

For Information Purposes Only
Mars Incorporated (1911 – 2024)

Mars Inc. has been a private company since its founding by Frank Mars in 1911.¹ The company has had limited publicly available information regarding its business strategy, operations, historical financials and financing, including limited information on its private market valuation over time.² The Mars family, renowned for its secrecy, has kept the company both "notoriously private" and "anonymous."³

Mental Model Summary Derived from Mars Incorporated

1. **Repetitive, reoccurring brand-driven purchases across its portfolio of businesses: consumers demonstrate strong brand loyalty and repetitive purchasing behaviors across confectionery and pet food products. This loyalty is driven by factors such as addictive elements, positive brand association, and functional benefits, ensuring high re-occurring purchases.**

Candy consumption in general is deeply embedded in consumer habits, with studies highlighting strong brand loyalty and impulsive purchasing behaviors. A 2024 study found that 92% of consumers stick to their preferred candy brands, while 75% report making spontaneous purchases to satisfy their sweet tooth.⁴ Similarly, a 2022 study noted that while the concept and practice broadly of brand loyalty has generally declined in the U.S. marketplace, candy buyers remain strongly committed to their favorite brands.⁵ People love their preferred candy brands, purchasing them impulsively at checkout.

Candies are high-frequency purchases by consumers. **According to a 2023 survey cited by The Food Institute, about 98.1% of households buy candy, with 97% of these households repeatedly purchasing their favorite options an average of 35 times per year.**⁶ Another survey revealed that 40% of Americans purchase single-serve candy at least once a week, while nearly 25% buy gum once or more every week.⁷ About 48% buy multi-serving packages of candy at least once a month. Despite the frequent purchases, they are often impulsive – 51% of single-serve candy purchases and 32% of multi-serving candy purchases fall into this category. A 2022 survey also suggested that candy purchasing habits are frequent, with 20% of consumers buying candy weekly and 22% buying it multiple times per week.⁸ Mars Inc. demonstrated an acute understanding of consumer behavior, particularly the importance of impulse purchases, which accounted for roughly 70% of all candy sales.⁹ Recognizing this, in 1979, Mars became the first one by persuading merchants to place candy displays near cash registers, a practice now ubiquitous in retail stores.

¹ Frank Mars started making and selling buttercream candies from his kitchen in Tacoma, Washington in 1911. Frank launched The Nougat House after he relocated to Minneapolis, a candy business producing Patricia Chocolates, named after his daughter. This marked Mars' first formal entry into the confectionery business.

² We estimated Mars's private market valuation with EV/Sales ratios of public comps. See Appendix.

³ Meet the Mars Family, America's Second-Wealthiest, of M&M's Fame. Business Insider. <https://www.businessinsider.com/mars-inc-family-fortune-net-worth-lifestyle-snickers-twix-2019-3#the-mars-familys-117-billion-fortune-is-rooted-in-its-family-owned-candy-empire-mars-inc-1>; Mars Family Net Worth. Forbes. <https://www.forbes.com/profile/mars-1/>

⁴ Brand Loyalty, Cost Rank Highest in Importance for Halloween Candy Shopping Habits. <https://www.fooddive.com/news/brand-loyalty-cost-ranks-highest-importance-halloween-candy-shopping/727963/#:~:text=A%20new%20study%20from%20Trax,shopping%20for%20the%20sweet%20indulgences.>

⁵ Chocolate Is The Most Popular U.S. Candy Product. <https://www.supplysidefbj.com/confectionery/chocolate-the-preferred-candy-in-america-poll-finds>

⁶ Candy & Confections Are Killin' It in 2023. <https://foodinstitute.com/focus/candy-confections-are-killin-it-in-2023/#:~:text=About%2098.1%25%20of%20all%20households,%24254%20per%20year%20on%20candy.>

⁷ Candy, Gum Remain Strong Impulse Buys. https://www.convenience.org/Media/Daily/2023/May/24/4-Candy-Gum-Impulse-Buys_CM

⁸ Chocolate Is The Most Popular U.S. Candy Product. <https://www.supplysidefbj.com/confectionery/chocolate-the-preferred-candy-in-america-poll-finds>

⁹ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>; Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

Research indicates that sugar and sweetness can trigger cravings and rewards comparable to addictive drugs.¹⁰ At the neurobiological level, sugar's effect on the brain is more robust than that of cocaine, potentially due to evolutionary pressures to seek high-calorie, sugar-rich foods. **In some cases, cutting back on sugar intake can also lead to withdrawal and relapses symptoms that are similar to those of substance abuse.**

Over time, consumers may require larger quantities to achieve the same level of satisfaction, similar to drug tolerance. In addition, the brain's association of chocolate, or more broadly, candy, with positive feelings reinforces this cycle. Simply seeing the wrapper of a candy can trigger powerful, pleasurable signals, encouraging repeat consumption.¹¹ As the vicious cycle continues to reinforce itself, it is possible that consumers' brain would stop making as much dopamine such that they need to consume more candy to get the same level of euphoria. Chocolate in this sense acts just as a drug.

Studies also show that regularly consuming high-fat, high-sugar foods can rewire the brain's reward circuits, promoting overeating of such foods.¹² Processed foods, particularly milk chocolate, are among the most addictive due to their high sugar content. Mars products, such as M&M's and SNICKERS, exemplify this combination of fat and sugar. A single serving of M&M's contains over 60% added sugar and 18% fat, while a 52.7-gram SNICKERS bar contains nearly 50% added sugar and over 20% fat.

While pet foods lack the addictive qualities of candies, they benefit from long-term, consistent demand (even through The Global Financial Crisis), as pet owners regularly purchase food for their pets as dogs and cats typically live over 10 years¹³ Survey shows that over half of dog and cat owners purchase pet food more frequently than monthly. They also tend to develop strong brand loyalty to the pet food they feed to their pets. Dogs and cats are prone to gastrointestinal distress, such as diarrhea, when switching to a new food, especially after becoming accustomed to their current diet.¹⁴ As a result, pet owners are reluctant to change to new food, even if the price increases.¹⁵

- 2. Mars is incredibly quality-centric and efficient compared to competitors. The company has full control of its supply chain and quality, running 24/7 and delivering incredible volumes, with a culture of relentlessly focusing on quality and frugality.**

Quality has always been the cornerstone of Mars Inc.'s philosophy, passed down through generations of leadership. A former employee shared a story illustrating Forrest Mars Sr.'s obsession with quality during the 1930s.¹⁶ **While visiting a store in Slough, Forrest Mars Sr. noticed an improperly wrapped candy bar. Outraged, Forrest returned to his plant, summoned the company's top management, and demanded cases of the poorly wrapped candy bars be brought to the boardroom. With the office staff watching in fascination through a large glass panel, Forrest dramatically hurled the candy bars one by one against the glass, sending a clear message that substandard quality was unacceptable.**

When Forrest Mars Sr. assumed control of his father's company in 1964, merging with his own to form Mars that we see today, he further elevated the company's quality standards. One of his first moves was to significantly increase the proportion of chocolate in Mars bars. In addition, he brought chocolate production in-house, ending the company's reliance on external suppliers such as Hershey and Baker.¹⁷ This decision not only gave Mars greater control over its supply chain but also reinforced its commitment to delivering the highest quality products to its customers. Forrest believed that the only way to guarantee the consistency and quality of his products was to maintain complete control

¹⁰ Sugar Addiction - Pushing The Drug-Sugar Analogy to The Limit. <https://pubmed.ncbi.nlm.nih.gov/23719144/>; Implications of An Animal Model of Sugar Addiction, Withdrawal and Relapse for Human Health.

