knowledge and also to improvements in decision-making skills. Within the cognitive development researches focus in particular on the different stages of the process. This includes the degree of children’s ability to recognize and to know products, brands and advertising, but also decision-making strategies and parental influences. Beside the cognitive ones, social improvements supply further skills, since they are additionally helpful in consumer situations. For instance, social development includes moral development, impression formation or taking social perspectives. Furthermore, social aspects describe the
development of consumption symbolism, social motives for consumption and materialism (Roedder John, 2002).

3.3.3.1. Socialisation agents
A variety of influences and experiences shape the consumer habit of a young consumer. “Influence occurs at any time a source (children) attempt to change a receiver’s (parents) thoughts, feelings or behaviours.” (Wimalasiri, 2004, p. 275). In the literature these influences and experiences can be taken by so-called socialisation agents, who might be a person or an organisation. In every persons life there are a number of people or institutions who are involved in the socialisation process. The agents could be family members, school, peers, media and even marketers. They all have a great impact on children’s consumer decision-making skills and behaviour and therewith on the social and cognitive development of a child. This comes up because of the frequency of their contact, primacy and control over rewards and punishments given to the child (Gunter and Furnham, 1998 and Wimalasiri, 2004).

![Figure 7: Coherences between children and their socialisation agents](Source: Based on McNeal, 1992, pp. 82-84)

Indeed, parents are the major consumer socializing agents for children as is highlighted in figure 7. They are the ones who take their children to the supermarket or corner shop for the first time. Furthermore, parents introduce children to shop assistants, to shelves of products and the niceties of shopping. They also explain the use of money, for instance by
asking the children to give the money to the shop assistant. And they are usually allowing their child to go to the shop on their own for buying purposes. Children closely observe what parents do during the purchase process. They internalise what parents say, for instance the advice about what to buy for a meal, the choice between brands of a favoured product or when parents show subtle differences between similar-looking products. Children may also listen when their parents make judgements about television advertisements (Gunter and Furnham, 1998).

Vice versa, children have an extensive influence on the purchases of their parents. Children do not only have an influence on items for themselves, for instance snacks, toys and clothing. They also have an influence on general items concerning the whole family, for example foods and beverages or non-household items like vacations. Beside the fact that children decide what is in the shopping trolley, they also often influence parents’ choice of stores, shopping centres or shopping malls where the purchases are made (McNeal, 1992). Overall, marketers are well aware of the increasing importance of the influence of children. The question which arises here is the phenomenon behind this influence. How do children bring their parents to the point to buy certain products? And even more interesting is the question how marketers can increase this kind of purchase requests (ibid.).

As previously described, children are more autonomous and have an increased decision-making power within the family. Children convince their parents to buy certain products through nagging. In the literature this phenomenon is known as “pester power”. This phrase refers to children’s ability to nag their parents into purchasing items, although they might not even have considered the purchase of these items. Since marketers know how powerful this force can be, they stimulate pester power through their marketing activities to children. Researchers distinguish between two types of nagging – “persistence” and “importance” nagging. “Persistence nagging”, as the name itself expresses, refer to recurrent nagging of the child. “Importance nagging” is the more sophisticated and more effective one. It refers to the parents desire to provide the best for their children. Furthermore, it may awake any guilt they may have about not having enough time for their kids (Chaudhari and Marathe, 2007).
Without doubt, children pester their parents and use a range of tactics to do so. For marketers the possibility exists to support these actions although there might be no overt encouragement for the child to pester. Children will use the advertising to prompt the request to their parents and also to provide supporting evidence in their appeal. For the child advertising is more than a piece of information, rather it can be used to convince the parents. Nevertheless, at this point companies have to be careful with their marketing activities since the risk to act in an unethical way is quite high. Marketing activities will become unethical when the advertising is only aiming at an encouragement of children to pester their parents (Wimalasiri, 2004).

Beside the interdependence between parents and children, kids are also accompanied by peers during their development. They learn and copy from them. Certainly, schools also play an important role while educating their pupils. Additionally, business organisations and therewith marketers are identified as powerful consumer socialisation agents. They influence through advertising, particular on television (Gunter and Furnham, 1998).

Marketing to children is a complicated approach to sell goods, since there are many influence groups involved. However, companies would not do it if it would not be worthwhile. If the purchase is a joint decision between parents and children, as it is often the case for children’s goods, the persuasive effort has to be addressed to both decision makers. This leads to the result, that if there are controversial opinions about a particular product, messages to both will reduce it. In situations where youngsters decide what brand or certain product they want to have and the parents just buy it, marketers will most likely direct the selling effort straight to the children (McNeal, 1992).

### 3.3.3.2. The cognitive development

The most well-known cognitive development process was developed by Jean Piaget (1930) cited by O’Sullivan (2005). He distinguishes between four different stages during the cognitive process of a child:

- Sensori-motor (first 2 years)
- Pre-operational (from 2 years to 7 years)
- Concrete operational (from 7 years to 10 years)
- Formal operational (10 years to adulthood)

In the advertising field, the second and third stages of this process are the most crucial ones. Children who are in the pre-operational phase are unaware of perspectives on the world other than their own perspectives. They accept things as fact-value and therefore they do not see the real intent of advertising. Rather, they see it as a kind of public information broadcast. Children’s thinking becomes more structured in the third phase. During that stage children are more capable to understand their social environment. That allows them to realise that advertising has a persuasive intent (O’Sullivan, 2005).

Within the cognitive research field, the focus is lying on children’s recognition or recall of commercials and brands. This phenomenon refers to brand awareness of children. It has been examined that the ability of a child to recognise brands starts earlier within the development process than the ability to recall brands. Studies found out that there is a strong relation between advertising and brand recognition. That children are not able to recall brand names lies in the problem that it is too difficult for them to spell, because they are not that far in the development process (Jensen Arnett, 2007).

The cognitive development provides a basis explanation of the socialisation of a child within its environment. Additionally, research within this field concentrated on children’s recognition or recall of commercials and brands. It does not focus on behavioural effects. The learning process of consumer behaviour is more complex and other influential items are involved.

3.3.3.3. Consumer behaviour development

The previous described cognitive development process can be adapted for the development of a child in general. For the marketers it is more interesting to find out how children develop consumer-related thoughts and behaviours. With this background information marketers are able to improve their communication campaigns directed at this lucrative segment of the market (Gunter and Furnham, 1998).

No doubt, marketers are involved in the learning process of a child when it comes to consumer behaviour and the marketers influence grows continuously. Nevertheless,
parents are children’s primary socialisation agents who introduced them into the consumer role. Marketers have to keep that in mind. When they overflow children with informative and persuasive messages, marketers have to consider that parents could get incensed. This might come up since parents might feel that they are losing their responsibility for teaching their kids about marketplace matters. Therefore, marketers should find a middle way to keep the communication with the children without giving the parents the feeling to be ignored in the education process of their child (McNeal, 1992).

McNeal (1992) invented a five-stage process which shows the development of consumer behaviour of children. By means of five-stages it is explained how spending behaviour of children is established. Moreover, it shows when children start to make consumer choices, which subsequently influence those of their parents. He defined some generalised stages in the development of children’s consumer behaviour patterns. The numbers of the subsequent presented stages correspond with the age of the child at the beginning of that stage.

1. Accompanying parents and observing
2. Accompanying parents and requesting
3. Accompanying parents and selecting with permission
4. Accompanying parents and making independent purchases
5. Going to the store alone and making independent purchases

From the day on that children can sit erect in the shopping trolley, they start to realise for the first time the “wonderland of marketing”. The youngsters discover that outlets like supermarkets are fully stocked with good things to eat and funny things to play with. Researcher found out that children by the age of 2 make already few connections between TV advertising and store contents. In addition, connections between certain stores and satisfying products emerge (McNeal, 1992).

Already at the age of 2, children start to make requests when they go out for shopping with their parents. Repeated store visits, consumption of certain items (for instance foods or toys) and recur advertising messages at television and other channels increase the number of products children want to have. At the same time children recognise that they can influence the purchase behaviour of their parents, for instance through whining,
gesturing or pointing on a particular product they want to have. Either they will get the product or not. This adds another item to the understanding of a child what it means to be a consumer. The process of asking and receiving, for example “This one is good for you”, “That one is better” attach importance to certain products and/or brands (McNeal, 1992).

By the age of 3 or 4 children start to ask if they can make some selections on their own. At that time children properly recognise most brands, for example of frozen desserts, candies or salty snacks and know their location in the store. Moreover, it seems that children have already some favourite brands in mind. Parents at this stage might have the desire to keep the children busy. They might also have the will to teach them rudiments of shopping. The teaching includes talking about the product itself, but also about brand comparison, prices or safety. For the first time the child react on its own and retrieve a product from the action. Nevertheless, at this point of development children have completed many connections. It starts with the understanding of advertisements, stores, displays, and packages of want-satisfying products. This process is a pleasing experience for the marketers and signalise the beginning of children’s ability to understand the want-satisfaction process in a market-driven environment (McNeal, 1992).

There is only one more step behind the fourth stage in the development of consumer behaviour, from the simple wants to want-satisfying goods. In this stage the payment item remains. Although children have seen the process of money exchange for products by observing their parents, it is still a complex undertaking for them. The understanding of the exchange system is not given yet, for example because of their lack of knowledge about calculating with money. However, the more often the procedure is performed, the easier it gets to buy goods in exchange with money. Children first assisted purchase is usually made in a supermarket, convenience store or discount department stores. The child has already learned the want-satisfaction process in stage three. This time it just makes it more complex through the exchange process with another person (McNeal, 1992).

When children finally reach the age between 5 and 7, they start to perform independent purchases. The first independent store visit is for example to a supermarket for a candy bar or to a fast food restaurant for a soft drink. The average number of visits per week increases with the age up to 8. At this time children mostly buy self-serving products.
Additionally, an increasing number of parents send their kids to make bread-and-milk runs. Children are excited about their first independent purchase. For them it is important in which store they buy something and when and how they consume it. For the youngster it is a wholly new world of want-satisfying goods (McNeal, 1992).

The stages show that the process of becoming a consumer is not a simple experience. Furthermore, it is not a programmed one, since many influences accompany this process. McNeal (1992) described the development as “a combination of successes and failures, of increasing complexities and increasing satisfaction.” (Mc Neal, 1992, p. 13).

The consumer behaviour development process plus the cognitive development of a child shows that the understanding and development of purchaser skills and advertising knowledge emerge already from an early age on. Children are properly much aware of what they see, what they want and what they get. The processes underpin ones more the necessity and the importance of targeting children from an early age on. When marketers nurture the kids in a right way, the possibility will raise that they recognise, request and even recur purchases of a certain product.

Nevertheless, marketers should be carefully balance the amount of advertising. Since children develop their understanding over time, it might be possible to overload them with information. That in turn could have a negative effect on the intention of the message.

3.3.4. Products purchased by children
In general, children are interested in different commodities. They shop with parents or their friends as a leisure time activity. Moreover, they help their parents to purchase in groceries stores. Nevertheless, there are certain kinds of products, which children prefer to purchase, and others, which are rarely or even never purchased by children. Youngsters mostly request products to satisfy immediate needs, for instance confectionery or sweets (Gunter and Furnham, 1998 and Stipp, 1988). Tendencies towards products, which are mostly purchased by children exist. This includes the subsequent presented products.
According to a study initiated by McNeal (1964) and Anderson’s (1978) (cited in McNeal, 1980), children in the age between 5 and 11 mainly want goods like sweets. They buy candies, beverages, ice cream, frozen dessert, gum, flavoured gelatine and in addition occasionally pieces of fruits. These products taste good, are mainly for children and are mainly purchased by the five-year-old. When children grow up their purchases become more variegated. The older the kids are, the more they spend their money on toys, crafts, games, entertainment and school supplies.

47 percent of children’s first requests are for ready-to-eat cereals and another 30 percent of requests include snack items like candies, cookies and frozen desserts. Also interesting in this context is the cognition, that the majority of children request products by brand name (McNeal and Yeh, 1993).

