

# **Dispensing strategic marketing decisions: An analysis of PEZ Inc.'s marketing decisions and key success factors**

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# Dispensing Strategic Marketing Decisions:

## An analysis of PEZ Inc.'s marketing decisions and key success factors

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### ABSTRACT

The objective of this paper is to determine how PEZ Inc. reinforces their two key success factors through marketing mix decisions. These two success factors are: widespread product appeal to a diverse market and strong brand awareness. This paper will focus on how PEZ continues to reinforce these success factors by identifying the decisions made at each level of the marketing mix and analyzing their subsequent effects on the success factors. For this paper the marketing mix will consist of four elements: product, promotion, price, and place/distribution decisions. Kotler's augmented product model will be used to examine how PEZ strategically makes candy and dispenser product decisions to fulfill the needs of both adults and children. Next, the different areas of PEZ's promotional decisions will be identified and analyzed. Following this, PEZ's pricing strategy will be identified and explained. Finally, PEZ's place/distribution decisions will be carefully broken down and analyzed. For every decision made in each marketing mix element the effect on the corresponding success factor(s) will be analyzed and explained. The secondary sources used for this paper were obtained from a variety of sources including business magazines, newspapers, academic journals, books, and websites. The primary evidence was gathered through a Facebook survey of 36 international respondents aged 18-35 and a personal interview with Mike Schmidt, an independent marketing consultant whose name has been changed to preserve anonymity.

### INTRODUCTION

PEZ candy, and of course their iconic dispensers, are linked with special memories for almost everyone born in the last sixty years. Whether it is a sense of nostalgia brought about by a favourite childhood cartoon character, superhero eternally personified on a plastic dispenser, or the sparkling novelty of the latest fad available in a toy dispensing delicious candy, PEZ Candy Inc. are masters at appealing to diverse groups of people in different demographic and psychographic segments. When marketing to children this becomes increasingly important, because as any marketer will tell you, to sell to children the parent must first be convinced. Through an expertly crafted marketing mix and strategic brand management, PEZ has cracked the code for selling to parents and children at the same time.

However, Eduard Haas III did not have children in mind when his Haas Manufacturing Corporation sold the first PEZ "candy" in 1927 in his hometown of Vienna, Austria. The candy originally had one flavor: peppermint, very unlike the cherry, orange, and lemon flavours of today (Pederson, 2001; Joice, 2012). Eduard Haas III had a habit of sucking peppermints, and he considered it a healthier alternative to the ever-popular smoking. He named the product "PEZ", from the German word for peppermint: Pfefferminz. Thus, PEZ the famous children's toy/candy of today was born as a means to help adults quit smoking (Pederson, 2001; Joice, 2012).

Although PEZ did not target children at the beginning, they have always been masters of marketing. Eduard Haas III knew he had to make his smoking alternative cool, sexy, and appealing to as many people as possible. To do this, he adroitly manipulated the marketing mix and branding of PEZ to target people with different needs. For example, he first created a dispenser resembling a cigarette lighter so smokers wouldn't have to part with this "cool" accessory, while adding to the novelty of his product (Pederson, 2001; Joice, 2012). This was PEZ's first

experiment with package design, and it was enormously successful. PEZ did not forget this lesson, which has ultimately allowed them to successfully expand to worldwide markets and solidify their brand in the hearts and minds of children and adults alike.

PEZ's commercial success can be distilled to two success factors: 1) a broad targeting strategy/mass product appeal 2) a high degree of brand awareness among parents and children through novel products that evoke feelings of nostalgia. This paper will analyze how PEZ has utilized marketing mix decisions to achieve and reinforce these success factors.

## **OVERALL THEORETICAL PERSPECTIVE**

According to PurelyBranded.com, the marketing mix of a company is: "the ingredients that combine to capture and promote a brand or product's unique selling points, those that differentiate it from its competitors" (2014).

These ingredients are the four Ps of marketing: product, price, promotion, and place (PurelyBranded, 2014). Since this paper will be examining how PEZ makes business decisions to support their success factors of mass appeal and brand awareness, and since marketing mix decisions affect consumer perceptions, it follows that a careful analysis of the marketing mix is the most appropriate theoretical framework for answering this question.