<https://www.tandfonline.com/doi/abs/10.1080/10284150500485221>

¹¹ Why Chocolate Is So Addicting. NBC News. <https://www.nbcnews.com/better/lifestyle/why-chocolate-so-addicting-how-tap-health-benefits-ncna1140351>

¹² Daily Consumption of a High-Fat, High-Sugar Snack Alters Reward Circuits in Brain. <https://medicine.yale.edu/news-article/study-daily-consumption-of-a-high-fat-high-sugar-snack-alters-reward-circuits/>

¹³ How Long Do Dogs Live. <https://www.petmd.com/dog/care/how-long-do-dogs-live>; How Long Do Cats Live. <https://www.petmd.com/cat/care/how-long-do-cats-live>

¹⁴ How to Switch Your Dog's Food.

¹⁵ Consumers Loyal To Preferred Pet Foods Despite High Prices. Pet Food Industry. <https://www.petfoodindustry.com/blogs-columns/adventures-in-pet-food/article/15666286/consumers-loyal-to-preferred-pet-foods-despite-high-prices>

¹⁶ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

¹⁷ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

over every aspect of production. **Unlike many others in the industry who commonly outsourced parts of their manufacturing processes, he refused to contract out any part of the operation.**¹⁸ A Hershey executive estimated that if Mars decided to completely stop sourcing chocolate from external suppliers such as Hershey and produce its own chocolate (coating), it would take the company more than ten years to recoup the capital investment required. Forrest proceeded and his exacting standards set the tone for Mars Inc., solidifying its reputation as a company that prioritizes quality above all else.

According to The Washington Post's interview with the company in 1992, which was also the very first interview the company conducted with the media after the journalist's long-awaited request, Mars's obsession with details and perfection is just rigorous. The journalist observed and stated that, at Mars, "Cleanliness is an obsession... Quality is a compulsion. Perfection in tiny details... is painstakingly pursued... Perfecting the equipment that prints the M has taken thousands of hours of engineering. The process is so important to the company, I was told, that no outsider had ever before been invited to observe it... Quality at Mars means taking care of tiny details that consumers would probably never notice."¹⁹ From the iconic "M" stamped on M&M's to the signature squiggle on its chocolate bars, every detail must be flawless. **Millions of M&M's are rejected daily because their shells lack the perfect shine, or their "M" is slightly misaligned. Even a small defect, such as a pinhole in a SNICKERS bar, can result in an entire batch being scrapped.**

Along the production line, associates constantly monitor for consistency. If a candy bar is even slightly underweight or the chocolate coating or caramel does not meet the standard, the entire production run is discarded. Even when consumers will never discern subtle differences in taste, Mars insists on using only the highest-quality ingredients, avoiding any "incremental degradation" that could compromise its standards over time.²⁰ Similarly, if dog food chunks are too small or irregular, they are rejected.²¹

Efficiency has long been a key to Mars Inc.'s success as a manufacturing company, as mutually agreed by the company's employees. **The company's production runs 24 hours a day, seven days a week, using the Mars family's closely guarded recipes to produce confections at astonishing speeds.**²² At its Chicago plant, the company's oldest facility, Fun-Size Milky Way bars were produced at a rate of 5,520 bars per minute. In a single week, the factory can produce enough bars to cover the White House lawn. Meanwhile, in Waco, Texas, where Skittles are made, Mars produces enough fruit-flavored candies each year to create a continuous trail to the moon.

To ensure that it stays on the forefront of efficiency, Mars has continually evolved its production process alongside developments in technology. Although detailed information on Mars's production methods and efficiency improvements is limited, it is clear that the company has embraced digitalization and automation over the years. This includes the use of robotic arms and fully automated production lines to ensure every step of the process meets its rigorous standards. In recent years, Mars has also adopted AI technology to enhance manufacturing efficiency by leveraging real-time data to predict and optimize production processes and equipment performance.²³

Mars's obsession with efficiency has made it one of the most productive companies in the world. **Despite operating with 30% fewer employees than its closest competitor, Mars generated more output per worker than any other**

¹⁸ Chapter 13. The Emperors of Chocolate.

¹⁹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁰ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²¹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²² Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²³ Mars Partners with Accenture to Boost Manufacturing Efficiency. Pet Food Processing.

<https://www.petfoodprocessing.net/articles/16245-mars-partners-with-accenture-to-boost-manufacturing-efficiency>

company in the industry. In 1990, for example, Mars's revenue averaged \$429,000 per employee, compared to \$228,000 at Hershey.²⁴

Even waste at Mars is put to good use. For instance, at Uncle Ben's, rice hulls from processing are burned to generate a portion of the plant's electricity, demonstrating the company's commitment to frugality.

The company also maintains exceptionally high hygiene standards. **Mars claims that bacteria levels on its factory floors are lower than those in the average household sink.**²⁵ At the first hint of contamination, production is halted immediately, sometimes for hours. Despite producing SNICKERS bars at a staggering rate of 1,000 bars per minute at its Waco, Texas plant, the floors remain spotless. Even its pet food facilities adhere to similarly rigorous cleanliness standards. Employees are provided with uniforms that are laundered daily to uphold these conditions.

- 3. Mars has effectively associated its candy products with positive emotions related to holidays, joy, wonder, and celebration by sponsoring space shuttles, creating holiday-themed products, as well as linking its products with health and energy by sponsoring major events such as the Olympic Games and the Super Bowl.**

A 1991 study revealed that in a blind taste test of six different chocolate bars, participants preferred the SNICKERS bar based on flavor. When the brand names were revealed, SNICKERS' rating increased significantly. Conversely, one competitor's chocolate bar, Cadbury's, was rated lower once its name and wrapper were shown.²⁶

- 4. Mars is a regular, but not serial, acquirer, focusing on its core competencies and related adjacent categories.**

Mars Inc. grows organically and through acquisitions. Mars first expanded beyond candy business in 1935,²⁷ entering the pet care market with the acquisition of the U.K.-based Chappel Brothers, makers of Chappie canned dog food. Over the next few years, Mars launched other beloved brands organically, such as Maltesers chocolate balls in Europe and Kitekat cat food in the U.K. Mars also acquired The Dove Bar in 1986 and Wrigley in 2008.