The products children prefer to buy correspond with their preferences of stores. Thus, it does not astonish that the best-liked stores of children are convenience stores or supermarkets, because they offer snacks, sweets and frozen deserts. Without a doubt, store preferences will change during the socialisation process of a child, because their product tastes and interests will inevitably change with increasing age (Gunter and Furnham, 1998).

3.3.5. How to build a long-lasting relationship to children?
So far we discussed the socialisation process of a child and we learned that it makes sense to create brand preferences and a relation to children already from an early age on. In general, the aim of relationship marketing is to create involvement and product loyalty through establishing a lasting bond with customers. Thus, the question arise how to build such a loyal relationship to children. If companies would fail to create an enduring relationship to children, they would properly be the customer of the competitors. McNeal (1992) developed a model, which answers the question of how companies can build a lasting relationship to children. Concurrently, this model shows similarities to the earlier discussed relationship ladder developed by Dwyer (1987).
The model suggests that if there shall be action in the future, children must be made aware of the company and its products. The interest towards the company must be generated. Moreover, children have to believe in the firm as a provider of satisfaction. The results of the three previous steps will finally end in action, which refers to purchases on a regular basis (McNeal, 1992).

It is obvious that there must be an awareness of a company among children before a bond can be created. The more difficult question is how to create awareness among them. Fortunately, children are eager learners of new things and curious about everything that is new. The presentation of the company logo, product or brand names within the child’s environment will produce awareness of the firm. This is especially easy for those companies whose products are a normal part of children’s daily life. For instance, it is easier for companies which are operating in the sweets industry to build relations to kids, since children are enthusiastic purchasers of these products. Sweets are representing high need-satisfying products. Companies, which do not directly sell products that are preferred by children, have more difficulties to build awareness around them. The publication of the company name and brand has a high priority in order to build awareness. Many companies fail to create this awareness. Therefore, they miss the opportunity to build a relationship with children as future customers (McNeal, 1992).

In the second stage of McNeal’s (1992) model, companies have to make sure that they can create interest amongst children. The problem is that although the firm presents its company symbols apparent to children, they might not be interested in it. In contrast, when children perceive a symbol as a potential need satisfier, they properly will pay attention to it. Therefore, it is of high importance that companies understand the needs and wants of children. Kids have a need to play, to belong to something or the need to sensor experiences. “Hours of fun” create interest amongst children. The more need-
satisfying potential a product has, the more the children pay attention to it. If a product does not have significance to children, companies should try to create attention by pairing it with something that has significance. For instance, with a kids club concept a firm is able to respond to children’s needs while informing them at the same time about the companies’ products. Descriptions about the club concept will be delivered later on in this chapter (McNeal, 1992).

If a child is aware of a firm and interested in it, it is less difficult to make children believe in a business firm and its products. Nevertheless, the key is to achieve that young consumer see a company and/or its products as actual provider of satisfaction. Interest is given as long as there is perceived need satisfaction. However, belief only occurs and continues if actual satisfaction of needs is experienced. For instance, being seen as a provider of satisfactions is relatively easy for a producer or seller of cereals or clothing, but it might be not for instance for a communication company. Today a lot of companies invent and praise themselves with programs and movements intended to protect and enhance the environment. With those publications, firms try to create belief towards children and their parents. If a company can associate itself with universal values like good health, it is likely to nurture belief in it amongst children. It has to be noted that the publication of such value systems are difficult for children to conceptualise until they reach the age of 7 or 8. Especially for companies, which are not producing products of obvious significance to children, it is of importance to utilize high involvement and credible media to communicate information about them. This will help children to obtain and maintain interest. In conclusion, whether attempting to create awareness, interest, or belief, getting high involvement among an audience gives the most effective way. Additionally, spoken messages from credible sources for instance parents or teachers work well too. This shows that these important agents are effective in instilling values and can not be let out of the advertising targeted to children. This is also the reason why we often see these persons portrayed in television advertisements targeted to children (McNeal, 1992).

The term action refers to future purchases or patronage on a regular basis. If the accompaniment of customer growth is effective, a lasting relation can be created and occurs in young adult years. Action along the development to market age is desirable, because it produces the high-involvement learning which we mentioned earlier. Hands-on
participation within marketing programs for children is recommended whenever possible in order to get high-involvement learning. Additionally, it is important since it provides children actual satisfaction. Companies should strive for children’s participation with its products although the product might tend to be an adult one. As soon as children grow up and become adult they might get the link between the pleasant and secure childhood connected to a particular product (McNeal, 1992).

3.3.6. Direct marketing channels to approach children
The main difference between normal promotional activities and relationship marketing measures lies in the fact that within the latter one the company is actively trying to learn more about customers, in order to serve their needs more comprehensively (Christy et al., 1996). For marketers there are multiple channels available to reach younger, to communicate the marketing message and to foster brand-building at the same time. Without doubt, another intention of marketers is to influence product purchase behaviour of children. Youth-oriented marketing channels and age-appropriate techniques include media like television advertising, in-school marketing, product placement or kids clubs. Furthermore, the internet, toys and products with brand logos or youth-targeted promotions increase its popularity (Story and French, 2004).

Companies should be aware of the interests and preferred activities of children. Harmonised marketing tools towards children’s interests will help to produce awareness. Children like to play and to watch television. Beside, children like outdoor activities and they like to listen to music (Stipp, 1988). The following figure 9 shall visualise specific tools, which are addressed to children. With these tools marketers have the possibility to combine marketing purposes with interests and preferred activities of children.
During the past decade, **television** advertising has become one of the largest single sources of media messages for younger children. The advantages of this medium are multisided. The advertising message can be delivered with visual elements, for instance fun sounds and music. These elements are important to a kid’s world. Beside the effect on children, television makes it easy to reach parents at the same time with the same communication channel. Furthermore, children can sit with friends and can discuss what is shown on television. There has been an increase in prime-time programming that appeal to youngsters. This fact rise the time of commercials available for kids additionally. Children actively pay attention to what they see on television and they genuinely enjoy advertising. The wide range of children’s programming made it possible to segment the different age-groups of the audience more detailed. Thus, it is no longer the case that all programmes refer to the entire group of youngsters. Different programmes address different target groups, for instance preschoolers, tweens or any age in between. Therefore, marketers can concentrate their advertising intent on different
groups. Television plays a major role in creating awareness and desire for a brand, but it cannot stand alone. Nevertheless, television commercial for children is limited in many nations by law. Although this medium has a lot of advantages, marketers need to consider alternative media (McNeal, 1992 and Lindstrom and Seybold, 2003).

Especially the marketers in Sweden need to find alternative channels to approach children. After an increased level of interest, concerning the issue of television advertising towards children, a number of EU countries have imposed restrictions on TV advertising to children (see Appendix 4). Different sources were concerned about the way in which the advertising industry is targeting children as a separate market. The debate increased further with the growth of the satellite TV broadcasting market. Within the EU countries Sweden has the most notably restrictions in this field. Sweden does not permit any TV advertising to children under the age of 12 (Bradbury, 2000).

With the internet marketers got another channel to approach children. The internet offers a variety of new interactive techniques. Researchers found out that about four million children are using the internet world-wide and that this figure will increase significantly over the next few years. Children at very young ages are already targeted by marketers on the internet. Marketers can also combine the tool television with the internet by linking the television program directly to a website. This allows the marketer to address individual viewers with personalised advertisement. Marketers are able to reach children whenever they are watching television, no matter if the program is considered a children program or not. To adjust the internet environment for children, marketers should be aware of children’s preferences concerning online activities in order to attract them. Among others, these include playing and downloading games or music, chatting and surfing for fun. Another advantage of the internet is the possibility to collect data about the habits, preferences and interests of children without knowing or consenting of neither the children, nor their parents. The collection of data is possible through e.g. surveys or through questions embedded in games, or activities featured on the site. Marketers offer prices such as free T-shirts to attract children to fill out their surveys. So-called ‘advergames’ published on the webpage transfer the advertising message unobvious and meet at the same time children’s preferences of online activities. This kind of tool is becoming increasingly popular (Chaudhari and Marathe, 2007).
Product placements increased its popularity and have become more acceptable during the last years. Million of consumers can be reached through products placed in films and television. Product placement is used in music videos, books, comic strips or plays (Chaudhari and Marathe, 2007).

Furthermore, marketing in schools presents an expanding and powerful marketing tool. The main reason for in-school advertising is the obvious fact that marketers can reach a large number of children in a contained setting. Types for direct advertising in schools are for instance sponsorship banners in gyms, ads in school newspapers and yearbooks or screensaver ads on school computers (Story and French, 2004).

Nowadays addressing youngsters consists moreover of sales promotions, such as direct coupons, free gifts, samples, contests and sweepstakes. In the sector of public relations marketers make use of celebrities (for instance sportsman, entertainers, rap singers or licensed characters) which promote in shopping centres and schools. With these celebrities marketers create a specific image which is meaningful to the audience (Chaudhari and Marathe, 2007).

The tool kids club is one of the most efficient ways to communicate with children and at the same time to build an ongoing relationship with them. Kids club become a continually updated data base through which relationship marketing takes place. It is possible to have a unified channel for all marketing communications to children. On a personalised basis members can receive birthday cards, holiday greetings or newsletters. In addition, children can participate in contests, receive coupons or branded items like posters or discounts for items with the club logo. The club concept is therefore attractive to all types of marketing communications and of course also for sales promotions and publicity. Moreover, companies can use the clubs to educate children about consumer issues but also to help children to deal with social and environmental problems. The online media plays an increasing role in the lifes of children (Story and French, 2004).

The variety of channels, which are available to address children shows that the importance of the children market is growing. The aim of these tools is the same as the advertising purposes in general, namely to create brand loyalties and to obtain new customers amongst children. When children become older, marketers recognise that they
are more cynical about advertisements. Therefore, promotion in alternative channels like children’s newspapers and magazines or other marketing strategies represent alternative ways to reach these children (Chaudhari and Marathe, 2007).

### 3.3.7. Advertising effects on children
Advertising to children produces attitudes and behaviours among them. The attitudes refer to the product, the brand, its producer and even toward the advertisement in general. The behaviour can be divided into three forms. Firstly, behaviour can be produced toward the product. Children can look for the product, they can look at it, compare it to other product and buy it. Secondly, children can build behaviour toward the parents. They attempt to influence the parents in order to achieve that they buy the advertised product or at least to provide necessary funds. Thirdly, the behaviour which refers to peer influences (McNeal, 1992).

The resulting attitudes when children and parents interact produce a liking or disliking of products, brands, sellers or advertising. The attitudes will later determine the behaviour towards these objects by children and/or parents. The preferred products will become a part of the evoked set of children and parents. Evoked sets refer to brands that come to mind when the purchase of a product is contemplated. If children and/or parents do not have a certain brand in mind, the brand will not be considered at the time of purchase (McNeal, 1992).

In conclusion, advertising may achieve three main aims. Advertising might produce purchases and favourable attitudes. Moreover, it might cause to inform children and persuade the parents, who in turn may buy the product and/or form a favourable attitude towards the product. In a future perspective, advertising produces preferences and other favourable attitudes. The result might be to trigger behaviour toward a product at a later time (McNeal, 1992).

### 3.3.8. Socialisation outcomes
Consumer socialisation of children is the progress of a series of stages, capturing major shifts from being a child till becoming an adult. The stages are characterised by the
development of children’s knowledge, skills, and values during their childhood and adolescence. Additionally, these stages document children’s sophistication about products, brands, advertising, shopping, decision-making strategies, and influence approaches (Roedder John, 2002).