## **PRODUCT**

Does PEZ sell nostalgic memories of childhood, candy, toys, entertainment, or the chance to be part of a community? To explore this rather complicated question in an analytical fashion, this paper will utilize marketing guru Kotler's "Augmented Product Concept" (LearnMarketing, 2014). In this framework there are three levels of a product: level one, the core product/benefits; level two, the actual physical product; and level 3, the augmented product (LearnMarketing, 2014). This framework is most appropriate for determining how PEZ utilizes product decisions to support their success factors of mass appeal and brand awareness, because it explores how every level of the product - both tangible and intangible - contribute towards PEZ being a desirable brand in the minds of the masses. These product levels are explored in the next section in their respective order.

### **LEVEL ONE: The Core Product**

Product level one looks at the specific benefits the product provides to the customer: the need(s) it fulfills (LearnMarketing, 2014). Since the focus of this paper is PEZ's core strategy of appealing to diverse groups of both adults and children it follows that the core product - the benefits - of PEZ can be divided into these two respective groups: adults and children.

#### **Benefits provided to children**

PEZ is popular among children because it fulfills so many of the needs children have: entertainment, keeping current with trends/playground fads, sugary sweets, and even the need to feel sophisticated. These will all be elaborated on and explored at product level two: the actual product.

#### **Benefit provided to adults**

The core product for adults when purchasing PEZ for themselves, or for their children, is a happy nostalgia. According to PEZ's current CEO, Joe Vittoria,

*[PEZ] is one of those brands that you just remember. If you think about PEZ, you typically think about your childhood. And the brand is strong enough that people typically say, 'Oh I remember when...' (Michel, 2012, pg. 2).*

Furthermore, Vittoria says that parents “don’t remember the candy as much as the great memories attached to every dispenser they bought” (Michel, 2012). Primary research from an online survey of people who had purchased PEZ in the last year supports this statement: over 44% of people purchased PEZ because of the sense of nostalgia it evoked in them (Appendix 1). PEZ is currently utilizing this core product characteristic to convince parents of PEZ’s worth by evoking this sense of nostalgia. Convincing parents to buy is a necessary hurdle for candy companies, and PEZ successfully leaps over it by eliciting nostalgic memories and positive emotions from parents. By doing this, PEZ is able to turn its dispenser into a meaningful product for the parent as well, thereby increasing the willingness of even the most health-conscious parent to buy the candy for their child. Therefore, PEZ reinforces their success factors of mass appeal and brand awareness through the provision of nostalgia.

## **LEVEL TWO: The Actual Product**

While the company is called PEZ *Candy* Inc., it could justifiably be called PEZ *Dispensers* Inc. As PEZ marketing director Peter Vandall says, “We don’t necessarily sell candy; we sell dispensers” (Debruge, 2006). PEZ pioneered the field of “interactive candy” through their fun, playful dispensers and yummy candy flavours that tap directly into the sweet tooth of kids (Weaver, 2002). This section will explore how both the physical candy and iconic dispensers provide the benefits mentioned in the above section, and ultimately how PEZ has designed them to reinforce their success factors of mass product appeal and strong brand awareness.

### **The Candy**

After PEZ’s foray into the American market in the late 50s, it was apparent they needed to adjust their product. PEZ was originally positioned as a panacea for common health ailments claiming the ability to: restore confidence lost to bad breath, allow users to lose weight, and fight infections (Pedereson, 2001). This strategy ultimately failed in the U.S. market, and plans were enacted to convert PEZ into a children’s product. The first change to the candy saw the original, sophisticated adult flavours of peppermint, lemon, chlorophyll, coffee, and eucalyptus transmuted into flavours compatible with the sugary cravings of children: orange and wild cherry (Pedereson, 2001).