As of 2023, there were an estimated 35,000 to 40,000 veterinary clinics in the U.S., of which Mars owned approximately 3,000, primarily through acquisitions, representing 7% to 9% of the total.²⁸

Unlike private equity firms that often hold assets for 4 – 7 years before selling, Mars retains its acquisitions long-term. **Since the 1990s, Mars has made approximately 30 acquisitions, primarily in veterinary clinics and hospitals outside the U.S., and has offloaded assets only twice since 2015.**²⁹

²⁴ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁵ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁶ Case Study 6. Marketing Communication A Critical Introduction.

<https://books.google.com/books?id=T2VO0nKqYOMC&pg=PT141#v=onepage&q&f=false>

²⁷ Our History - Mars Global. <https://www.mars.com/about/history>

²⁸ Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>

²⁹ Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>; About Us VCA. <https://vcahospitals.com/about-us#:~:text=Kerl%20oversees%20medical%20operations%20at,1%2C000%20small%20animal%20veterinary%20hospitals;Job>

Locations BluePearl Pet Hospital Careers.

<https://careers.bluepearlvet.com/us/en/locations#:~:text=BluePearl%20Locations&text=Wherever%20you%20want%20to%20go,pet%20hospitals%20across%20the%20country>

5. **Mars Inc. adopts a decentralized structure and lets its brands operate independently.**

Each brand within Mars' portfolio such as M&M's, SNICKERS, and TWIX, develops and executes its own marketing campaigns tailored to its unique identity and target audience. This approach enables each brand to position itself as a standalone entity rather than being marketed under the Mars corporate umbrella.³⁰

Mars Petcare's operational model also mirrors the decentralized structure of its confectionery business, allowing individual units to explore markets independently.

6. **Mars has maintained private ownership since its founding in 1911, emphasizing that this structure provides the flexibility and long-term perspective necessary for sustained success.**

The company has been owned by the Mars family since its founder, Frank Mars, began making and selling buttercream candy from his kitchen in Tacoma, Washington, in 1911. After Frank Mars passed away in 1934, and Forrest Mars Sr. retired in 1969, the company was led by his children, Forrest Mars Jr., John Mars, and Jacqueline Badger Mars, who together led the globalization of the company.³¹ For some period, they shared the role of chief executive, dividing responsibilities based on their respective areas of interest.³² Since 2001, the company has been managed by a non-family executive team,³³ although members of the Mars family have continued to serve on the board, including as chairpersons.³⁴

Mars believes that remaining privately held is key to maintaining its independence and long-term focus. A former brand president explained, "There's no SEC, no stockholders that have to be answered to, and if John and Forrest want to make investments at the expense of short-term profit, they can and they're able to and they do."³⁵ **Its private ownership allowed it to prioritize long-term strategies over immediate profits. This flexibility enabled Mars to adopt aggressive competitive moves without the pressure to deliver short-term financial results.**

The company's commitment to privacy extends beyond its ownership structure. Mars does not engage with the media and refrains from publicizing its internal affairs. Financial statements are not even shared with the company's bankers to prevent potential leaks. Historically, the Mars family has also avoided public attention, refusing to be photographed or recorded. The only place family portraits were displayed was in the corporate headquarters in McLean, Virginia, though the family has become slightly more visible in recent years.

The century-old company has played a key role in building the Mars family's reported \$117 billion fortune, estimated by Forbes in 2024, ranking it as America's second-richest family, after the Walton family, which was estimated to have \$267 billion. Renowned for its secrecy, the Mars family has kept the company both "notoriously private" and "anonymous."³⁶

³⁰ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

³¹ The Story of Mars. <https://web.archive.org/web/20130221144350/http://www.mars.com/global/about-mars/mars-pia/our-approach-to-business/story-of-mars.aspx>

³² Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

³³ Our History - Mars Global. <https://www.mars.com/about/history>

³⁴ Grant F. Reid Decides to Hand Over The Reins as Mars CEO after Nearly A Decade. <https://www.mars.com/news-and-stories/press-releases-statements/grant-f-reid-hands-over-reins-as-mars-ceo>; The Mars Compass Provides Direction & Transparency. <https://www.mars.com/about/mars-compass>

³⁵ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

³⁶ Meet the Mars Family, America's Second-Wealthiest, of M&M's Fame. Business Insider. <https://www.businessinsider.com/mars-inc-family-fortune-net-worth-lifestyle-snickers-twix-2019-3#the-mars-familys-117-billion-fortune-is-rooted-in-its-family-owned-candy-empire-mars-inc-1>; Mars Family Net Worth. Forbes. <https://www.forbes.com/profile/mars-1/>

7. **Mars pays its employees higher than competitors, with salaries positioned at the 90th percentile compared to other premier companies in the world.**³⁷

Employee compensation at Mars Inc. is closely tied to the company's performance. When sales soar, bonuses can range from five to fifteen weeks' salary.³⁸ Conversely, when sales decline, so does income. **Nearly all profits are reinvested into the business, reflecting the company's long-term focus.** The management team earns modest salaries, while members of the Mars family receive only nominal dividends. In 1992, John Mars, Forrest Mars Jr., and Jacqueline Mars each reportedly earned \$1 million, a relatively modest figure for executives of a company of Mars's size, placing them among the lowest-paid leaders in corporate America. Employee salaries, however, were positioned at the 90th percentile compared to other top global companies.³⁹

A long-time employee of Forrest Mars Sr. recalled that Forrest had an "uncanny business sense" and was absolutely dedicated to products. However, he was also known as a cruel and demanding boss, with few people willing to work under his strict leadership. To attract top talent, he paid his managers three to four times what other companies offered but demanded total devotion in return.⁴⁰ Employees were expected to work long hours, often 12 to 14 hours a day. Forrest tied all salaries, including his own, to corporate performance, ensuring everyone shared the burden and rewards.

In addition, Mars operates with only six pay tiers. Vice presidents across all functions receive similar salaries, making it easier to transfer employees across business units and roles. According to a Fortune magazine report in 1967, the company has a policy of paying at least 10% more than other employers for comparable jobs in each of its plants.⁴¹

8. **Mars is financially conservative, with a preference for remaining debt-free and funding its growth with internally generated cash. The company sets its key metric, pre-tax ROTA, at greater than 22%, an objective ensured by sales volume growth and closely tied to employee incentives. The company also demanded its after-tax return on sales of just 3%,⁴² believing that anything higher would be unfair to consumers.**

In 1992, the company claimed to be almost entirely debt-free, having funded its growth into a multinational company with its own cash.⁴³ The family stated they would only borrow money on a short-term basis and have even passed on promising acquisition opportunities when they thought they could not finance the deals internally, prioritizing fiscal prudence over expansion.