The following figure 10 shall provide an overview about characteristics, which develop during the consumer socialisation process of children. The process is sectionalised into two significant brackets and a reflection stage. The major topic areas in the process are advertising knowledge, product brand knowledge, purchase influence, negotiation strategies, and information search.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Stage 1 3-7 years</th>
<th>Stage 2 7-11 years</th>
<th>Reflection stage 1-16 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising knowledge</td>
<td>- Start to distinguish advertisements from programs</td>
<td>- Ability to distinguish advertisements from programs</td>
<td>- Understanding of the persuasive intent of advertisements</td>
</tr>
<tr>
<td></td>
<td>- Still believe that advertising is truthful, funny and interesting</td>
<td>- Believe advertisements lie and contain bias and deceptions</td>
<td>- Knowing of specific advertisement tactics and appeals</td>
</tr>
<tr>
<td></td>
<td>- Positive attitudes towards advertising but first judgement based on parents influence</td>
<td>- Negative attitudes toward advertisements</td>
<td>- Know how to spot specific instances of bias or deception in advertisements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Sceptical attitudes toward advertisements</td>
</tr>
<tr>
<td>Product brand knowledge</td>
<td>- Development of the ability to recognise brand names</td>
<td>- Increasing brand awareness especially for child-relevant products</td>
<td>- Substantial brand awareness for adult-oriented and child-relevant products</td>
</tr>
<tr>
<td></td>
<td>- Connecting products with brand names</td>
<td>- Increased understanding of symbolic aspects of consumption</td>
<td>- Sophisticated understanding of consumption symbolism for products and brand names</td>
</tr>
<tr>
<td></td>
<td>- Starting to understand symbolic aspects of consumption</td>
<td>- Understanding that retailers stores are owned to sell goods</td>
<td>- Understanding and enthusiasm for retail stores</td>
</tr>
<tr>
<td></td>
<td>- Egocentric view of stores as a source of desired items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase influence and negotiation influence</td>
<td>- Use of direct requests and emotional appeals (power)</td>
<td>- Expanded repertoire of strategies with bargaining and persuasion emerging</td>
<td>- Full repertoire of strategies, with bargaining and persuasion as favorites</td>
</tr>
<tr>
<td></td>
<td>- Limited ability to adapt strategy to person or situation</td>
<td>- Developing abilities to adapt strategy to persons and situations</td>
<td>- Different influences (strategies) based on perceived effectiveness for persons and situations</td>
</tr>
<tr>
<td></td>
<td>- Value of possessions based on „having more“ of something</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information search</td>
<td>- Limited awareness of information sources</td>
<td>- Increased awareness of personal and mass media sources</td>
<td>- Permanent use of different information sources—depending on product and situation</td>
</tr>
<tr>
<td></td>
<td>- Focus on perceptual attributes</td>
<td>- Focus on important attribute information</td>
<td>- Gather information from different sources</td>
</tr>
</tbody>
</table>

**Figure 10:** Summary of characteristics that emerge within the socialisation process

(Source: Based on Roedder John, 2002, pp. 70, 71)
3.4. Relationship marketing to children – development of propositions

In this section the main findings out of the theoretical review are presented. Seven propositions were established. A short description about the meaning of the individual propositions is illustrated.

After exploring the existing theories we want to clarify and summarise the most important aspects with regard to our research purpose. Through the combination of the most important findings out of the literature review we would like to figure out if relationship marketing in the sweets industry is an attractive approach for targeting children. Moreover, we would like to investigate if companies within the sweets industry are aware of the possibilities to establish long-term relationships to children or does not use a certain approach at all.

For the purpose of our analysis we concluded seven propositions, which consist of the main aspects taken from the theoretical findings. To follow the analytical discussion later on we grouped the proposition into a cause-and-effect chain. We believe that the propositions are interrelated to each other. Within the marketing work, companies have to consider firstly, which target group they shall choose in order to reach children as consumer. Secondly, for companies it is important to be aware of how they can address the target group children. Thirdly, it is important for companies to know when they should start to address children. Finally, how is a company affected when choosing children as target group? Each proposition will be subsequent explained.

Which target group shall companies choose in order to reach children as consumer?

1. Socialisation agents have an effect on children consumer behaviour.

When children start to develop into the social life they are accompanied by so-called socialisation agents. From them, children learn how to cope with the social environment. Moreover, by the help of the socialisation agents children gain knowledge in the field of consumer behaviour within their development. When companies target children they have to consider these socialisation agents, since they have a strong influence on the learning process of children.
How do companies address children as target group?

2. Keeping the advertisement message to children as easy as possible will have a positive effect on children’s awareness of the product. Obviously, children are less developed and do not dispose of the full ability to understand and interpret advertising in the same way than adults do. Companies have to consider this fact when they create advertising towards children. Thus, when they use age-appropriate measurements the probability will increase that the child recognise and internalize the product and the brand.

3. The use of incentives increases the possibility to apply relationship marketing for low-involvement products. According to theory, the use of relationship marketing is more attractive in industries with high-involvement products. Nevertheless, through the use of incentives the application of relationship marketing might also be possible for low-involvement products. Incentives can be additionally offered to the main product. The purpose of incentives is to increase the customers’ interest and the value of the product.

When should a company start to address children?

4. The more the company is aware of the different stages of customers’ lifecycle, the better the company can adapt appropriate tools regarding the intensity of customer relationship. Customers pass through different stages during their development as customer (as illustrated in the customer relationship life cycle in chapter 3.1.3.). The intensity of a customer relationship to the product and company differ from stage to stage. Therefore, companies have to apply appropriate marketing measurements suitable to the different stages.

5. Targeting children already from an early age on will increase the possibility to keep them as long-term customers. Children are alert learner. Everything new seems to be interesting. What children learn and internalize from their early childhood on, will be kept in mind. Companies want that children remember their brands and their products, also when the child grow up.
Therefore, companies should start to target and to build a relation to children from an early age on. With these measurements companies can assure that children will recognise its products and they might get the chance to build a positive attitude towards the brand among the children.

How is a company affected when choosing children as target group?

6. The opportunity to build customer loyalty from childhood on has a positive effect when maintaining a long-lasting customer base.

Customer loyalty has to do with the positive attitude towards a company’s name and its products or brands. When companies establish customer loyalty already from the childhood on, it seems to be reasonable that this customer can be kept for a longer time. Therewith, the company might have the possibility to establish a long-lasting customer base.

7. The increasing influences of children on the business market increase the focus on them as a target group.

Marketers are aware that children present a potential target group. Children represent the customers from tomorrow. They also already have own spending power and they are additional seen as influencer on the purchase decision of their family or friends. Nevertheless, the increased interest on children as a target group bears also potential for discussions. Targeting children is a sensitive topic and an increased public interest is visible.

As mentioned before, all these propositions are inter-related to each other. Within our empirical research we will try to find out if companies in the sweets industry support or disagree with these propositions. This will help us to come to a conclusion in which way the sweets industry applies relationship marketing to children. The purpose is to challenge the individual proposition through questions. The previous described process is illustrated in figure 11 below.
Figure 11: Relationship marketing to children
(Source: Own figure)
4. Relationship marketing – an empirical study

This chapter will start with an introduction of the industry and the companies chosen for the purpose of our empirical investigation. Moreover, further sources of our data collection are presented. This chapter will conclude with a profound analysis of our empirical findings. Herein, our developed propositions are challenged.

4.1. Sweets industry

For the purpose of our empirical testing we narrowed our focus down to the sweets industry. To establish a unique understanding of our chosen industry it seems to be necessary to clarify which products are embraced by the term sweets. There are different definitions existing, concerning which products belong to the group of sweets. According to CAOBISCO (Association of chocolate, biscuit and confectionery industries of the European Union) (2007) the following products are regarded as sweets:

- Chocolate products
- Sugar confectionery products
- Biscuits and fine bakery wares
- Snacks
- Ice cream
- Raw pastes/semi-finished products

The companies we have chosen for our research are producer and marketer of at least one of these products. As mentioned in our research limitations (see chapter 1.4.) our primary research is concentrated on the Swedish market. Within the European market for sweets the Swedish market has a relative high consumption share (as illustrated in figure 12). Despite the fact that the number of inhabitants amounts only around 9 million people, Sweden achieved in 2005 the 5th highest rank in Europe with a consumption of 230 000 tons of sweets per year. Therewith, Sweden owns a share of around a third of total consumption within the Nordic region.
In general, the global market of confectionery is dominated by multinationals such as Nestlé, Mars or Kraft Foods. These companies meet tough opposition from local players in Sweden. The Swedish confectionery market was largely unchanged in 2006. The turnover in consumer sales are approximately SEK 11 billion in 2006. The dominant players on the market are Cloetta Fazer with a market share of 24 per cent, Kraft Foods with 20 per cent of market share, Malaco Leaf with 13 per cent and other private labels with a stable market share at around 8 per cent (Cloetta Fazer Annual Report, 2006).

Subsequently our chosen companies for the empirical research are shortly presented.

4.1.1. Ferrero Scandinavia AB
Ferrero Scandinavia AB is the Swedish subsidiary of the global working Ferrero Group. The group is headquartered in Luxembourg. Its 15 production plants turn out approximately 700,000 tons of products every year. Therewith, it belongs to one of the main confectionery producers in the world, which holds especially in Europe a clear
leading position. International sales are supported by a network of 31 sales companies and 15 production subsidiaries throughout Europe, North America, South America and Asia. Approximate 16,000 employees working within the group (Ferrero, 2007 and Brochure Ferrero, n. d.).

Apart from the Scandinavian headquarter in Malmö (Sweden), Ferrero Scandinavia AB is present in Denmark with their own sales organisation. In the other Nordic countries Ferrero Scandinavia AB established co-operations with leading distributors (Ferrero, 2007).

Ferrero’s product range in Scandinavia consists of the following main brands (ibid.):

- Kinder products (Kinder bueno, Kinder Surprise, Kinder maxi, Kinder Schokobons, Kinder Milk-Slice, Kinder pinguı, Kinder at Easter)
- Pralines (Ferrero Rocher, Mon Chérie, Ferrero Küsschen, Ferrero Prestige)
- Nutella
- Tic Tac

Ferrero believes that the basis for their success in the sweets industry is founded in their high quality standards, their efforts to meet national and international tastes of people of all ages and their carefully selected raw materials (Ferrero, 2007). The face-to-face interview was conducted with Stephanie Illgner, who is the Marketing Director of Scandinavia.

4.1.2. Cloetta Fazer

Cloetta Fazer is in the Nordic region the largest chocolate and sugar confectionery company. It held a market share of 24 per cent and employs in average a number of 1,600 employees in the Nordic region. Cloetta Fazer was formed through a merger between the Swedish company Cloetta and the Finish company Fazer Konfektyr. Cloetta Fazer’s key markets are located in Finland, Sweden, Norway, Denmark, the Baltic countries, Russia and Poland. The company has a clear focus on twelve prioritized brands. All brands own a strong market position and are characterized by a high degree of innovation (Cloetta Fazer, 2007 and Cloetta Fazer Annual Report, 2006). The twelve brands are (ibid.):
- Karl Fazer
- Kexchoklad
- Dumble
- Geisha
- Polly
- Ässät
- Tutti Frutti
- Pantteri/Salta Katten
- Center
- Marianne
- Tyrkisk Peber and Plopp

The telephone interview was held with Peter Henriksson, who is Area Marketing Director of the company.

4.2. Faced challenges within the research process
During our research we faced several challenges. We found a substantial amount of literature about the different fields concerning our research topic, either in scientific articles or in specialized books. It helped us to get familiar with the topic. The problem was lying in the access and collection of empirical material. Firstly, we were not familiar with the sweets industry here in Sweden. Moreover, we had no overview about which companies within this industry are located in Sweden. This problem could be solved by searching in the internet for company names in specific forums. Moreover, we contacted sweet associations to ask for specific contact details. Among others, we spoke with a person from the Swedish Association of Sweets Manufacturers who could help us to find interesting companies for our research.

Secondly, it was difficult to find the right contact person for our purposes within the certain companies. With regard to our research field of relationship marketing, we tried to address marketing experts within a firm. During our internet research we could only find general telephone numbers of the switchboards. On the internet page it was not possible to get neither a direct connection nor a name of a direct contact person where we could
address our inquiry to. By calling the switchboard and asking for experts and responsible persons in the field of marketing we got access to names. In the case the switchboard connected us directly, we addressed our interview request on the phone. However, in most of the cases the switchboard only gave us the personal email-address, where we could send our written request to.