PEZ’s new candy flavours were an immediate success with children and forever became engrained in the memories of every child who ate them. By changing the flavor of their candy, PEZ was able to make their product novel and special in the minds of children. PEZ’s penetration into the minds and taste buds of children can be seen in a quotation from the 1986 movie *Stand by Me*, where a main character says that “PEZ, cherry flavor” is his favourite food (Pedereson, 2001). This simple flavor change helped achieve their success factor of high brand awareness among children because it made PEZ into a novel treat. Although PEZ changed their flavours, they kept the familiar shape and candy packaging (Pedereson, 2001). By retaining these key elements parents were familiar with as children, PEZ preserved its sense of nostalgia among parents; therefore, this supported their success factors of high brand awareness and mass appeal.

PEZ never forgot this lesson of balancing continuous product innovation with preserving key features necessary for brand awareness and retention. Currently, they are in the works of developing a pressed gum for use in their dispensers (Pacyniak, 2010). However, the general shape of this new candy is sure to be the same. This creation of new products, resembling the old product, strengthens brand awareness among children while preserving the nostalgia necessary to appeal to parents. Therefore, it strengthens both of their success factors.

PEZ has also experimented with altering another familiar product characteristic: the styling of candy refill packs. In 2010, PEZ altered their package labeling with “bolder, more dynamic graphics and colors” (Pacyniak, 2010). This move was designed to make PEZ stand out as a “new” candy product to parents - even though they had been familiar with it their entire lives (Pacyniak, 2010). Through this simple change in candy packaging PEZ was able to keep their candy relevant, and seemingly novel, in the eyes of both children and parents. However, the change

was minor enough to preserve the necessary nostalgia among parents. This packaging change is a good example of how PEZ altered its product to increase its success factor of mass appeal among both children and adults alike.

## The Dispenser

In 1955, PEZ made arguably the most significant alteration to their product: they put a head on the dispenser (Pederson, 2001). This seemingly minor change drastically changed the future of PEZ. The candy was now designed to appeal directly to children. With this change, PEZ learned a valuable lesson about their packaging: their unique value *is* the packaging. As James Joice from marketing magazine says, “[PEZ] was the first brand to offer a sweet that doubles as a toy... the sweets are almost incidental. With PEZ, the packaging is the product” (2012).

I will now discuss how PEZ uses the value created by the dispenser to fulfill the core needs of children first mentioned at product level one, and ultimately how these product decisions support PEZ’s success factors. First, dispensing the candy from the flip-top head of the dispenser is an easy form of entertainment for children (Joice, 2012). The dispensers are personified into the action figures, dolls, and toys kids would normally play with, thus creating infinite playtime scenarios for smaller children. Second, dispensing candies using PEZ’s ergonomic design creates a sense of sophistication for children (Joice, 2012). Third, it is an easy and inexpensive way to keep up with the current playground trend - a critical thing for children. By providing these core benefits to children, and thus making their product desirable to many children, PEZ has reinforced their success factor of mass appeal. Additionally, a toy/candy fulfilling so many childhood needs is sure to produce strong memories to come back as nostalgia, and thus high brand awareness, when these children become adults. For the same reasons it appeals to adults: a single purchase fulfills the many needs of their child. Therefore, fulfilling the multiple needs of children reinforces their success factor of mass appeal among children and adults.

As mentioned, PEZ provides a convenient way for kids to keep up with playground trends. This is an important factor for PEZ to consider when making product decisions, because if their product doesn’t seem novel to children it will soon be off their radar. Thus to strengthen their success factors of brand awareness and appeal among children, PEZ continuously adds minor innovations to their dispensers. For example, PEZ’s first dispenser innovation - since the addition of the head - was to modify the “body” of the dispenser to allow more characters to be created and stand out. An example of this would be Superman, who under the original design would have been “just a guy with a nice curl on his forehead” (Loria, 2012). With this willingness to alter their traditional head-and-stem style dispenser, PEZ began a series of dispenser innovations designed to keep their products novel and appealing to children.

Additionally, PEZ added accessories to some dispensers like detachable wings on the Disney Fairies PEZs (Loria, 2012). Furthermore, they have recently made another drastic innovation leap with the replacement of the classic PEZ head with “pull n go” magnetic detachable cars (Loria, 2012). Through this constant dispenser innovation PEZ has been able to keep their products new and appealing to children, but according to current PEZ CEO Vittoria, “Somewhat traditional looking” at the same time (Loria, 2012). By keeping this balance between brand familiarity and novel innovations, PEZ is able to strengthen their success factors of mass appeal and brand awareness. This is because the newly innovated products will appeal to children who lack brand recognition and the retained, familiar elements will keep the brand in parents’ minds through nostalgia.