Forrest Mars Sr. prioritized sales volume growth as the principle objective of his business, with the primary metrics of performance across every division and every manager being return on total assets used in the business (ROTA), which is calculated as (EBIT + rent on leased assets + Depreciation) divided by the original cost

³⁷ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

³⁸ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

³⁹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

⁴⁰ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

⁴¹ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

⁴² It is worth noting that this figure comes from an interview conducted by The Washington Post in the early 1990s, so it is unclear whether this target remains applicable today. The journalist did not provide a definition of the metric. Return-on-sales (ROS) is generally understood as operating profit divided by sales, which is essentially EBIT. Therefore, after-tax return on sales refers to after-tax EBIT, also known as EBIAT. Chapter 3. The Emperors of Chocolate.

⁴³ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

(not the depreciated) of all purchased and leased assets,⁴⁴ though none of such information has been available to the public over its course of development. The company established a pre-tax return on total assets of 22% as its target such that any number less than that means profits drop, higher than that probably means too little might have been invested in advertising or R&D that could have increased sales volume. While yearly fluctuations were permitted due to external factors, the long-term goal was to consistently achieve the 22% return.⁴⁵

Furthermore, the company tied both ROTA and sales volume growth directly to employee compensation, with a heavier emphasis on ROTA. If the division's ROTA (measured using a moving average) fell below the 22% target, paychecks for all salaried employees in that division were reduced. When performance improved and the 22% target was met or exceeded, employees' paychecks increased accordingly.

⁴⁴ This calculation was reported by Fortune in 1967. However, in the 1990s, the journalist from The Washington Post who interviewed Mars stated that the company used the current replacement value, instead of the original costs, for total assets, and expected pre-tax ROTA greater than 18%. The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>; Chapter 11. The Emperors of Chocolate.

⁴⁵ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

Company Overview

Mars, Inc. is a global, family-owned business recognized as one of the largest privately held companies in the world. Founded in 1911, Mars operates in diverse sectors, including pet care, confectionery, food, and nutrition, with iconic brands such as M&M's, SNICKERS, Dove, Wrigley, Pedigree, and Royal Canin. Headquartered in McLean, Virginia, the company is driven by its Five Principles – Quality, Responsibility, Mutuality, Efficiency, and Freedom – which guide its commitment to sustainability, innovation, and creating a better world for people, pets, and the planet. As of 2023, the company generated over \$50 billion in revenue, with 59% coming from its Petcare segment, 38% from Snacking, and nearly 3% from Food & Nutrition. With a global presence, the company employs over 140,000 associates.

Figure 1-1: Mars Snacking Brands⁴⁶

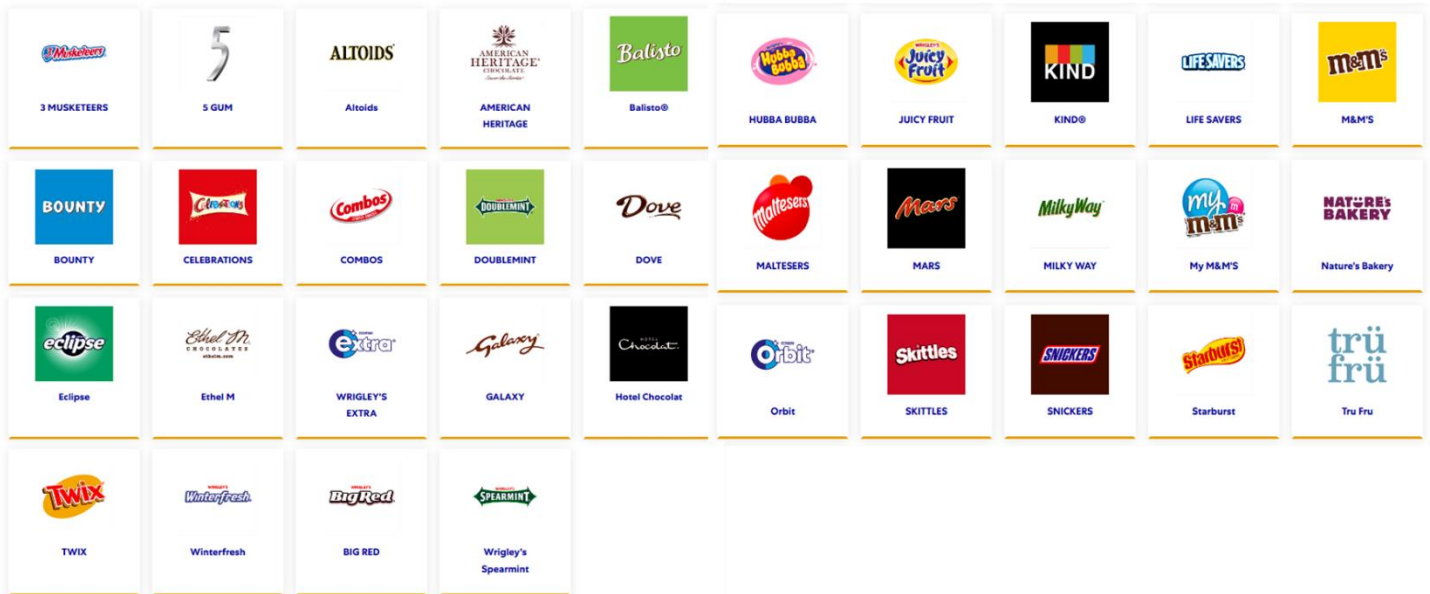
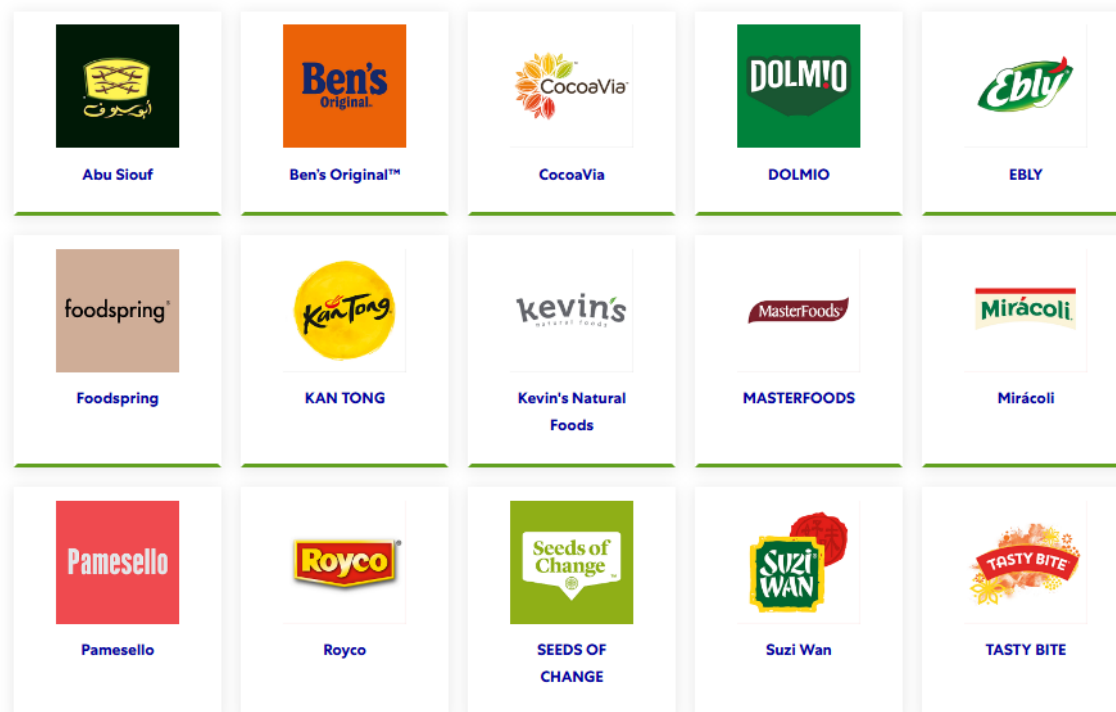