Thirdly, after our first contact to the companies it turned out that it was difficult to get further arrangements. We constantly reminded the contacted persons about our request in order to schedule appointments. It turned out that the people we contacted proved to be very busy. In most of the cases the companies decided, after a few weeks, not to discuss with us about our topic. Due to this our response rate is relatively low.

Another more significant reason for the low response rate is the fact that especially the field of children and advertising is a highly sensitive topic in Sweden. We were not aware of this situation when we started our work. During our research, in particular during our interviews with professionals in this field, we figured out that companies in the sweets industry are highly criticized in the public when it comes to their advertisements towards children. We assume that this is another reason why companies were not willing to talk with us.

4.3. Further data sources

With the previous described challenges as background we decided to approach other sources to get a broader view and additional perspectives concerning our topic. We decided to enlarge our sample to marketing agencies, which are involved in the creation of advertising campaigns for companies in the sweets industry. Moreover, we interviewed a professor from the Lund University who recently published research results about marketing of unhealthy food directed to children. In this research sweets were among others considered as unhealthy food.

4.3.1. Vizeum

Vizeum is an independent media network agency and part of the Aegis Group plc. This Group is the world’s largest independent media group. Vizeum has worldwide more than
50 offices in 42 countries. The agency provides advertisers with communication planning and buying. Moreover, Vizeum helps clients to understand what consumers are thinking. With this information as background the agency offers their clients the possibility to communicate with consumers in the right moments and in the best way. Vizeum create innovative ideas across all channels. A main goal of the group is to help clients to communicate and build relationships with their consumers around their products and their brands (Aegisplc, 2007 and Vizeum, 2007).

Among others, Vizeum is working with clients like Ferrero, Chupa Chups, Playmobil, Hipp or C&A around the world (ibid). The telephone interview was conducted with Daria Rasmussen. The contact was enabled by Stephanie Illgner from Ferrero.

4.3.2. McCann
McCann Sweden is a fully owned agency of McCann-Erickson, which in turn belongs to the McCann World group. This group is the world’s largest advertising network. Within McCann Sweden, over 50 people are working with Swedish, Nordic and international communication assignments. The agency builds and moves brands. The strength of McCann is lying in the combination of strategy and creativity to conceive strong concepts. McCann Malmö is since many years the most known advertising agency in the south of Sweden. The agency manages from their office in Malmö some of the strongest Swedish brands like GB Glace, Nestlé and Unilever (McCann, 2007). The telephone interview was held with Klaes Tjebbes, who is the Managing Director of McCann in Malmö.

4.3.3. Researcher (Lund University)
Helena Sandberg, director of studies/Assistant Professor at Lund University, conducted a research about marketing of unhealthy food towards children. Within her research, sweets were classified as unhealthy food. The research included the investigation about the nature, amount and placement of advertisements that encourage children to buy food in different media. Media sources like direct advertising, children magazines, internet pages and TV commercials in four channels were examined. The research excluded marketing in form of product placements, in-school marketing and in-store marketing. The project
started with a one week data collection in November 2005. The analysis was done in 2006. A follow-up study in 2007 allowed an investigation if there has been any changes in the marketing communication towards children during the period of research (Lunds Universitet, 2007 and Sandberg, 2007). The interview with Helena Sandberg was held within a face-to-face interview.

Figure 13 summaries our data collection sources. The figure shall illustrate which expectations we had when we conducted the interviews and how the addressed sources could contribute to our analysis.

**Figure 13:** Summary of data collection sources
(Source: Own figure)
4.4. Analysis

In order to come to a conclusion in which way companies in the sweets industry use relationship marketing to children or if they do not use a certain approach at all, each proposition will be subsequently analysed. In this context, the interview results will be used to challenge each proposition.

4.4.1. Evaluation of socialisation agents

We classified the interviews and its results respectively to our propositions and evaluated them with the help of our cognitions. Subsequent, all propositions are presented. Each section starts with an overview about the results of the statements from our respondent, followed by a reflection on it.

### Proposition 1:
Socialisation agents have an effect on children consumer behaviour.

<table>
<thead>
<tr>
<th>Socialisation agents</th>
<th>No statement</th>
<th>Seems not to support the proposition</th>
<th>Seems to support the proposition to a certain extent</th>
<th>Seems to support the proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrero</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Cloetta Fazer</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vizeum</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>McCann</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Helena Sandberg</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
</tbody>
</table>

(Source: Own table)

According to the literature provided in chapter 3.3.3.1., different persons or organisations are shaping the consumer habits of a young consumer.

Mrs. Illgner (Ferrero), Mrs. Sandberg (Lund University) and Mr. Tjebbes (McCann) supported the assumption of researchers like McNeal that parents present the most important influence group for children. Even the International Chamber of Commerce (ICC) identified that parents have a primary role in helping children to develop consumer skills and to understand marketing communications. Nevertheless, Mrs. Rasmussen
(Vizeum) alludes to the fact that there are huge differences concerning the importance of influence groups of a child between the ages from 1 to 12 years. Mrs. Sandberg underlined that the younger the children are, the more the parents have influence on them. According to Mrs. Rasmussen this is the case, since children are especially in early ages depending on their parents. Mr. Tjebbes even asserted that the advices of parents and therewith the parental influence are still counting when children become older, even though “older kids would probably never admit it”. Ferrero considers the target group of parents as main purchaser, whereas children are mainly seen as consumers. Thus, it is especially important to involve and convince the parents, in order to reach the target group children. Mrs. Rasmussen expressed it with the words “parents are the gatekeeper if you want to reach children”. Since the topic of children and unhealthy food is a very sensitive one in Scandinavia, Ferrero mainly tries to convince the parents with high quality and the creation of sympathy for their product and their company. Moreover, Ferrero tries to involve parents in its advertising towards children. Mrs. Illgner explained that parents normally want to control where and in which form their children are approached. For instance, this control is not really given in television advertisements. Mrs. Illgner mentioned that parents are usually quite critical about this form of marketing. For this reason, she named the marketing channels of cinema commercials or print advertisements in children magazines as suitable tools. Parents usually accompany their children to the cinema or while they are reading in magazines. Thus, parents can control to which extent their children are exposed by advertisements. This is important for parents, since they want to protect their children from inappropriate marketing measures. Mrs. Illgner's statement was confirmed by Mr. Tjebbes (Cloetta Fazer). He alluded to the fact that the parents should like the advertising towards children as well, since they are often the purchaser for the products. However, Mrs. Sandberg (Lund University) experienced during her research that companies publish only rarely information about their ethical behaviour towards children. This is surprising, since such information could possibly have a positive effect on the attitudes of the parents towards the sweets products and its producer. Concluding, Mr. Tjebbes stated that “there is no golden rule” how to attract the parents as influence groups. It rather depends on the type of product. Therefore, the advertising has to be adjusted every time.

As discussed in the theoretical framework, peers present another influential group that accompanies children during their development. Mrs. Sandberg (Lund University) and
Mrs. Rasmussen (Vizeum) pointed out that the older the children are the more important becomes the influence of peers. Mr. Tjebbes (McCann) estimated the importance of the influence group of peers as similar significant as the influence group of parents. He explained that “kids are very sensitive concerning the opinions of their friends”. Also Mrs. Illgner (Ferrero) supported this assumption and considers peers within Ferrero’s marketing activities. As an example she mentioned campaigns for children like “send a picture from you and your friends”. Such campaigns support that also the peers in the surrounding of a child can be convinced and involved within the marketing activities. This presents a great chance to increase the popularity of a product or brand among children and their peers, since children learn and copy from each other. Even though Mrs. Sandberg represents a more critical point of view concerning our research topic, she confirmed Mrs. Illgners statements. She mentioned that companies cleverly try to involve apart from children also their family and peers in the marketing communication.

Furthermore, schools and particularly teacher play an important role in the education of children. Hence, they are also considered as influencer on a children’s development regarding consumer behaviour. Mrs. Illgner (Ferrero) confirmed that teachers have an influence on the consumer behaviour of a child. However, she pointed out that from the sweets companies’ point of view, the influence of schools and teachers even has a negative effect for them as marketers. Since teachers are often involved in discussions about children and unhealthy food, they rather tend to advise their pupils not to take sweets products in their lunch packet. Thus, the consumer behaviour, at least during the school days, might be influenced by such advises in a more critical way.

Mr. Tjebbes (McCann) was the only respondent who mentioned that the industry itself has an influence on the consumer behaviour of children. He explained that an industry is able to influence the tastes of consumers with the right efforts and the right skills.

In general, Mr. Henriksson (Cloetta Fazer) did not answer the questions, which were placed in context to this proposition. He pointed out that a statement here would be only speculations, since he does not dispose of knowledge about influences between children and their parents and peers. Cloetta Fazer does not consider these influences at all within their marketing work.
Nevertheless, we can conclude that children are influenced by socialisation agents. We assume that companies are aware of the fact that socialisation agents have an influence on children’s development, which is approved by the statements from Mrs. Illgner, Mrs. Sandberg and Mr. Tjebbes. Influence groups like parents and peers present the most important ones, since they are in the nearest surrounding of a child. Thus, marketers need to consider these influence groups in order to reach the target group children. Nevertheless, it might be also interesting for practitioners in the sweets industry to investigate how they can support a decrease of the negative influence by schools. To sum up, our proposition affirms the reality and found acceptance. For further academic research it might be interesting to get additional insights how the influence groups are interrelated to each other.

4.4.2. Evaluation of possibilities to attract children through the advertising message

**Proposition 2:**
Keeping the advertisement message to children as easy as possible will have a positive effect on children’s awareness of the product.

<table>
<thead>
<tr>
<th>Possibilities to attract children through the advertising message</th>
<th>No statement</th>
<th>Seems not to support the proposition</th>
<th>Seems to support the proposition to a certain extent</th>
<th>Seems to support the proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrero</td>
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<tr>
<td>Cloetta Fazer</td>
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<tr>
<td>McCann</td>
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<tr>
<td>Helena Sandberg</td>
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</tbody>
</table>

(Source: Own table)

The acquirement of knowledge and skills to perceive and understand advertisements is a part of the consumer behaviour development of a child. According to the five-stage process of McNeal, children start from an early age on to accompany and observe their parents during their purchase. At this point of time, children are already able to recognize
different products and promotional activities in the stores. The questions that arise in this context are: How can companies achieve that children are attracted by a certain marketing message? How can companies communicate their advertising messages?

Mrs. Illgner (Ferrero) supported the assumption that children start from an early age on to internalise in-store arrangements and product shelves when they accompany their parents. She explained that the point-of-sale (POS) advertising is mostly the first contact of a child with Ferrero’s products and brands. Thus, with regard to children’s cognitive abilities, the POS advertisements like big promotion posters present a very important tool to attract children already from the childhood on. In terms of the attraction of children and their first contact to a product, Mr. Tjebbes (McCann) stated that the packaging for children requires another layout than when it is targeted at parents. This is necessary in order to be recognised by them. He pointed out that children are especially attracted by colourful, modern and playfulness items. This can be underlined by our observations at the point-of-sale. Figure 13 illustrates an example of a typical packaging for sweets products, which is obviously addressed to children. Here, cartoon characters and colourful design are used in order to attract the children.

![Figure 14: Packaging example for children chocolate](Source: Own photograph)
Ferrero use the POS advertisements also in order to establish a link to other marketing tools. By giving information about their kids’ web page “Magic Kinder”\(^1\) on displayed poster and the packaging of their product, Ferrero address children and tries to attract them for their interactive online platform. Since the cognitive abilities of children are limited, aspects like interactivity and visualisation are very important to attract them. In this context, the internet presents an attractive tool to promote products and it is increasingly important for targeting children. Mr. Tjebbes (McCann) affirmed the importance of the internet and named it as an applicable marketing tool to approach children. Figure 14 below presents the online concept “Magic Kinder”, which is launched by Ferrero. On this internet page, Ferrero combines its marketing messages with the preferences of children to be active. These preferences are supported by the offers to play games or listen to music. The web page is colourful, deposited with music and a plenty of buttons. Therewith, Ferrero tries to give kids the possibility to discover new things. Apart from the interactive character of a website, the possibility to provide up-to-date information meets the demands to surprise children with something new. For instance, seasonal campaigns for Halloween or the promotional collaboration with movies, in this case “Shrek”, are published on the web page.