PEZ’s strategic ability to turn packaging into a product itself does not stop with dispenser alteration. PEZ found success in creating “new” products through the packaging of the dispensers themselves. For example, they experimented with a PEZ collectors set which came in a container doubling as a lunchbox (Loria, 2012). By simply adding a handle to their previous collector tins, PEZ was able to create a whole new “product” in the eyes of children and expand into a new demographic: 3-to-8-year-old lunch box carriers (Loria, 2012). Once again this is a

perfect example of PEZ adding a minor change to its existing product in order to make it seem novel amongst children, and thus strengthening their success factor of a product with mass appeal.

However, PEZ's brilliance lies in its ability to create dispensers that fulfill the core needs of not just children, but adults as well. As mentioned in product level one, PEZ provides nostalgic memories for the casual adult purchaser/parent. According to Olly Raeburn of Marketing Magazine, "there is something about PEZ that makes grown men stare into the distance and say: 'PEZ... they were great'" (2001.) One way PEZ creates this feeling among adults is through the use of characters/figures from their childhood. For example, recent years have seen PEZ creations of the 1964 Beatles, Norman Rockwell, Andy Warhol, and a discussion is currently taking place about the creation of an "Elvis PEZley" (Debruge, 2006). These nostalgic characters strengthen PEZ's success factor of mass appeal among adults because the diversity of characters produced reaches diverse market segments. The brand awareness success factor is strengthened as well because of the happy memories linked with the characters and the PEZ brand.

In summary, in regards to the physical aspects of the PEZ product, PEZ has supported their success factors of mass appeal and brand awareness in few ways. First, they have mastered balancing continuous, minor product innovations with retaining familiar product aspects. This allows them to keep their product new while still retaining its branding and nostalgia, and thus allowing them to reach both novelty and nostalgia seekers. Second, they are competent at creating value in their packaging for consumers indifferent to PEZ or even candy; therefore, they can expand their appeal and brand awareness to people who don't usually buy PEZ. Third, they strategically choose, and alternate between, characters evoking nostalgia among adults and novelty among children. This allows them to increase their demographic appeal and brand awareness.

### **LEVEL THREE: The Augmented Product**

According to Kotler's product model, level three includes "the additional non tangible benefits that a product can offer" (LearnMarketing, 2014). For most types of products this includes warranties and service plans. However, PEZ offers a unique benefit through the collection of its dispensers: an identity and the chance to be a part of a community. PEZ uses this to strengthen their sales strategy of appealing to as many people as possible. According to Elsner and Cardinal in their book "*The Cultures of Collecting*",

*As one becomes conscious of one's self, one becomes a conscious collector of identity, projecting one's being onto the objects one chooses to live with. Taste, the collector's taste, is a mirror of self (Elsner & Cardinal, 1994, pg. 3).*

Another scholar suggests that people collect to fill a void in their personal life and that the objects they collect fill the void with a quest for identification (Theroux, 1998). This quest for identification and fulfillment in personal life becomes interesting when applied to the collecting of PEZ dispensers: objects that are personified with human characteristics and usually linked to childhood memories. The company has only recently tapped this additional benefit: the fulfillment and satisfaction of collecting PEZ.

Through the active sponsoring of "PEZ Head" community events, the recent development of a PEZ museum and visitor center, and the creation of many limited-edition collector packs, PEZ has strengthened this augmented benefit. By strengthening this sense of community and identity, PEZ has been able to further expand their market reach beyond nostalgic parents and fad-obsessed children: they have now made PEZ a product for adults again. Therefore, they have reinforced their success factors of mass appeal and brand awareness. This full circle development from an adult smoking-prevention mint, to a children's "interactive candy", and finally back to a collectible for adults, will be discussed in the next section: promotion.

