

Direct Selling *News*

Serving the Direct Selling and Network Marketing Executive

Volume 4, Issue 11 November 2008

Young Company Focus Dove Chocolate Discoveries



Discovering Sweet Success with Dove Chocolate Discoveries

by Jennifer Workman Pitcock

Betty Palm knows a sweet opportunity when she sees one. So when Dove Chocolate Discoveries™ recruited her to become the fledgling company's new president, she saw the potential. With America's love of chocolate and Dove's high brand-name recognition, she could see that Dove Chocolate Discoveries had all the right ingredients to become a phenomenal success.

"Our parent company is Mars, a global leader in chocolate," Palm says. "It's a \$22 billion company that manufactures iconic brands like M&M's, Three Musketeers, Snickers and Milky Way candy bars, to name just a few." And, she says, the perks aren't bad, either. "Too many good chocolate brands in front of us—it's an occupational hazard!" she says with a laugh.

Sweet Beginnings

So what inspired one of the world's biggest chocolate companies to start its own direct sales division? Dove Chocolate Discoveries got its start after an immensely successful market test. Mars has an internal group called Nova. Nova, a new ventures group, is always seeking new opportunities, business models and ways to bring Mars' products to market.

"There were three growing trends that sparked the company's interest in direct selling," Palm says. "One is premiumization—people's willingness to spend more on premium products. Premium chocolate is one of the high-growth categories in the industry."

Market research bears this out. According to Packaged Facts, the market for premium chocolate grew 20 percent annually between 2001 and 2006, compared to a 3.9 percent rise in the chocolate market as a whole. Sales of premium chocolate are projected to hit \$1.7 billion a year by 2009.

"Entertaining was the second trend that caught the company's attention—particularly home entertaining. And the third trend was the growth of the direct selling industry," Palm says. "These trends were the catalysts for the birth of Dove Chocolate Discoveries."

It all began as a test. Nova invited a small group of Mars employees to begin having tasting parties with an exclusive line of chocolates. The response was so positive that Mars took the idea and ran with it. The company decided to fund the project and begin building a direct selling business.

That's where Palm comes in. With 30-plus years of experience in direct sales—including top management positions with such well-known industry brands as Tupperware, Longaberger and Discovery Toys—she was a natural for the company's top position. They recruited her to launch the business on a much larger scale.

Building a Team

Palm's first task was to build a team and determine the company's culture. Here, both her management and direct selling experience proved essential to achieving balance. "In the very beginning, I was recruiting salespeople. At the same time I was assembling the home office. I was building customer service from scratch while also hiring the company's management. The complexities included blending together people with direct selling experience and others with Mars experience," she says. "Add to that, people from the outside who had neither chocolate nor direct selling experience."

Her first priority, Palm says, was taking this group and creating a team—associates, employees and field people. "With everything in an emerging state, the biggest challenge was developing who we are, what we stand for and determining the type of culture that we wanted as a company," she says.

When it came to developing a culture, Palm looked to the parent company's five principles for guidance: quality, responsibility,

Dove Chocolate is the *fastest-growing* premium chocolate in the United States.

mutuality, freedom and efficiency. "We adapted these values to a large degree, but we interpret them differently for our brand," Palm says. "For instance, for Dove Chocolate Discoveries, mutuality means that whenever the company has any relationship, whether with a vendor or with our salesforce or our associates, there is always this striving for a win-win outcome. It has to be good for both parties to create a lasting, sustainable relationship."

Freedom—With Support

Freedom takes on special importance when it comes to direct selling. "For us, the freedom principle strongly applies to our independent salesforce of entrepreneurs," Palm says.

Just as important, though, is the parent company's true commitment to the principle of freedom. From a previous negative experience, Palm knows how unique it is for Mars to take a hands-off approach. "Mars is a \$22 billion company with more than 45,000 employees worldwide," she says. "They have an internal philosophy of hiring good people and letting them run the business. It's remarkable how much freedom and autonomy they give."

The parent company's trust in Palm enabled her to create her own stand-alone management team and home office team. She even operates in a different building. "We're really clear that the culture of direct marketing is different than traditional retailers or wholesalers, so we're

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in a separate building with our own team. I don't have shared services," she says. "That's a big plus."

At the same time, Dove Chocolate Discoveries reaps the benefits of being part of a multibillion-dollar company. "Mars has been marvelous in giving support when we want it—and that's typically when it comes to innovation. We want to be on the cutting edge of any kind of research and development. If there are new technologies, new product formulations, we always want to be in the know. So we're included in all those things," Palm says. "The beautiful thing is that we have the ability to pick and choose our involvement with the parent company. That includes leveraging Mars' public relations and major events, as well."

Developing Chocolatiers

Having such deep resources in the parent company allows Dove Chocolate Discoveries to focus on its salesforce. Already the management team has pinpointed the reasons people join the business and are building on that knowledge.

Palm identifies three main reasons people join. "Former direct sellers are attracted to the notion of a startup business, a ground floor opportunity. The fact that it's supported by a large, recognized parent company with a beloved brand name, Dove, is exciting," she says.