Figure 15: Cut-out from the “Magic Kinder” web page by Ferrero

\(^1\) www.magic-kinder.com
During our desktop research we found similar online concepts from other sweet companies that are located in Sweden. For instance Haribo, which refused our interview request, practices a similar concept like Ferrero on the internet. To promote their products and to attract children, Haribo applies also visualisation effects with interactive items. Eye-catching characteristics are on both sides the dominant colours.

Figure 16: Cut-out from the “Planet HARIBO” web page by Haribo

Mrs. Sandberg (Lund University) supported our findings and also the statements from Mrs. Illgner (Ferrero) by her research results. She investigated that web pages, which are addressed to children, are mainly similar constructed as displayed in figure 14 and 15. Mrs. Sandberg criticised the overwhelming visualisation effects. She stated that to some extend the children might not be able to process the given information.

Advertisements in form of in-school marketing were in the literature described as another expanding and powerful marketing tool. However, schools and teachers often advise their pupils not too eat unhealthy food. Thus, the channel of in-school marketing seems to be not suitable for the sweets industry. Nevertheless, Mrs. Sandberg (Lund University)
alludes to the fact that there is actually an increasing effort observable in terms of in-school marketing from the company’s side.

In contrast to in-school marketing, Mrs. Illgner explained that sweepstakes presents a more effective tool. This form of promotion can be used for cross-media communication and meets the demand to involve children in an active way. The estimated importance of sales promotions like sweepstakes is also described in the existing literature about marketing to children. In this context, Mrs. Sandberg criticised again the approaches of some companies. She estimated sweepstakes and its prizes as highly questionable, since she discovered during her research that the prizes are in many cases exaggerated and not appropriate for children (like the possibility to win a vacation trip).

Coming back to the question how companies can achieve that children are attracted by a certain marketing message, Mrs. Illgner stressed the importance to approach children in a way, which is appropriate for their age. She pointed out that children in the age of 4 to 11 years like to identify themselves with the advertisement and that “kids love it when advertisements portray children as hero”. Children are always fascinated when they discover new things. Ferrero reacts on it by a regular change of their marketing activities in order to surprise the kids. Furthermore, Mrs. Illgner pointed out that it is of great importance to use a realistic children language. She mentioned that the use of an exaggerated kids language, like too often words as "cool", even decrease the attraction of an advertisement. Additionally, she affirmed that children tend to orientate themselves to older children. For this reason, children prefer to see older children in commercials and advertisings, where they can look up to.

In general, Mr. Tjebbes (McCann) stated that advertising to children should be realistic and should always present the truth. He explicitly stated that marketers should never take advantages of the vulnerability of a target group. However, nowadays children are very skilled at detecting a lie. Companies should consider that children want to be entertained and that the actual advertising message or the seriousness behind the message is probably not as important as it might be for adults.

We can conclude that it seems to be essential for a company to find the right mix of advertising tools in different communication channels, in order to create awareness among children. Within the communication channels the advertising message has to be
presented in a children friendly way, so that children are able to receive the message. The given answers from our respondent, which are illustrated in table 4, lead us to the conclusion that companies are aware of the requirements to address children in a suitable way. We can assume that companies support our proposition, since they use age appropriate advertising messages to attract children. Nevertheless with regard to the long-term orientation of our topic, it might be interesting to investigate, which marketing tools companies can use for a smooth transition from the childhood to the adolescent phase of a consumer.

4.4.3. Evaluation of the use of incentives to apply relationship marketing

**Proposition 3:**
The use of incentives increases the possibility to apply relationship marketing for low-involvement products.

### Table 5: Estimation of proposition three from the respondents

<table>
<thead>
<tr>
<th>The use of incentives to apply relationship marketing</th>
<th>No statement</th>
<th>Seems not to support the proposition</th>
<th>Seems to support the proposition to a certain extent</th>
<th>Seems to support the proposition</th>
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<tbody>
<tr>
<td>Ferrero</td>
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<td>Vizeum</td>
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(Source: Own table)

According to the theory in chapter 3.2.5., any kind of product market is able to increase the customer motivation to enter into a marketing relationship by offering incentives. Thus, it seems to be reasonable that also companies in the sweets industry try to establish additional motivation for customer retention.

Mrs. Illgner (Ferrero) affirmed that children are additionally attracted by incentives like toys in a “Kinder Surprise egg”. Moreover, incentives in form of access codes to certain
games or music downloads on Ferrero’s "Magic Kinder" web page\(^2\) are given. Since the toys in the “Kinder Surprise egg” are mostly part of a certain collection, this incentive motivates children to keep on buying this product, in order to complete their collection. Moreover, Mrs. Illgner described it as “\textit{killing two birds with one stone}” since children also motivate and involve their peers to collect and change the toys among each other. Furthermore, the adding of an activation code for certain online-games provide kids with added value. Hence, children are not only attracted by the chocolate itself but also by the opportunity of being a part of a community. When a child has a member access to free games etc. this might provide a kind of status amongst peers, which could create jealousy and recognition. The situation that children are jealous of the fact that other kids in their surrounding have access but they not might increase the desire to become a member too. Thus, this can increase the willingness of children to enter into a relationship.

Mr. Henriksson (Cloetta Fazer) indicated that they do not have products, which are mainly targeted at children. He supported this by the fact that they do not offer additionally add-ons like toys with their products. Cloetta Fazer use incentives like sweepstakes or lotteries, but their main target group for these activities are families. Mr. Henriksson underlined it with the example of one of their former sweepstakes, where the customer could win a vacation for the whole family. Such valuable prizes can have a critical manipulation effect on children as Mrs. Sandberg (Lund University) pointed out. Often it is due to the use of children-friendly language and mascots not clear if the promotion only target towards families or still rather towards children. Mrs. Sandberg argued that in such cases, a prize amounting to several thousand Swedish Krona reached the borderline to be a manipulating incentive.

However, another incentive used by Cloetta Fazer presents their established connection of their products with winter sports. The company use campaigns like additionally discounts for buying skis at Intersport (a sports retailer) when buying their products in the supermarket. Mr. Henriksson stated that especially their product Kexchoklad is seen in combination to winter, “\textit{since it is a light product for active people, which provides them some additional energy in between the meals}”. From this statement we can see that Cloetta Fazer tries to provide their customer with a good conscience. They want their customer to think that this chocolate is something for active and healthy people to get

\(^2\) www.magic-kinder.com
some additionally energy. Therewith, Cloetta Fazer tries to establish a positive image for their product, which they portray as more healthy than other sweets.

Also Ferrero tries to minimise the negative unhealthy perception of sweets by showing that a healthy life is also possible when consuming chocolate. Although their argument of having an “extra portion of milk” inside their chocolate is not really working in Scandinavia (according to Mrs. Illgner), it delivers at least a kind of sympathy towards Ferrero’s products. Products like the “Milk-Slice” contain no chocolate, which supports that parents have a better conscience and feel more secure to buy rather these kinds of products for their children than other sweets products. According to the literature provided in chapter 3.2.5., provision of a “better conscience” and therewith enhancements to self-esteem concerning responsibilities can be seen as an incentive towards the purchase of certain products.

According to the experiences of Mr. Tjebes (McCann), give-aways, sweepstakes and its prizes are the main applied incentives within the sweets industry. These incentives are used to create additional value to the product, which enhance the customer retention.

To sum up, we can see that although the sweets industry offers rather low-involvement products, they might be interested in binding the consumer to their companies. Sweets present an everyday product, which is not expensive to purchase and which has an increased tendency to be interchangeable. Therefore, one could expect that companies are not putting too much effort into consumer binding. Nevertheless, products in the sweets segment own the particularity that they are accompanying a consumer a life long. Since it is not uncommon that consumer develop a kind of brand loyalty to certain products, we believe that companies try to support this by the use of incentives. According to our empirical research we can conclude that proposition two is supported by our respondents. The use of tangible and intangible incentives like toys as add-ons to the product, certain discounts or simply the provision of a better conscience can attract customer to buy a product over and over again. Nevertheless, marketers should find incentives for their products which differentiate them from its competitors. To sum up, also low-involvement products like sweets can establish brand and product loyalty and the retention of a customer.
4.4.4. Evaluation of appropriate tools corresponding to the customer life cycle stages

**Proposition 4:**
The more the company is aware of the different stages of the customers’ life cycle, the better the company can adapt appropriate tools regarding the intensity of customer relationships.

<table>
<thead>
<tr>
<th>Appropriate tools corresponding to the customer life cycle stages</th>
<th>No statement</th>
<th>Seems not to support the proposition</th>
<th>Seems to support the proposition to a certain extent</th>
<th>Seems to support the proposition</th>
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<tr>
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(Source: Own table)

According to theory, a relationship between a customer and a company can go through the three stages of customer acquisition, customer retention and customer recovery.

Mrs. Illgner (Ferrero) stated that it is difficult to assess the coherences of Ferrero’s marketing measures with the customer relationship life cycle model. She alludes to the fact that companies are mostly not aware of the existence of theoretical models, since they are more practical oriented. Thus, Ferrero is more unknowingly reacting on the different stages of the life cycle. A similar statement was given by Mr. Henriksson (Cloetta Fazer). He knows about the theoretical model, but underlined that Cloetta Fazer is not acting explicitly on the stages. Also, a distinction of certain marketing tools in the different stages is not possible. He pointed out that every stage is equally important for Cloetta Fazer.

The interviewed experts from the marketing agencies alluded both to the fact that the importance of the certain stages is highly depending on the company and its type of product. Thus, a general estimation for sweets products/companies is not possible. Nevertheless, without distinguishing between the different tools, Mr. Tjebbes (McCann)
named the use of advertisements in general, sampling, web communities and customer relationship clubs as suitable tools to reach customers and therewith to increase the intensity of the customer relationship.

**Acquisition stage:**
The customer acquisition stage, as described in chapter 3.1.3., comprises the establishment of awareness as well as a first contact of the customer to a certain product.

Ferrero use certain tools to attract new customer. According to Mrs. Illgner an important tool to establish awareness about the products and brands present the point-of-sale (POS) advertisements in the supermarket. Promotional displays next to the counter, ceiling or shelf danglers with advertising messages are often the first contact customers have with a certain product or brand.

Also Mr. Henriksson stressed the importance of POS advertisements and in-store activities like displays and the right placement in the shelves. During our observation at the point-of-sale we could find the following example, visualised in figure 16. The products are well placed and display eye-catching items, like colourful packaging and popular cartoon characters.
Moreover, also a good reputation among the customers is important. For this purpose, Mrs. Rasmussen (Vizeum) stressed the particular importance of positive word-of-mouth recommendations to create awareness of a certain sweet product. Mr. Henriksson mentioned that the purchase decision of a customer to buy confectionery, which he named as a “fast-consuming-good”, is often a “two second decision”. This fact is underlined by Mrs. Rasmussen who stated that the purchase of sweets products is often an impulse purchase. That leads to the fact that the price and the POS tools are of high importance for the indetermined purchase decision. Additionally, it is possible to entice customers away from competitors with these tools. Although Mr. Henriksson didn’t present specific tools, he estimated that properly 98 % of the Swedes know Cloetta’s main brand Kexchoklad. Nevertheless, he alluded to the fact that the creation of awareness is not enough in order to keep or to activate the customer to buy a certain product. In contrast, Mr. Tjebbes (McCann) and Mrs. Rasmussen (Vizeum) left no doubt that in their opinion the sweets industry put its main effort in the acquisition stage. There are relative low switching barriers towards other brands, because of the existing variety of sweets products on the market. Thus, due to our investigations we can agree with Mr. Tjebbes and Mrs.
Rasmussen states that the creation of awareness is especially important in the sweets industry.

Retention stage:
In order to increase the intensity of the customer relationship, companies try to use the customer retention phase for the stimulation of cross buying within their product range (as described in chapter 3.1.3.).