## PROMOTION

### Licensing

PEZ uses licensing to their success factors in two ways: through the licensing of their own brand name and dispensers to companies, and by licensing the use of popular characters for use as PEZ dispensers.

PEZ has opened up a limitless supply of market extension opportunities through a product evoking nostalgia and lending itself to innovation and novelty. This winning combination is attractive to outside companies wanting to cash-in on PEZ's strong brand, and according to Raeburn, has "promotional partners queuing up" to license PEZ's brand name (2001). For example, PEZ extended its branding reach into the lady's perfume industry by licensing their popular dispenser design to Parlux Fragrances in 2000 (Pedereson, 2001). When Parlux put their adult fragrances in PEZ-inspired dispensers, it strengthened PEZ's brand awareness because they were able to reach people who had positive memories of PEZ, but no longer thought of it.

Additionally, large corporations have sought PEZ dispensers for use as advertising novelties. For example, BP and Shell have both had "service station attendant" PEZs made, and General Mills' Lucky Charms gave away a promotion with PEZ inside (Weaver, 2002). By associating with these large brand names, PEZ gains credibility and brand recognition, which allows it to reinforce both of its success factors.

A further example of PEZ licensing their dispensers to tap markets, and support their success factor of brand awareness, is seen with a partnership PEZ formed with an MP3 player manufacturer. In 2005, PEZ licensed the creation of an MP3 player shaped like a PEZ dispenser (Staples, 2005). The CEO of the MP3 company wanted to tap the market of baby-boomers who had fond memories of PEZ, but might have been skeptical of modern MP3 players (Staples, 2005). For PEZ, this meant they could get their brand name back into the minds of older consumers with nostalgic brand memories. This combination of an adult-targeted product with a familiar nostalgic aspect is a prime example of how PEZ supports their success factor of brand awareness through licensing.

In addition to providing licenses, PEZ adroitly obtains licenses for popular characters with an eclectic demographical appeal. As Keith Whitaker, vice president of marketing at PEZ, points out, "with licensing confectionary products, it helps to latch onto a rising star, be it a blockbuster movie or pop culture icon" (Pacyniak, 2010). PEZ strengthens their success factor of mass appeal by obtaining licenses for popular characters with diverse appeal, because they reach out directly to the fans of that character. Additionally, PEZ's brand awareness is strengthened through the association of strong, nostalgic memories with favourite childhood characters.

Although PEZ still recognizes the appeal of producing dispensers with nostalgic characters for parents and collectors, they know they must stay current with today's trends among children. According to PEZ CEO Vittoria,

*We try to take what's popular and adapt it to PEZ. If you can do it in a way that's consistent with the company's clean, wholesome, well-designed reputation and make something not controversial yet something people talk about, that's a win (Loria, 2012).*

According to Pacyniak (2012), this 6<sup>th</sup> sense PEZ has for what is going to be popular has developed through close working relationships with big brands like Disney, Warner Bros., NASCAR, MLB, and others. The CEO echoes this sentiment by stating that it is all about finding that one particular character that will bring kids back to the brand (Loria, 2012). In this process PEZ has started to aggressively expand their licensing, which has resulted in a shift of

sales strategies: in the past seasonal sales accounted for 70 percent of revenues, and now licensing accounts for 60 percent (Michel, 2012).

This aggressive licensing strategy allows them to reach more types of people in two ways. First, with more characters appealing to different types of people they gain access to more demographics. A Hello Kitty PEZ reaches an entirely different market than a NCAA football PEZ. Sometimes even PEZ doesn't know what markets will latch onto a certain character; they are big advocates for testing the waters with small production runs (Debruge, 2006). For example, they designed a PEZ motorcycle from the TV show "Orange County Choppers" in the attempt of reaching boys aged 8-14. However, they ended up reaching young women: the show's number one demographic were women 16-45 years old (Loria, 2012). Secondly, through the creation of many different characters with limited production runs, they increase the collectability of every PEZ dispenser produced (Peterson, 2008). This opens up a market completely separate from people with attachments that are character-specific: collectors.