Figure 1-2: Mars Food and Nutrition Brands⁴⁷



⁴⁶ Mars Snacking. <https://www.mars.com/our-brands/mars-snacking>

⁴⁷ Mars Food & Nutrition. <https://www.mars.com/our-brands/mars-food-nutrition>

Figure 1-3: Mars Pet Nutrition and Therapeutic Health Services⁴⁸

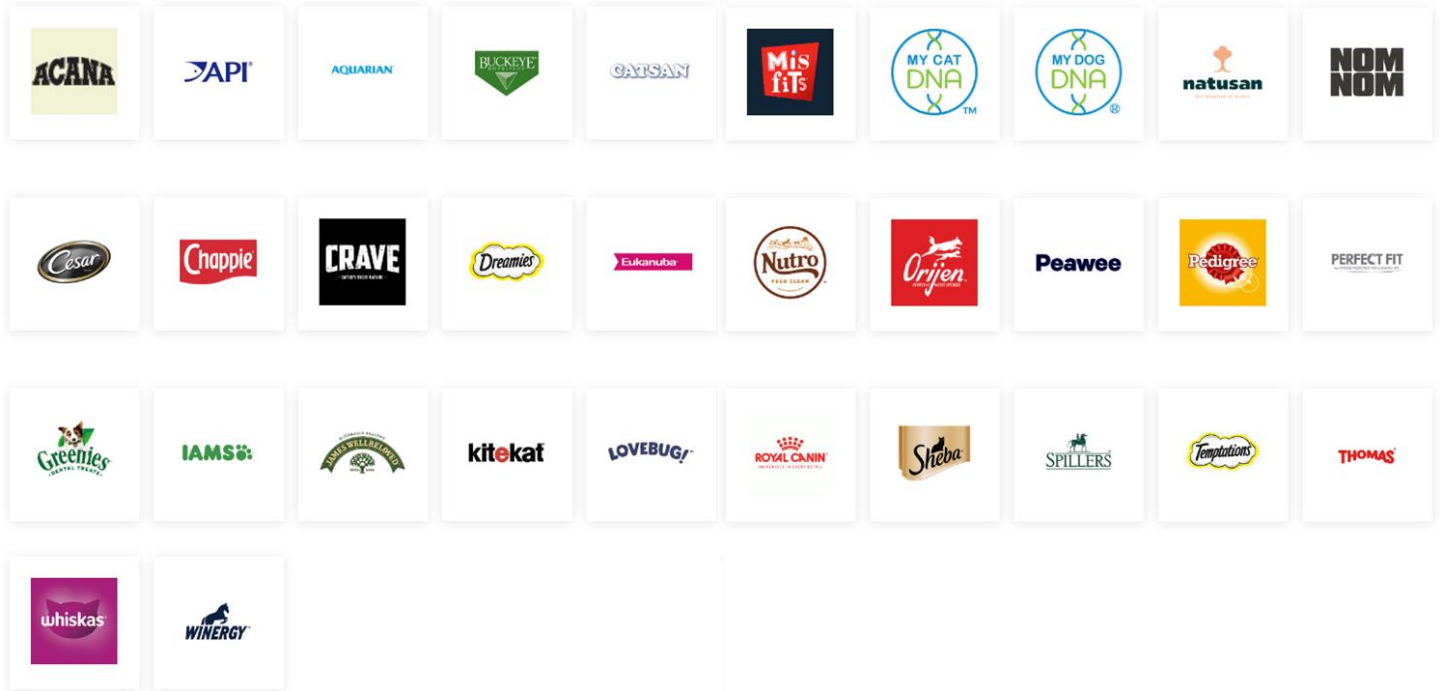
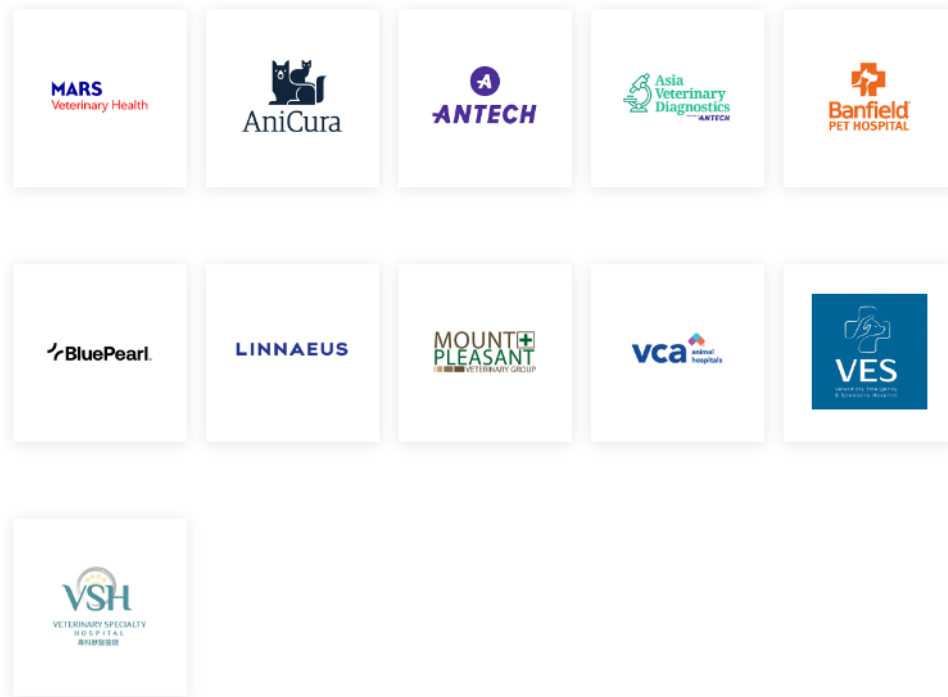


Figure 1-4: Mars Veterinary and Diagnostic Services⁴⁹



Mars, Incorporated traces its roots back to 1911, when its founder, Frank Mars, began making and selling buttercream candies from his kitchen in Tacoma, Washington.⁵⁰ This humble beginning laid the foundation for what would become one of the world's largest and most diverse privately held businesses. By 1920, Frank relocated to Minneapolis after he had remarried, where he launched The Nougat House, a candy business producing Patricia Chocolates, named after his daughter. This marked Mars' first formal entry into the confectionery business.