According to Mrs. Illgner, Ferrero use the packaging of their products as well as POS advertisements in order to announce novelties about the product. Moreover, Ferrero use these tools to refer to other marketing activities and campaigns like their website “Magic Kinder”[^3], which is specifically created for the target group children. The phenomenon that sweets companies link their marketing activities with each other was confirmed by the observations from Mrs. Sandberg (Lund University). She noticed that companies try to involve especially children in many different marketing activities and that company’s combine each measure with other marketing tools.

Without naming specific tools, Mr. Henriksson stressed the importance of binding a customer at the product.

Recovery stage:
The customer relationship life cycle model, discussed in chapter 3.1.3., considers the loss of customers for example due to age-related changes in consumer behaviour.

According to Mrs. Illgner, Ferrero tries to meet the development of a consumer through offering a wide range of products. For instance, the product “Kinder Milk-Slice” is a typical product for very young children, since there is no chocolate inside and as it is easy to bite. In contrast, the targeted children for the product “Kinder pingui” are mostly a bit older than the consumers of “Kinder Milk-Slice”. The product range of Ferrero continues with these transitions between different age groups and, therewith, tries to meet the changing wants and needs of their customer. This approach helps to reduce the loss of consumers because of changing consumer behaviour. In the case a customer is already lost and stopped the purchase of a certain product completely, a wider product range

[^3]: www.magic-kinder.com
might cover the consumer needs to a later point of time by another product. Thus, the coverage of different age groups within the product range can affect that already lost customers can be recovered as soon as they start to be interested in another product of Ferrero.

During our desktop research we got familiar with the product range of Cloetta Fazer. We realized that the company offers different kind of confectioneries. The customer can choose between different chocolate flavours, fruit gums and even sweets with a certain portion of alcohol (pralines). We assume that the intention of the company is to meet different tastes, preferences and different age groups among the customers with this product variety. This would correspond with the statement from Mrs. Illgner (Ferrero). Additionally, this assumption agrees with the announcement from Mr. Henriksson, who pointed out that Cloetta Fazer candies are bought and consumed by all age groups.

We can conclude that companies are not obviously acting on the different stages of a customer relationship life cycle. The interviewed experts pointed out that rather the variety of the product range is important to meet the changing needs and wants within a consumer development. Without doubt, the establishment of awareness is an especially important aspect within the marketing of sweets companies. Thus, advertisements at the POS present one of the most effective tools, since the decision to buy confectionery often does not involve long considerations.

We come to the conclusion that our established proposition is idealised and probably not realistic. First of all, companies do not consider theoretical models within their practical work. Moreover, since sweets are a low-involvement product, the market is identified as a mass and anonymous market. Thus, it is very difficult for companies within this industry to identify individual customers. As a result, these companies almost cannot know which customers are in which life cycle stages. The sweets companies cannot act explicitly on an individual customer situation. Therefore, marketers have to establish certain tools and measures to cover all stages, without focussing on a particular stage. To sum up, the respondent did not support our assumption regarding the customer life cycle.
4.4.5 Evaluation of a permanent approach from early childhood on

**Proposition 5:**
Targeting children already from an early age on will increase the possibility to keep them as long-term customers.

**Table 7:** Estimation of proposition five from the respondents

<table>
<thead>
<tr>
<th>Permanent approach from early childhood on</th>
<th>No statement</th>
<th>Seeks not to support the proposition</th>
<th>Seeks to support the proposition to a certain extent</th>
<th>Seeks to support the proposition</th>
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<tbody>
<tr>
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(Source: Own table)

When companies establish customer loyalty already from the childhood on, it seems reasonable that this customer can be kept for a longer time. According to the theory of McNeal (1992) the development of a loyal relationship towards children is divided into the four steps of awareness, interest, belief and action. Within our empirical research, Mrs. Illgner (Ferrero) alluded to the fact that theoretical models are not consciously considered in their practical work. Nevertheless, due to her explanations and descriptions about her marketing work we can see that Ferrero target children from an early age on and applies certain tools to all steps.

According to theory, companies establish **awareness** about the firm and its products by presenting the company logo and the product or brand names within the environment of a child. An important tool for Ferrero to establish awareness is the point-of-sale (POS) advertisement. As mentioned earlier, this tool is mostly the first contact a child has with Ferrero’s brands and products. Since children are enthusiastic consumers of sweet products, they are quite open and susceptible to displayed advertisement. Mrs. Illgner referred to the importance of a strict corporate identity within their advertisements. The adherence to a corporate identity leads to the fact that children can easily recognize their company colours (red and white) and that they see the connection to the products in the
Moreover, she emphasised that this brand recognition is supported by a good mix of different media channels, where they promote their products. Also Mrs. Sandberg (Lund University) described that most of her studied food companies used the combination and interrelation of different marketing tools in order to involve children in manifold ways. It can be assumed that the more often children recognize brands and products in different situations, the more they keep this brands and products in mind and consider them in their consumer behaviour.

Moreover, as a next step in the development of a loyal relationship it is important that companies make sure that they can create interest among children. As discussed in chapter 3.3.8., children have a need to play and to sensor experiences. Thus, companies like Ferrero try to meet this need by establishing interest through POS advertisements that involve children with sweepstakes or other activities. Mrs. Illgner named the example of a former Ferrero campaign in collaboration with a new movie about "Asterix and Obelix". During this campaign, children were asked to find a certain number of Asterix-figures in the supermarket in order to win a prize from Ferrero. Additionally, Mrs. Sandberg (Lund University) named the examples of children club concepts and online attractions like the provision of free ring tones or online-games as suitable tools to establish interest.

The next step in the development of a loyal relationship towards children is to make the children believe in a company and its products and missions. Therefore, companies have to achieve that young consumer see their company and/or its products as actual provider of satisfaction. In consideration of Ferrero's advertisements and internet presence, we came to the conclusion that the "Kinder Surprise egg" present a good example for their way of making children believe. By announcing that this chocolate egg meets even three desires at the same time ("toy, excitement and chocolate"), Ferrero provides their customers with a kind of assurance that they will receive a need satisfaction. Moreover, the previously discussed influence of social agents can strengthen that a child believes in a firm or a product. According to Mrs. Illgner, Ferrero tries to convince the group of parents with the high quality of their product. This increases the belief of parents in the company and its products and, therewith, establishes a kind of sympathy towards Ferrero. Since parents have a strong influence on their children, this attitude towards a product or company will also affect a children’s belief in it.
The last step in the development process is termed as **action**. It refers to the effort of a company to generate future purchases of children or to reach that they become a patronage on a regular basis. The model of McNeal (1992) referred within this step to the important aspect that companies should strive for children’s participation with its products. The statements of Mrs. Illgner conform to the theoretical estimations, since she stressed that the active involvement of a child is a very important aspect when targeting children. Tools like sweepstakes or Ferrero’s interactive web page with games and possibilities to download music attract children. These tools effect that children feel more close to Ferrero’s products and therewith repeat their consumptions and/or purchases. Furthermore, especially Ferrero’s product "Kinder Surprise egg" encourages future purchases since the included toy in the product stimulates the desire to have the complete collection. Since the series of included toys is seasonal changing, Ferrero can maintain the collection desire and create therewith loyal consumer.

According to the statements of Mrs. Illgner (Ferrero), we can assume that the company recognised the attractive possibility to establish a long-term relationship to children already from an early age on. Our assumption is supported by Mr. Tjebbes (McCann) and Mrs. Rasmussen (Vizeum), who alluded to the fact that nowadays children are consumers already from a very early age on. Both estimated that the consumer behaviour of a child starts already with the age of 2. Mr. Tjebbes based his age estimation on the fact that children are growing up with advertising. This leads to the fact that a lot of companies approach already young children (directly or indirectly). As described before, Ferrero applies different tools and measures in order to establish a loyal relationship with children from an early age on. Mrs. Illgner confirmed that the development of loyalty in children ages affects that these customer tend to be still purchaser of the product when they are grown up. Therewith, our proposition is to a certain degree supported by our respondents.

However, proposition five could not be supported by the statements of Mr. Henriksson (Cloetta Fazer). The company emphasise that they do not target children within their communication activities. Therefore, an early approach to establish loyalty amongst children could be excluded for Cloetta Fazer. However, as we will point out further in the analysis of proposition seven, the decision not to target children with marketing activities, is strongly influenced by the steadily growing discussions around this topic. In consideration of the increasingly influence of children on the business market (as
discussed in chapter 3.3.1.) we can assume that although it might be attractive for sweets companies to establish long-lasting relationships to children, some companies might renounce the chance in order to avoid discussions if their marketing activities are ethical. For further research it might be interesting to follow the ongoing public discussion concerning this topic and how the sweets companies will react on it in the future.

4.4.6. Evaluation of the possibility to build customer loyalty

**Proposition 6:**
The opportunity to build customer loyalty from childhood on has a positive effect when maintaining a long-lasting customer base.

<table>
<thead>
<tr>
<th>Possibility to build customer loyalty</th>
<th>No statement</th>
<th>Seem not to support the proposition</th>
<th>Seem to support the proposition to a certain extent</th>
<th>Seem to support the proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrero</td>
<td></td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Cloetta Fazer</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Vizeum</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>McCann</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Helena Sandberg</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
</tbody>
</table>

(Source: Own table)

Ferrero’s main target group are families. According to Mrs. Illgner, the main purchasers of Ferrero are the group of parents. Since the Scandinavian culture contain distinct gender equality, a balance of fathers and mothers in matters of family purchases exist as well. Even though the group of children present the main consumer group of Ferrero’s products (apart from the praline products), this target group is only to a small degree seen as purchaser itself. On our question how Ferrero’s customer base look like, Mrs. Illgner answered that it is for them quite difficult to distinguish between traditional customers, who buy Ferrero products since a very long time, and new customer, who just started to buy their products. To sum up, Mrs. Illgner estimated that their customer base is quite mixed.
With regard to the customer base, Mr. Henriksson (Cloetta Fazer) confirmed the statement from Mrs. Illgner. Cloetta Fazer’s products are bought by a mixed customer base, from all age groups and income levels. In contrary to Ferrero, he mentioned that Cloetta Fazer has not identified particular target groups. Nevertheless, he underlined explicitly that they are not targeting and communicating directly towards children. In terms of consumption he said that they cannot control who is actually consuming their products. Thus, Mr. Henriksson would not negate that children are consuming the products from Cloetta Fazer. He stated that of course, children are seen as consumer of sweets, which would be underlined by the statement of Mr. Tjebbes. He estimated that over 50% of the consumers of the sweets market are children. Also, Mrs. Rasmussen (Vizeum) said that children are very important for the sweets industry, since “they love sweets and eat it with passion”. Nevertheless, Cloetta Fazer does not target children within their communication strategy. From another perspective, Mrs. Sandberg (Lund University), who is a critical observer of marketing behaviours towards children, noted that companies often announce that they are targeting "families" and not "children", but that the construction of the web pages etc. (children-friendly colours and language etc.) lead to another conclusion. However, in consideration of the web page of Cloetta Fazer, we could not find any indication that their internet presence might be directed to others than adults.

Although Cloetta Fazer did not identify their specific target groups, Mr. Henriksson admits that there is a tendency that the marketing activities are more aimed at consumers who are growing up. That means customer above the age of 15. Moreover, Cloetta Fazer addresses its marketing communication to female persons. This comes up because the company believes that women are the main decision maker in a family concerning the purchase. In general, the company communicates their brands in different ways.

Regarding the question, how a typical purchaser of Ferrero look like, Mrs. Illnger indicated that the brand “Kinder” exist since almost 40 years. Hence, the mothers and fathers of today grew already up with this brand. Mrs. Illnger estimated that this has often the effect that this target group are traditional buyers. Consumers rather prefer to buy products, which they know since a longer time, because they feel more secure what they get for their money. Furthermore, this tendency to buy well known products is strengthen by the children itself. Mrs. Illnger alludes to the fact that children have a quite distinctive
feeling for products where it is easier for them to convince their parents towards buying them. Thus, children pester their parents rather with products where they know that their parents have a kind of loyalty towards them, than with other products. The strong influence of children’s pester power towards its parents is beyond dispute. Mrs. Illgner expressed it with the words: “If you convinced the child, you won the half battle”. Moreover, the product mix policy of Ferrero to accompany the customers’ development by certain products facilitates that customer stay loyal even if their needs and demands are changing in their life.