### **Collectors/Collectability**

PEZ was quick to discover the sales power of a collectable item. After observing the sales success of collectable baseball cards when paired with candy, PEZ flipped the concept around and paired their candy with a collectable: the dispenser (Pez Power, *Saturday Evening Post*, 1 Nov 2010, editorial). At first, PEZ was passively involved in the collector community; however, the community of rabid collectors began to grow because of the rarity of many dispensers. In the mid-90s so-called "PEZ-heads" began launching PEZ-related websites, pricing/collecting guides, and holding national collector conventions. The buzz about PEZ was even so big that it prompted the creation of an online auction website to specifically buy and sell PEZ: eBay (Pedereson, 2001). All PEZ did to create this brand buzz, free advertising, and tremendous name recognition, was to make their products memorable, nostalgic, and in limited editions. However, it wasn't until later on that PEZ began to manipulate this promotional aspect of their marketing mix to significantly capitalize on a product with a large collector community.

Despite the collectability of their product and the rabid community of collectors, PEZ erred by initially spurning this community. It wasn't until their recent CEO arrived that PEZ began to use this unique aspect to support their strategy of appealing to as many people as possible. Current CEO Vittoria says that before he arrived, if collectors showed up at the factory police promptly escorted them off the premises (Loria, 2012). Therefore, the first move PEZ made to appeal to as many people as possible, and thus strengthen their success of factor mass appeal, was to support their collector base and enhance the collectability of their products.

As mentioned in the product section, PEZ promoted their support for collectors through "PEZ Head" community events, developing a museum and visitor center, and developing collector sets (Fogle, 2014). These collector sets have proven critical for strengthening both success factors of mass appeal and high brand awareness. As CEO Vittoria fully understands, "the only way to create collectability is to create scarcity" (Loria, 2012). While PEZ fully anticipated their first production of a collector set would appeal to the collector community, they were not expecting the buzz and word-of-mouth advertising from the general public.

Therefore, the collector sets, and support of the collector community, reinforce both of PEZ's success factors in two ways. First, brand awareness is strengthened through the media buzz created by the rare and popular collector sets. Second, the market to which PEZ appeals to is increased by enticing collectors through scarcity, as well as enticing people who associate with the particular characters in the set.

### **Advertising**

According to Peterson (2008), PEZ does very little advertising and relies mainly on impulse purchases from parents for their kids "on a nostalgic whim". However, before they had solidified their nostalgic association with

parents, PEZ had to build its brand. As a smoking alternative, PEZ faced the marketing challenge of making mints “cool”. In an ironic marketing effort - when compared to the fun, apolitical brand of today - PEZ first sallied into the market with the old adage “sex sells.” PEZ used attractive “PEZ Girls,” often featured topless, to associate sex with their breath mint (Pedereson, 2001). Since this was a niche marketing strategy, aimed at targeting smokers wishing to quit, it is a far stretch from their current strategy of mass appeal. However, they were later able to apply the lessons they learned from this initial marketing foray to their success factor of mass appeal.

One such lesson learned from advertising their breath mint was the power of associating emotions with a brand to increase brand awareness. With the breath mint they associated their brand with sex, and with their launch into the American market as a children’s brand they associated with fun. To do this they first removed all of their old, adult flavours and completely removed the cigarette lighter-style dispenser from shelves. They ran silly TV commercials on children’s shows, and featured PEZ promotions where customers could get “PEZ guns” to shoot their trademark, oblong candy (Pedereson, 2001). This new advertising strategy paved the way for a new marketing strategy of mass appeal, because as PEZ learned: only some people are interested in attractive “PEZ girls,” but everyone likes fun.

Children growing up began to associate fun with PEZ through its advertising and later this developed into a fond sense of nostalgia for them as adults. PEZ had ingratiated them to their brand as children, and therefore advertising became less necessary for PEZ. As CEO Vittoria says, “everyone remembers PEZ” (Loria, 2012). By advertising solely to children, PEZ was able to reinforce its current strategy of mass appeal through nostalgia and novelty. For children, they enjoy the novelty and fun of PEZ. For adults and parents, they enjoy being able to buy a piece of their childhood for their own children and themselves.