⁴⁸ Mars Petcare. <https://www.mars.com/our-brands/petcare>

⁴⁹ Mars Petcare. <https://www.mars.com/our-brands/petcare>

⁵⁰ Our History - Mars Global. <https://www.mars.com/about/history>

In 1922, Mars Inc. introduced the Mar-O-Bar candy, a combination of chocolate, nuts and caramel, marking an early milestone in its product lineup. However, the bar's fragility made it difficult to transport and limited its market reach. Despite these challenges, the company, then called the Mar-O-Bar Company, kept going. A breakthrough came in 1923 with the launch of the Milky Way Bar, similar to the Mar-O-Bar, inspired by a conversation between Frank Mars and his son, Forrest Mars Sr. Forrest Mars Sr., who had grown up in Canada with his grandparents after his parents divorced when he was six, reunited with his father when he was in college⁵¹ and suggested the idea of creating a "malted milk in a candy bar." The Milky Way's success was transformative, allowing the company to hire its first dedicated sales staff and setting the stage for future growth.

Figure 2: Milky Way 1923⁵²



Before achieving modest success with the Mar-O-Bar, Frank Mars faced bankruptcy twice in his attempts to build a candy business. The debut of the Milky Way, a nougat-filled candy bar inspired by the celestial theme of the Mars name, became a success and a turning point. Nougat, made from egg whites and corn syrup, gave the bar a distinct advantage – it was larger than just as chocolatey as competitors, and cost significantly less. Sales exploded and reached nearly \$800,000 by 1924 (approximately \$14.7 million in 2024 dollars⁵³). This fluffy filling quickly became a signature feature of all Frank's early confections.⁵⁴

In 1930, Frank introduced the SNICKERS bar with peanuts. Two years later, in 1932, he launched the 3 Musketeers bar, named after its original recipe, as three pieces of candy – chocolate, vanilla, and strawberry.

⁵¹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

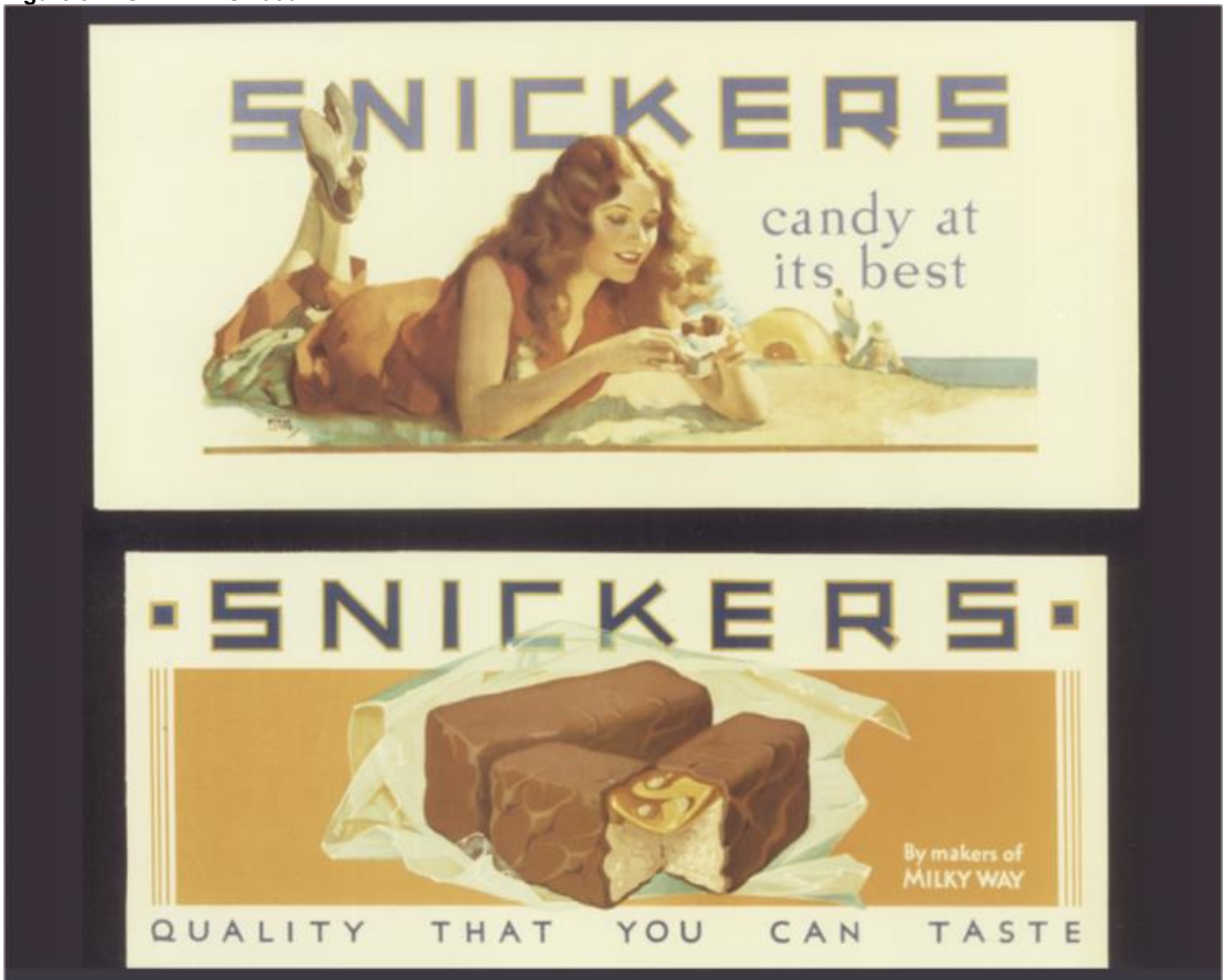
⁵² Our History - Mars Global. <https://www.mars.com/about/history>

⁵³ Inflation Calculator. Federal Reserve Bank of Minneapolis. <https://www.minneapolisfed.org/about-us/monetary-policy/inflation-calculator>

⁵⁴ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

Figure 3-1: SNICKERS 1930⁵⁵



⁵⁵ Our History - Mars Global. <https://www.mars.com/about/history>

Figure 3-2: 3 Musketeers 1932



Note:

1. The name "3 Musketeers" was originally inspired by the product's unique format: it was initially sold as a package containing three separate bars, each with a different flavor – chocolate, vanilla, and strawberry.⁵⁶