To sum up, our proposition is to a certain extent supported by Mrs. Illgner. Ferrero target children and grown-ups within their marketing activities. Moreover, the early contact of customers with Ferrero products effected that they still tend to buy these products also in their later future. Nevertheless, the customer base of Ferrero is seen as mixed, since there is neither a real tendency towards more traditional customer nor towards mainly new or occasional customer. So even though the marketing approaches from Ferrero can affect loyalty towards their products, it is not guaranteed. Mrs. Rasmussen (Vizeum) estimated that a mixed customer base is appropriate for most sweets companies, since there are impulsive purchaser as well as loyal customers on the sweets market. In contrary, our proposition is neither confirmed nor negated by Mr. Henriksson. Nevertheless, since Cloetta Fazer does not target their marketing communication towards children, it seems that they do not use the opportunity to create loyalty from an early age on. In general, Mrs. Sandberg (Lund University) motivated that an early establishing of loyalty probably confirm the reality, according to her experience with companies from the food industry. She stated that “children of today are the customer of the future”. Thus, of course companies “feed” the children in order to acquire them as customers and hold them in the future. Since companies seem to be not aware about the consistence of their customer base (impulsive or loyal purchaser etc.) it might be interesting for them to get a clearer picture about it. With a good overview, companies would be better able to estimate the efficiency or non-efficiency of their relationship marketing measures.
4.4.7. Evaluation of the increasing interest on the target group children

**Proposition 7:**
The increasing influences of children on the business market increase the focus on them as a target group.

<table>
<thead>
<tr>
<th>Increasing interest on the target group children</th>
<th>No statement</th>
<th>Seems not to support the proposition</th>
<th>Seems to support the proposition to a certain extent</th>
<th>Seems to support the proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrero</td>
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<td>√</td>
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<tr>
<td>Cloetta Fazer</td>
<td></td>
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<tr>
<td>Vizeum</td>
<td>√</td>
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<tr>
<td>McCann</td>
<td>√</td>
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<td></td>
</tr>
<tr>
<td>Helena Sandberg</td>
<td></td>
<td>√</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own table)

As discussed in chapter 3.3.1., children have an increasing influence on the purchase decision of their family. Therewith, they act as an influence market. Moreover, children of today are already now seen as customers due to their available spending power. Finally, the children market is nowadays seen as an important future market. According to theory, companies are increasing their advertising activities towards children. However, within the theoretical framework we also mentioned the social aspects and evolving discussions about the acceptance of marketing to children. On the political, media and public agenda the topic is increasingly discussed and rise questions like: How ethical is it to advertise sweets to children? Which requirements need to be fulfilled when companies address their promotional messages to the immature and vulnerable target group of children? Children might be nowadays in average more competent and not so naive like several years ago. This fact is confirmed by Mr. Tjebbes (McCann). He pointed out that since children are growing up with advertising, they probably know that someone tries to sell them something. Nevertheless, Mrs. Sandberg (Lund University) explained that the critical thinking of a child is mainly depending on the education they receive from their parents and how their living situation looks like (life style, income of the parents etc.).

Within our empirical research it came up that the topic of marketing to children in general, and in particular the advertisement of sweets, is an even more sensitive topic than
we expected before our research. Companies like Storck, which even advertise on their web page with statements like "Mamba is loved by kids of all ages", refused our request with rather implausible excuses like "we do not target children at all since our target group is the age group of 25+". Other companies like Kraft directly admitted that it is a very sensitive topic and that they have strong in-house rules concerning their public policy. A marketing assistant of Kraft Foods Sverige AB explained us that their company does not target children at all within their marketing activities, in order to avoid critics about their company. During our interview, Mrs. Sandberg (Lund University) mentioned Kraft Foods and its policy towards children as a positive example. Nevertheless, she also explained that Kraft Food is not promoting its position towards this topic, probably due to the simple fact that they do not know how to behave in this matter in the right way.

All the respondents in our conducted interviews supported the estimation that advertisement towards children is a very sensitive topic. Especially in Sweden, where the government already banned television advertising for children, the ethical correctness of marketing towards children is highly discussed. Mrs. Illgner (Ferrero) and Mr. Henriksson (Cloetta Fazer) both explained us that the sweets industry is reacting on the public criticism with self-regulations concerning marketing to children. The adherence to the "ICC framework for responsible food and beverage marketing communication" (published by the International Chamber of Commerce) presents an example for the applied self-regulations. This regulation emphasise the importance to market and sell the products to children in a "responsible manner" (ICC, 2006). After studying the specific principles, we came to the conclusion that these regulations leave a lot of space for interpretation, since the principles are formulated in a general way without specifications. Nevertheless, by the help of such self-regulations, the sweets companies try to get public confidence back. However, Mrs. Sandberg (Lund University) criticised that self-regulation are not the right solution, since it has no real credibility. She raised questions like: "Who is going to control the companies? And how should it be possible to control them, in particular their activities in the fast changing media internet?" Furthermore, within her research she experienced that the sweets companies do not change their marketing behaviours unless they receive direct complaints and critics about their work. Therewith, it becomes questionable if the public discussions can be eased by self-regulations or if further stricter and moreover mandatory rules against marketing towards children will come up in the near future. A worsening of the already now tense situation
might effect that companies will start to resign completely from marketing towards children in order to avoid trouble.

Mr. Henriksson (Cloetta Fazer) estimated already now that it is "from a business perspective not wise to target children because of the ongoing discussions in the society". Cloetta Fazer was one of the companies which reacted on the increasing attention and critic. During the last two years Cloetta Fazer stopped its web campaign "Smågodis familjen" (a concept similar to Ferrero’s “Magic Kinder” club), which invited children to play and experience their products in an interactive environment. Within our interview, Mr. Henriksson pointed several times out that his company does not target children at all within their communication strategy, since "Cloetta is aware of its social responsibility". Due to the growing attention and discussions in media and science, Mr. Henriksson even estimated that most candy supplier do not target children anymore. Also Mrs. Illgner (Ferrero) concluded that the importance of marketing towards children is even decreasing in the sweets industry. From her point of view the tendency, at least in Scandinavia, is going more into the direction that companies start to avoid to target children within their marketing.

As pointed out in chapter 3.3.1. children have an increasing influence on the business market (as influencer on parents, as own purchaser but also as upcoming future market). Nevertheless, the serious discussions and critics about marketing towards children, and especially the promotion of unhealthy food to children, effect that it becomes increasingly difficult for companies to target children. Due to our empirical research, we can conclude that the focus of sweets companies is shifting more and more away from the target group children in order to avoid confrontations with the public discussions. Thus, proposition seven found no acceptance. For further research it might be interesting to investigate how and why companies should react on the public discussion about marketing towards children. Moreover, it might be of interest for marketers to investigate possibilities to establish trust by applying and promoting ethical behaviour towards children.
5. Conclusions

This final chapter begins with a short summary of our dissertation. Subsequently, a conclusion of our research, managerial implications as well as perspectives and recommendations for a further research are presented.

5.1. Summary of the dissertation

Relationship marketing is widely discussed in the fields of industry goods and services. Also, the theme of marketing to children owns an important part within the existing literature in the marketing field. Nevertheless, there is a lack of literature for relationship marketing in consumer markets towards children. Especially in consumer markets there are certain products which accompany consumer during their whole life. Brand preferences and loyalty towards certain products are not unusual among consumer and often evolve in early ages. Children have an increasingly influence on the consumer market. Hence, companies try to attract them within their marketing activities in order to acquire and keep these children as customer. The interesting question in which way companies try to establish a relationship to consumer already from childhood on is explored within our dissertation. Candies and chocolate are everyday products, which are consumed irrespective of age. Therefore, especially the sweets industry presented an interesting sample for our research.

In order to achieve a wide overview about our topic, an extensive literature review in the fields of relationship marketing as well as marketing to children was conducted. On the basis of these considered theories, we developed seven propositions in order to challenge them within our empirical research. For testing our propositions we decided to conduct interviews with sweets companies and marketing agencies, which worked in the field of advertisements for sweets. The results of this empirical research were critically analysed and lead us to some conclusion in which way companies in the sweets industry approach children as target group.

5.2. Conclusions

The defined aim of our dissertation was to investigate in which way companies in the sweets industry use relationship marketing to children or perhaps do not use a certain
approach at all. This was tried to be achieved through an investigation of relevant theoretical concepts and with practical experiences from practitioners within this field.

In order to find conclusions for our research purpose, the following questions were tried to be explored within our research:

1. Which target group shall companies choose in order to reach children as consumer?
2. How do companies address children as target group?
3. When should a company start to address children?
4. How is a company affected when choosing children as target group?

Therefore, propositions were developed derived from our main findings of our theoretical framework. These propositions were evaluated with the results of our conducted interviews in order to find support or disagreement for them. The developed propositions are subsequently presented:

**Proposition 1:** Socialisation agents have an effect on children consumer behaviour.

**Proposition 2:** Keeping the advertisement message to children as easy as possible will have a positive effect on children’s awareness of the product.

**Proposition 3:** The use of incentives increases the possibility to apply relationship marketing for low-involvement products.

**Proposition 4:** The more the company is aware of the different stages of the customers’ lifecycle, the better the company can adapt appropriate tools regarding the intensity of customer relationships.

**Proposition 5:** Targeting children already from an early age on will increase the possibility to keep them as long-term customers.

**Proposition 6:** The opportunity to build customer loyalty from childhood on has a positive effect when maintaining a long-lasting customer base.

**Proposition 7:** The increasing influences of children on the business market increase the focus on them as a target group.
For our four research questions we found the following answers.

**Research question 1:**
Which target group shall companies choose in order to reach children as consumer?

Used propositions: 1

In order to reach children as consumer, it is manifest that one possibility for companies is to approach the target group of children directly. It is especially for marketers of products like sweets easy to catch the attention of children, since children are enthusiastic consumer of candies and chocolate. However, due to our analysis, we can additionally conclude that socialisation agents present important influencer on the consumer behaviour of a child. The younger the children are, the more the parents have influence on them. In contrast, the older the children become, the more important becomes the influence of peers. Hence, companies need to consider both of them within their marketing activities in order to reach the target group children. Furthermore, teachers might have a certain influence on the consumer behaviour of a child. Since this influence group has to fulfil certain educational responsibilities, the approach towards schools and teachers is difficult for marketers. Especially companies, which market products that might harm children, for example unhealthy food, cannot target this influence group in order to reach children as consumer. They rather have to consider teachers as a source for negative advices concerning their products.

**Research question 2:**
How do companies address children as target group?

Used propositions: 2, 3

Children present a vulnerable target group, since they neither have the knowledge nor the mature analytical skills to deal with over-tempting marketing activities from companies. Children are especially attracted by visualisation and interactivity since it meets their play instinct. Companies react on these demands by presenting their advertising messages in a children friendly way, which means the use of a suitable children language underlined by colourful visualisations. Children are attracted when they can identify themselves with the commercials and when they can discover new things. Hence, sweets companies use
marketing tools like sweepstakes or interactive internet pages in order to involve children in an active way and to establish therewith awareness about their products and brands.

Furthermore, an effective tool to attract children presents the provision of incentives to the product. As we could see within our analysis, the sweets industry uses amongst others incentives in form of toys as add-ons, certain discounts or access to online-games. Moreover, the establishment of a better conscience with regard to the health discussion is identified as an incentive. This increases the possibilities to establish loyalty towards a product, even though it is from its characteristics a low-involvement product in consumer markets.

**Research question 3:**

When should a company start to address children?

Used propositions: 4, 5

Existing literature about consumer behaviour development gives some indications about the ages when children start to perceive and participate in certain shopping processes. However, we can not determine an exactly age when companies should start to address children. Nevertheless, we can conclude that children start from an early age on to accompany their parents when they go shopping. Even though, small children might not be able to select or even buy a certain product on their own, they are able to recognise and internalise promotional arrangements. Therefore, companies can use point-of-sale advertisements in form of displays, poster etc. to establish a first contact to the child.