## **Public Relations**

Managing public relations is of the utmost importance to PEZ. This is because a cornerstone of their success is their strong brand recognition and association with positive memories. PEZ manages public relations to reinforce their success factor of mass appeal in two ways. First, they painstakingly take efforts to create apolitical characters producing only positive emotions. Second, they work to produce innovative products that keep their brand in the minds of the consumer.

PEZ’s first goal of public relations is to ensure all dispensers are apolitical and evoke positive emotions. For example, they have turned down offers to produce a Warren Buffet PEZ. According to CEO Vittoria, “he doesn’t have the edge [to be a successful dispenser]”, and that selecting characters is all about staying true to PEZ’s mission: all dispensers should reflect positive emotions (Michel, 2012). Vittoria said he chose to produce the Geico Lizard instead because, “he is more fun” (Michel, 2012). By carefully ensuring only positive, apolitical characters are produced, PEZ is supporting its success factor of mass appeal; they don’t dissuade anyone from purchasing a PEZ dispenser because of possible negative associations they might have with a controversial character.

These positive emotions carefully personified into their dispensers don’t necessarily have to be “fun” for PEZ to reinforce their strategy of mass appeal though. PEZ has begun experimenting with something unheard of with candy companies: educating children. A recent venture involves the production of the complete set of U.S presidents along with an informative guidebook of each president’s achievements (Loria, 2012). The series will be released in sets of five, and will follow CEO Vittoria’s goal of producing a “product that teaches” (Loria, 2012). In this case PEZ wants customers to associate their brand with an innovative company that cares about educating children. In addition they are working to invoke a sense of nostalgia by structuring the release of this collection by following the old-time concept of encyclopedias: releasing a new one every few months until everyone had the same set (Loria, 2012). This will tap into the nostalgic emotions of parents who remember having encyclopedias and therefore strengthen their mass appeal success factor. Although Vittoria knows this will not be a profitable

venture, it is more important to him to “get the PEZ brand back in the minds of consumers” (Loria, 2012). Therefore, reinforcing brand awareness is more important to PEZ than making money and at the focus of all PEZ’s promotional decisions.

In conclusion, PEZ uses public relations management to support their success factors of mass appeal and brand awareness in a few ways. First, they only produce apolitical characters associated with positive emotions. These types of characters allow PEZ to maintain the strong sense of nostalgia and fun necessary for high brand awareness and mass appeal. Additionally, brand awareness is reinforced through the creation of revolutionary concepts and products.

## **PRICE**

PEZ’s original inception as a high-quality smoking alternative and panacea dictated a premium/prestige pricing strategy be used. PEZ was originally priced much higher than other candies, and in 1953 PEZ sold for 25 cents while other candies sold for 5 cents (Pedereson, 2001). According to Richards (2014), this prestige pricing strategy is especially effective when there is something unique about the product. In this case, the uniqueness of their product lay in its claimed abilities as a cure-all: especially smoking.

Currently, PEZ is following their original prestige pricing strategy to reinforce their marketing strategy of mass appeal. By keeping their product priced above other similar candies, they are ensuring people still see the quality and uniqueness of the PEZ candy experience. This reinforces their marketing strategy of mass appeal because it conveys to parents that PEZ is still the special candy they remember and is something to be shared with their children.

## **PLACE/DISTRIBUTION**

To reinforce both success factors of mass appeal and brand awareness, PEZ takes considerable efforts to ensure they sell through as many channels as possible. As mentioned in the promotion section, a main way of doing this is through licensing. With more licenses PEZ obtains, and the more they license to external companies, their brand name and product placement proliferates. This proliferation strengthens both of their success factors. Furthermore by nurturing licensing relationships with large, respectable companies they associate themselves with the credibility and emotions of that company, thus increasing their appeal and brand awareness. A prime example of this is PEZ’s long lasting relationship with Disney: Walt Disney himself signed the partnership contract with PEZ in the 1950s (Michel, 2012).

Maintaining close relationships with large distributors is also vital for supporting both success factors. A recent strategic distribution decision has been the development of a relationship with Wal-Mart (Michel, 2012). This has allowed PEZ to increase their brand awareness by exponentially increasing the number of people who see a PEZ product each day. Furthermore, relationships with big distributors strengthen their targeting strategy of mass appeal by transferring some of the credibility from the distributor to PEZ and by making buying PEZ more convenient for the consumer.