Forrest Mars Sr. took over Mars Inc. after the passing of his father in 1934. Building on the success of Milky Way and M&M's, which was launched in 1940, he expanded the business into new areas, introducing packaged pet foods to the British market and pioneering a revolutionary method of rice processing, which led to the creation of Uncle Ben's, the world's first brand-name raw commodity.⁵⁷ By the early 1970s, Mars Inc.'s candy business was generating approximately \$200 million in the U.S. and an additional \$55 million in Britain. Remarkably, five of the top ten best-selling candy bars in the U.S., including the number one SNICKERS, were products of Mars.⁵⁸ SNICKERS bars have been the number one at least since the 1970s, though the time could date earlier but untraceable.⁵⁹ CNBC in 2012 reported that SNICKERS has remained Americans' favorite chocolate brand, followed by M&M's, and Hershey.⁶⁰

By 1929, Mars Inc. had relocated to Chicago from Minneapolis,⁶¹ leveraging the city's centralized location and rail network, with freight rates at only half the cost of those in Minneapolis.⁶² This move allowed for the establishment of a full-scale production facility staffed by nearly 200 associates. In the same year, Forrest Mars Sr. officially joined the family business, bringing a vision that would propel the company toward global success. The 1930s were marked by the launch of iconic brands, including SNICKERS in 1930 and 3 MUSKETEERS in 1931. However, while the ambitious young Forrest Mars Sr. sought to expand the family business, his father had no such aspirations.⁶³ As a result, his father gave

⁵⁶ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

⁵⁷ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

⁵⁸ Forrest E. Mars, Sr. - Leadership - Harvard Business School. https://www.hbs.edu/leadership/20th-century-leaders/details?profile=forrest_e_mars_sr

⁵⁹ All About Candy Makers - America's Chocoholics. The New York Times. <https://www.nytimes.com/1991/07/14/business/all-about-candy-makers-america-s-chocoholics-a-built-in-market-for-confectioners.html>

⁶⁰ America's Favorite Chocolate Brand. CNBC. <https://www.nbcnews.com/businessmain/americas-favorite-chocolate-brand-snickers-678964>

⁶¹ Our History - Mars Global. <https://www.mars.com/about/history>

⁶² Chapter 5. The Emperors of Chocolate.

⁶³ Forrest Mars. <https://lemelson.mit.edu/resources/forrest-mars>

Forrest Mars Sr. \$50,000 and the rights to sell Milky Way bars and other Mars bars internationally.⁶⁴ He then moved to England with his wife in 1932, determined to build a business founded on the principle of creating a “mutuality of benefits for all stakeholders”, a philosophy that continues to underpin the company today.⁶⁵ He believed that “a company can only endure and thrive if it is creating mutual benefits for all those involved.” In Europe, Forrest Mars Sr. worked briefly for Tobler and Nestlé, whose founder invented milk chocolate in 1875, to deepen his knowledge of the candy industry.⁶⁶ During this time, he also established a small candy factory in England, setting the stage for his future success. The company quickly rose to become one of the leading candy manufacturers in the U.K. Reflecting on that early success during an interview with *Candy Industry and Confectioners Journal*, **Forrest Sr. shared a simple yet profound philosophy: “If you make a really good product that people want and are willing to pay for, money will come.”**⁶⁷

While in Europe, Forrest Mars Sr. established a small operation in a one-room factory, crafting chocolates at night and selling them during the day. He began with an anglicized version of the Milky Way, naming it the Mars Bar. Slightly sweeter than its American counterpart, the Mars Bar was made using only premium ingredients, a principle Forrest learned from his father. Although British consumers typically favored solid chocolate, Forrest's creation quickly became a bestseller.⁶⁸

Mars Inc. also diversified beyond candy in 1935,⁶⁹ entering the pet care market with the acquisition of the U.K.-based Chappel Brothers, makers of Chappie canned dog food. Over the next few years, Mars introduced other beloved brands such as Maltesers chocolate balls in Europe and Kitekat cat food in the U.K.

Figure 4: Maltesers 1936⁷⁰



⁶⁴ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

⁶⁵ The Story of Mars. <https://web.archive.org/web/20130221144350/http://www.mars.com/global/about-mars/mars-pia/our-approach-to-business/story-of-mars.aspx>

⁶⁶ Forrest Mars. <https://lemelson.mit.edu/resources/forrest-mars>; Chapter 5. The Emperors of Chocolate.

⁶⁷ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

⁶⁸ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

⁶⁹ Our History - Mars Global. <https://www.mars.com/about/history>

⁷⁰ Our History - Mars Global. <https://www.mars.com/about/history>

Six years after Frank Mars's death in 1934, Forrest Mars Sr. returned to the United States from the U.K. In 1940, he launched M&M's in New Jersey⁷¹ and established his own company, Food Manufacturers, headquartered in Washington, D.C. **By this time, his business had already expanded into the pet care and food industries, eventually surpassing the scale of his father's company.**⁷²

The ownership of the family business remained a contentious issue. It was not until 1964, when he was 60, that Forrest Sr. bought out his father's company from his father's second wife's family after a bitter struggle.⁷³ He then named the combined company as Mars, Incorporated.⁷⁴ **By the time Forrest Sr. took control of his father's company, he had already amassed hundreds of millions of dollars in wealth. Much of this fortune came from the success of M&M's and Uncle Ben's rice in the U.S., as well as owning the largest pet food company and one of the leading candy companies in the U.K.**⁷⁵

The Origin of M&M's

During his travels in the past, Forrest had encountered a candy made of small chocolate pellets coated in sugar. Although the exact inspiration remains unclear, by 1940, he had developed his own version of these candy-coated chocolates. Recognizing the potential, he approached Hershey's Bruce Murrie, son of Hershey executive William Murrie, with a proposal. Forrest offered an 80/20 partnership, with Murrie receiving a 20% stake.⁷⁶ At the time, World War II had led to chocolate rationing, but Hershey had an exclusive arrangement to supply chocolate for the U.S. military. Recognizing the opportunity, Forrest negotiated a deal such that Hershey would provide the chocolate, sugar, and technical expertise, while Murrie would contribute some capital. **The partnership gave birth to M&M's, named after the initials of Mars and Murrie.**

The candies, sold in paper tubes, originally came in brown, yellow, orange, red, green, and violet (later replaced by tan). When the United States entered World War II, M&M's quickly gained popularity among soldiers, thanks to their durability and resistance to melting. The Armed Forces included M&M's in soldiers' C-Rations⁷⁷ and sold them at post exchanges and ship service stores. **When the war ended in 1945, M&M's became available to the general public and quickly became a billion-dollar global brand.**⁷⁸ Mars soon bought out Murrie, gaining sole ownership of the brand. M&M's trademark was patented in 1942. By 1950, the company launched a national advertising campaign to solidify their place in the market and began imprinting an "M" on each candy as a mark of authenticity, assuring customers they were getting the original product, supported by the slogan, "Look for the M on every piece." M&M's phenomenal success drove the company's growth, leading to the opening of a new plant in New Jersey in 1958.