As soon as children start to be more responsive to marketing activities, companies can use sweepstakes or interactive children web pages in order to involve children actively. This arouses interest amongst children and can be used as a basis to establish loyalty. Such a development of loyalty in children ages can increase the possibility to keep children as loyal customers also when they are grown up. Moreover, companies support this long-lasting loyalty by offering a wide variety of products, which enables them to meet the changing wants and needs of their customer within their development.
To sum up, we can conclude that the identification of a certain age is not possible. However, companies can benefit when they are approaching children as soon as they start to participate (actively or passively) in the buying process.

**Research question 4:**

**How is a company affected when choosing children as target group?**

Used propositions: 6, 7

Within our analysis we found out that companies can take advantage of targeting children already from the childhood on. The early contact to a certain product or brand can effect that customers still tend to buy these products also in their later future.

However, even though it is attractive for companies to build customer loyalty from childhood on, the targeting of children is also linked with some risks. In media and science discussions are increasing if marketing to children is ethical. Especially products that might harm a child are included in the discussion. Thus, companies which choose children as target group might be exposed to critics and negative feedback concerning their marketing approach. In particular sectors like the sweets industry are vulnerable to critics concerning their marketing towards children, because of the unhealthy status of their promoted products. Due to this fact, the focus of such companies is shifting more and more away from the target group children, in order to avoid confrontation with the public discussions.

We can conclude that companies in the sweets industry are using certain marketing measures towards children in order to establish customer loyalty. The use of incentives as well as a manifold product range presents the most important ways to keep children in the long term. Nevertheless, we can conclude that the low-involvement characteristics of sweets products affects that the degree of binding is lower than for products that require a high investment. Therefore, the main focus of sweets companies remain the establishment of awareness and attraction amongst children. Anyways, the increasing discussion about marketing towards children leaves doubt about the future perspectives of our research field. Our investigation concentrated on the Swedish market. During the research we investigated that Sweden has one of the strictest regulations in context of marketing towards children. Thus, our chosen sample presents an extreme case. Even though, the
legislation about marketing to children differs across countries, the increasing discussion and the tendency towards stricter rules can be observed also on an international level. Therefore, global working companies like Ferrero and Haribo can take the development of the Swedish market as a “worst case scenario”, which threats might occur when approaching children. Additionally, these companies need to take into account that the effectiveness of marketing approaches might also differ concerning country and cultural specific requirements. An example for this is the different age definition of a child across countries, which affects the scope of application concerning regulations and legislations towards them.

5.3. Managerial implications
Our theoretical framework and the drawn conclusions out of our empirical analysis attempts to contribute to practice by setting a framework for the handling of relationship marketing towards children. Through our conducted literature review but also through the exploration of our developed propositions, practitioners in sweets companies can find guidance in the assessment of relationship marketing towards children. Furthermore, our findings are also applicable for marketing agencies which intend to create marketing or communication campaigns for the target group children. We believe that we could give helpful recommendations about suitable marketing channels, which marketers can use to approach children in the most effective way. Moreover, practitioners can compare our research findings with their work to get indications, which factors they may have to take into consideration when they apply relationship marketing to children.

We also believe that we underlined the brisance of the topic marketing to children particularly in Sweden. The results of our interviews pointed out that this issue has to be taken into consideration by marketers when they target children. This seems to be especially important for industries, which might offer unhealthy or in other ways harmful products for children. Additionally, the information about the sensibility of this topic may show practitioners, how necessary it is to make sophisticated considerations while they are working in the process of marketing to children.

To sum up, we believe that our findings will help marketers, who are either working for sweets companies or marketing agencies, to get a better understanding about relationship
marketing to children. Apart from the practical value of our dissertation, we believe that our paper has also an academic value, since it can contribute to the existing literature by combining the fields of relationship marketing and marketing to children.

5.4. Critical reflections

The findings of our empirical research are based on five conducted interviews with sweets companies, marketing agencies and with one researcher. Even though, we achieved important cognitions during our in-depth interviews, it is hardly possible to generalise from these findings because of our low sample size. Thus, a greater amount of interviews would have been helpful for a verification of our research findings.

The consideration of three different points of view on our topic enabled us to achieve some valuable and comprehensive insights. Nevertheless, this variety of opinions led to the fact that our conclusions could not be always completely clear, since our propositions are critically reflected from three different angles.

Due to our low sample size, it might have been necessary to change or enlarge our research design. We believe that we chose the right method within our research design, since we gained deep knowledge out of our qualitative in-depth interviews. Nevertheless, the integration of an additional survey would have allowed us access to further information.

The decision to exclude an empirical investigation of the customer side, so to ask for the opinions of children and its parents, was made due to our lack of Swedish language knowledge. Nevertheless, the consideration of estimations from this angle would have been interesting for an all-embracing view to relationship marketing towards children.

We have not found literature about relationship marketing, which was explicitly focussed on the target group children. Therefore, it might have been possible to explore this topic by applying an inductive approach. This would have allowed us a higher degree of interpretations and integration of own thoughts.
5.5. Perspectives and recommendations

The analysis of our developed propositions could provide some indications in which way sweets companies use relationship marketing towards children. Nevertheless, we believe that there is a potential for improvement and enlargement of our propositions by the use of our gained experience within this research. Subsequently we will describe fields that might be interesting for further investigations.

- Within our research we realized how strong the influence of the ongoing discussions about marketing to children in particular in the sweets industry is. Companies like Cloetta Fazer reacted on the public discussion. Only two years ago, they approached children through the marketing channel of a children internet page. Nowadays, Cloetta Fazer does not consider children as target group anymore and stopped running the web page. Thus, we can see that the development within this field is going fast. Therefore, it seems to be interesting to follow the development of the discussions and its impacts on the marketers’ advertisements approaches within the sweets industry.

- Moreover, it might be reasonable to gather additional estimations of sweets companies and its related environment by a further research. Since we did not consider the consumer view within our empirical research, especially the exploration of the consumer side (so estimations from children and its influencer) might be interesting. Therefore, additional research could be used in order to enlarge our findings.

- Finally, it might be interesting to observe how the situation in other children-related industries might look like. Products within the toy or apparel industry are, in contrast to sweets products, not considered to be harmful for children. So how do these companies try to establish loyalty towards their products? And how does the general discussion about marketing towards children affect them?

5.6. Final reflections

Our chosen research topic was interesting and challenging at the same time. At the beginning of our research process we did not expect that relationship marketing towards children is such a sensitive topic, especially in Sweden, as it finally proved to be.
Therefore, our biggest challenge was to find companies, which were willing to conduct an interview with us. By the enlargement of our sample towards marketing agencies and a researcher within our field, we believe that we found a good way to receive also perceptions from the related environment. Although it was not previously planned, the consideration of different point of views regarding the same topic proved to be an additional appeal during our empirical research and completed our work in the end.
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www.mccann.se
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www.vizeum.com
APPENDIX 1: INTERVIEW GUIDELINE COMPANY

Customer base

- Which target groups do you consider as consumer for your products?
- How important are youngsters for your company? Why and in which way?
- How would you describe a typical purchaser of your product?

Marketing tools

- How do you consider different age groups within your marketing activities?
- Which marketing measurements do you use to prevent that customers change to competitors?
- Beside your main product, which additional incentives do you offer your customers to attract them?
- Do you use any kind of marketing tools, which are directly addressed to children? If yes, how do you try to attract them?
- What would be in your opinion suitable tools to build a relation to children?

Influence groups of young consumers

- Who do you think have influence on children as customers? Why?
- If you want to approach children do you think it is necessary to approach also the influence groups? If yes, why?
- How do you try to attract the different influence groups?
- How important would you estimate the influence of parents, peers/friends, schools and even yourself as marketers on a child during their development?
- Do you use any explanation//description tools for parents where you explain//describe your work and product?

Working within the advertising process

- How do you develop advertising campaigns to children? Could you provide us an insight into your work?
• What is being taken into consideration when you create the advertising message for children?
• What are influencing issues when you design the packaging of your product?

**Target group children**

• Do you consider the development of a child within your marketing? If yes, how and why?
• From which age on do you consider children as potential customer? Why?
• How do you start to approach them? Why?
• Can you recognise a change during the last years when it comes to the topic children and advertising? If so, what influenced this trend and why?
• Which positions/roles hold children in the sweets industry?
• Who in your company is dealing with marketing to the target group children?

**Customer relationship life cycle**

- On which stage/s during the lifecycle of a customer do you put your main efforts?
- Which tools do you apply in the different stages?

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APPENDIX 2: INTERVIEW GUIDELINE AGENCY

Customer base

- Which target groups would you consider as consumer for sweets products?
- How important are youngsters for the sweets industry? Why and in which way?
- How would you describe a typical purchaser of sweets products?

Working within the advertising process

- When you create advertisements for the sweets industry, do you use any kind of marketing tools, which are directly addressed to children? If yes, how do you try to attract them?
- Which marketing measures would you estimate to be suitable to establish loyalty in the sweets industry?
- Apart from the product itself, which incentives are used to attract children as consumer in the sweets industry?
- How do you develop advertising campaigns to kids?
- What is being taken into consideration when you create the advertising message for children?
- What do you think are influencing issues for the package design of a sweets product?

Influence groups of young consumers

- Who do you think have influence on kids as consumers? Why?
- If you want to approach children do you think it is necessary to approach also the influence groups? If yes, why?
- How do you try to attract the different influence groups?
- How important would you estimate the influence of parents, peers/friends, schools and even yourself as marketers on a child during their development?
- How would you estimate the importance of explanation/description tools for parents where the product/marketing ethics are explained?
Target group children

- Do you consider the development of a child when you create advertisements for the sweets industry? If yes, how and why?
- From which age on would you consider children as potential customer? Why?
- What are in your opinion suitable tools/measures to establish the first contact to a child? Why?
- Can you recognise a change during the last years when it comes to the topic children and advertising? If so, what influenced this trend and why?
- Which positions/roles hold children in the sweets industry?

Customer relationship life cycle

- Considering the different phases of the below presented customer relationship life cycle, which tools do you think are suitable to reach children in the different stages?

- What is your impression, on which stage/s in the lifecycle put sweet companies their main efforts?
- How are different age groups considered within the marketing activities of sweets companies?

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APPENDIX 3: INTERVIEW GUIDELINE RESEARCHER

Customer base

- Which target groups would you consider as consumer for sweets products?
- How important are youngsters for the sweets industry? Why and in which way?

Marketing tools

- Which marketing tools does the sweets industry use to address children directly?
- Which measures would you estimate to be suitable to establish loyalty to children in the sweets industry?
- Apart from the product itself, which incentives are used to attract children in the sweets industry?

Influence groups of young consumers

- Who do you think have influence on kids as customers? Why?
- How do sweets companies try to attract the different influence groups?
- How important would you estimate the influence of parents, peers/friends, schools and marketers on a child during their development?

Working within the advertising process

- What do you think is being taken into consideration when the sweets industry creates advertising messages for children?

Target group children

- Do you think the development of a child is considered within the marketing activities of sweets companies? If yes, how and why?
- From which age on do you think children are considered as potential customer? Why?
- Can you recognise a change during the last years when it comes to the topic children and advertising? If so, what influenced this trend and why?
- Which positions/roles hold children in the sweets industry?
Customer lifecycle

- Considering the different phases of the below presented customer relationship lifecycle, which tools do you think are used by companies in the sweets industry to reach children in the different stages?

- What is your impression, on which stage/s in the lifecycle put sweet companies their main efforts?

- How are different age groups considered within the marketing activities of sweet companies?

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## APPENDIX 4: OVERVIEW OF REGULATIONS RELATED TO TELEVISION ADVERTISING TO CHILDREN

<table>
<thead>
<tr>
<th>Country or area</th>
<th>Statutory guidelines on advertising to children</th>
<th>Self-regulatory guidelines on advertising to children</th>
<th>Specific restrictions on advertising to children</th>
<th>Ban on child-targeted advertising</th>
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(Source: Based on Hawkes, 2004, p. 14/15)