Finally, PEZ has recently begun updating its website to promote online sales. This move is not to increase revenue, but to reinforce their strategy of mass appeal. According to PEZ’s marketing president, online sales don’t account for a large percentage of revenues: updating the website is all about appealing to collectors and parents planning themed parties (Pacyniak, 2010). This priority on increasing access to more types of consumers through more channels, instead of maximizing revenue, reinforces their success factor of mass appeal by providing more interactions with their product. Primary evidence gathered from an interview with Mike Schmidt, an independent marketing consultant, reinforces the logic behind PEZ’s prioritization of increasing the quantity of channels rather than specializing in a few, key channels. He states that,

*...if you are a company and your goal is to target as many people in a market as possible, you have to make it easy for your consumer to access your product. A large component of your product being desired by many people is that those people see your product and brand everywhere they look (Schmidt, 2014).*

Therefore it can be concluded that PEZ's distribution decisions are strategically made to reinforce their success factor of mass appeal and brand awareness.

## **CONCLUSION**

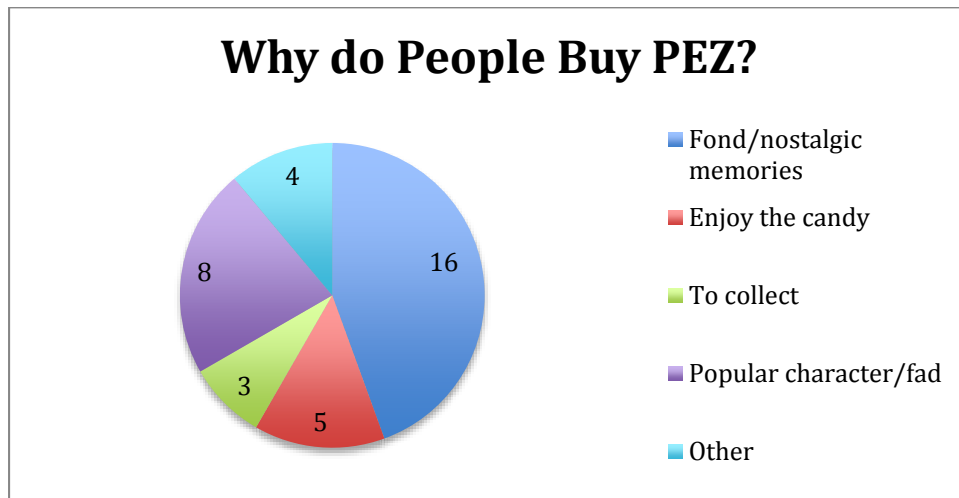
PEZ has sweetened its position as a top candy company through two success factors: a targeting strategy of mass appeal and strong brand awareness. To reinforce these factors PEZ carefully manipulates its marketing mix of product, promotion, price, and place/distribution decisions. PEZ's key product decision is to ensure a balance of product innovation with familiar brand characteristics in order to appeal to both novelty and nostalgia seekers; this strengthens the success factor of mass appeal. In promotional decisions, PEZ aggressively licenses its dispensers and obtains licenses for popular characters in order to appeal to as diverse a market as possible. They also associate themselves with positive emotions, support their collector community, and carefully choose characters in an effort to increase the appeal of their product. In pricing decisions, PEZ maintains a prestige pricing strategy in order to convey its uniqueness and convince parents to share the specialness with their children. In place/distribution decisions, PEZ prioritizes mass appeal over profit maximization by ensuring they sell through as many channels as possible.

PEZ tells the story of a product initially marketed only towards adults, then to just children, and then finally to an extremely diverse market made of multiple demographics and segments. PEZ has unwrapped the secret of making a product appeal to the masses, digested the lessons of strong brand awareness, and is sure to continue dispensing both happiness and dividends for many years to come.

## APPENDIX 1

### Why do People Buy PEZ?

Sample size: 36. Age range: 18-35. Facebook Survey.



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