"The second group comprises the self-proclaimed foodies—people addicted to the Food Network," Palm says. "They love entertaining. The aspect of learning more about chocolate, entertaining and creating beautiful-looking desserts is the appeal for them."

"The third group consists of the people who attended a party and thought it was great fun. The idea of a fun business is what attracts them," she says.

And fun is at the heart of the sales model. Parties are the medium for selling chocolate—and recruiting new chocolatiers. At the parties, people learn fun facts about chocolate while liberally sampling the products. "There's a growing interest in chocolate," Palm says. "The parties allow for a storytelling component that people love. They learn where chocolate is grown, how it is harvested, and how the beans are fermented, similar to wine or coffee, imparting the unique taste. And they enjoy tasting the chocolate! At the end they may have a quiz that tests what they have learned in a fun and engaging way—with chocolate prizes, of course. Part of our mission is to create small moments of joy that make people smile."

Chocolatiers learn about the business from a combination of sources. Their kit contains a training manual with a DVD showing a sample party

The parent company's five principles for guidance:
*quality, responsibility, mutuality,
freedom and efficiency.*

and the basics of hostess coaching. Dove Chocolate Discoveries provides further training and support through conference calls, as well as face-to-face meetings. They also have yearly conventions for all chocolatiers and meetings for leaders.

Secrets to Success

Dove Chocolate Discoveries' rapid growth can be chalked up in part to Americans' love for chocolate. More than \$16 billion worth of chocolate was consumed in the United States last year. But the company's success also attests to its quality: Dove Chocolate is the fastest-growing premium chocolate in the United States.

And Dove Chocolate Discoveries is committed to maintaining excellent quality. To that end, they ensure that their products are not compromised at any point in the process. "For instance, we ship our chocolate in a cold pack within a Styrofoam container so that it arrives fresh and always in the appropriate form," Palm says.

Just as important to the company's success, the management team listens to what those in the field have to say. "When we first introduced the product line last year, we were focused on the candy-making aspects of the business. Our customers quickly let us know that they were more interested in the easy-to-prepare mixes," she says.

Consumer response has influenced the direction of the product line. "We have a research and development department. All the people who work on Dove Chocolate Discoveries are former Mars employees. They are all food scientists who understand product formulations. We also have a chef on the team. The team comes up with the different product offerings and the appropriate way to present them," Palm says.



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—Betty Palm, President, Dove Chocolate Discoveries

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Twice a year the company comes out with a catalog—and an entertaining guide featuring at least 15 recipes that show different ways to use the products. Dove Chocolate Discoveries also has a Web site, complete with mouthwatering pictures of different chocolate creations.

Three basic categories make up the product line. The first category is for those who enjoy candy-making. “We sell a tempering unit for \$199, professional-grade molds and transfer sheets. You can literally create gourmet candies at home,” Palm says. “Many of our customers—particularly moms—buy them to make teachers’ gifts. They buy the materials once, and they’ve paid for all the teachers’ gifts they’ll need in the course of a year.”

The second category is easy-to-prepare mixes, including brownie, chocolate-chip cookie, cupcake and a mousse. “You can really go from five minutes to fabulous with the mousse mix and have a dessert that looks like restaurant-quality gourmet,” she says. “You get the ‘Wow!’ factor and all the bragging rights of making it yourself, but it literally took five minutes and five ingredients.”

Cinnamon-dusted chocolate-covered almonds, chocolate-covered cranberries and truffle assortments make up the third category, ready-to-eat giftables. “They’re beautifully packaged,” Palm says. “And they’re affordable—we hover in the \$20-\$25 range for many of our products.”

Coast-to-Coast Chocolate

Palm’s sensitivity to the reps and customers plays a key role in the growth—and the direction—of the company. She and her management team are clearly listening to the field, as evidenced by the company’s name change from Dove Chocolate at Home to Dove Chocolate Discoveries.

“In consumer focus groups and conversations with our chocolatiers, we heard the word *discover* time and again. They would say, ‘Every time I went to a tasting party I discovered new ways to use chocolate or new ways to decorate.’ And the chocolatiers would often say, ‘Since joining this business, I’ve discovered a whole new me.’ The notion of discovery is one we thought was important and certainly one that we want to emphasize as we continue to grow,” she says.

Palm believes that Dove Chocolate Discoveries will eventually expand globally. But that’s all in the future. Today, Palm is focusing on the immediate.

Until May 2008, the company was only in two states—Pennsylvania and New Jersey. Now the company operates in all 48 contiguous states. Already, California is poised to overtake New Jersey, becoming the state with the second-most chocolatiers, behind only Pennsylvania.

“We’re new, we’re young and we’re backed by a global leader in chocolate with a recognized brand name. We look forward to growing across the country,” Palm says. “We want to become a household name.”

Backed by delicious products and the resources of the Mars Corporation, Dove Chocolate Discoveries is off to a fabulous start. 🍫