⁷¹ Our History - Mars Global. <https://www.mars.com/about/history>

⁷² The Story of Mars. <https://web.archive.org/web/20130221144350/http://www.mars.com/global/about-mars/mars-pia/our-approach-to-business/story-of-mars.aspx>

⁷³ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

⁷⁴ The Story of Mars. <https://web.archive.org/web/20130221144350/http://www.mars.com/global/about-mars/mars-pia/our-approach-to-business/story-of-mars.aspx>

⁷⁵ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

⁷⁶ Forrest Mars. <https://lemelson.mit.edu/resources/forrest-mars>

⁷⁷ American soldiers during World War II carried heavy boxes of prepackaged food to survive, known as C-Rations, which consisted chiefly of canned corned beef or bacon and cans of hardtack biscuits, as well as ground coffee, sugar, salt and tobacco with rolling paper. Besides main courses, chocolate or other candies and gum were added. 'C-Rats' Fueled Troops During and After World War II. <https://www.defense.gov/News/Feature-Stories/story/Article/1933268/c-rats-fueled-troops-during-and-after-world-war-ii/>

⁷⁸ Our History - Mars Global. <https://www.mars.com/about/history>

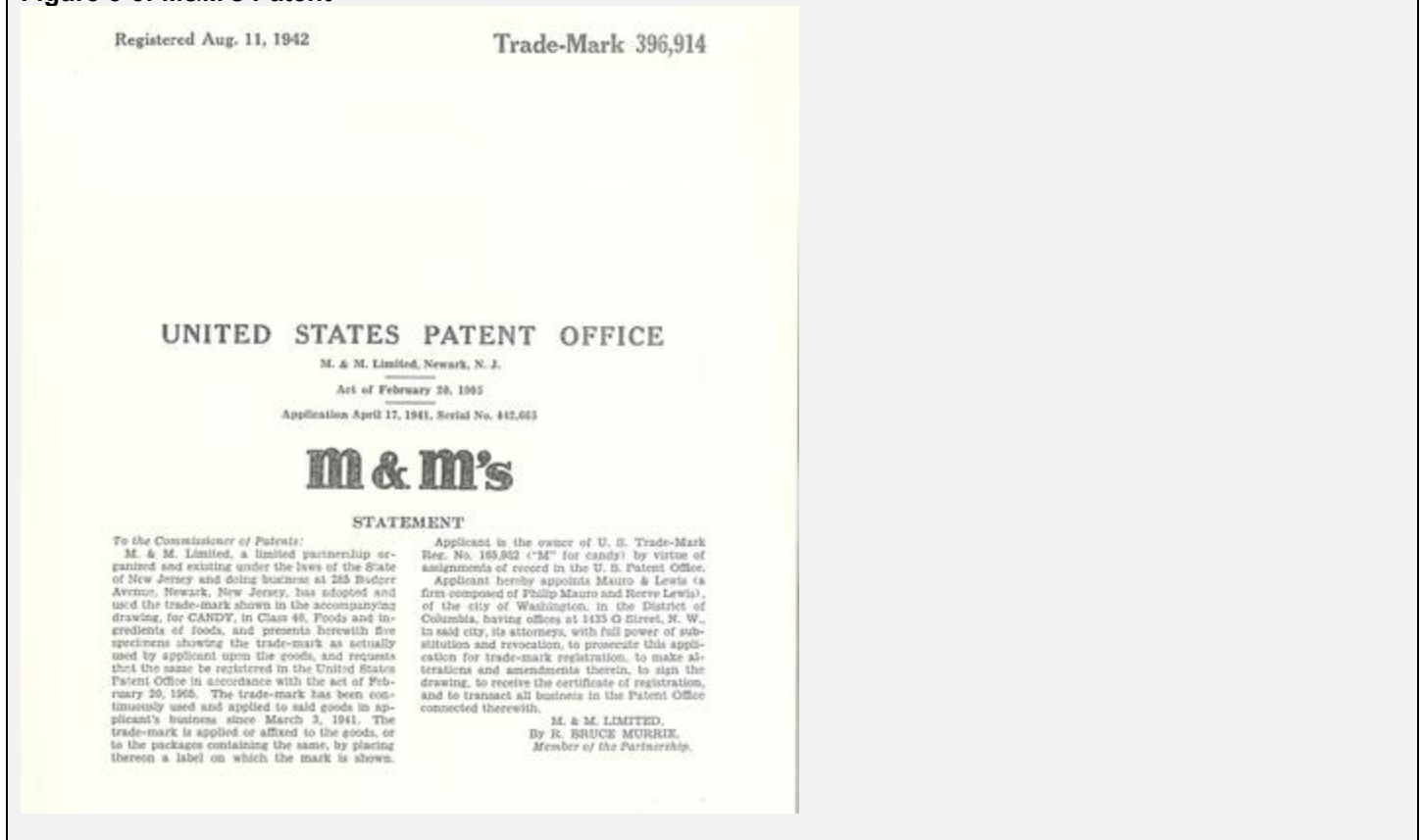
Figure 5-1: M&M's Made for U.S. Military 1941



Figure 5-2: M&M's to Public 1945



Figure 5-3: M&M's Patent



In 1954, Mars adopted M&M's iconic slogan, "The milk chocolate melts in your mouth, not in your hand," as well as their first TV commercials featuring animated characters. By 1958, demand for M&M's had skyrocketed to over one million pounds per week. In 1981, M&M's even made their way to space, included in food rations for astronauts aboard more than 30 shuttle flights. They also became the official candy of the 1984 Summer Olympics in Los Angeles.

Figure 6: M&M's TV Commercial 1954⁷⁹



Note:

1. In 1954, M&M's aired a TV commercial highlighting that its chocolate does not melt in hands, unlike other brands, preventing a mess. This ad also marked the debut of the iconic M&M's characters on screen, showcasing a fresh peanut diving into a pool of chocolate to become M&M's Peanut Chocolate Candy.

⁷⁹ M&M's - Which Hand (1954, USA). <https://www.youtube.com/watch?v=XltnVI2xBVI>

Mars' innovation extended beyond candy. In 1942, the company entered the food industry by opening a commercial rice parboiling plant in Houston, Texas, marking its expansion into the rice category with Uncle Ben's. By the 1950s, Mars had firmly established its presence in multiple industries, with confectionery, pet care, and food as key segments of its portfolio.

The 1960s and 1970s saw continued global expansion, with new manufacturing operations in Europe and growing market penetration for iconic brands. Mars also demonstrated its commitment to quality and innovation, ensuring its products maintained the highest standards. For example, in 1964, Mars built Peanut Craftsmen in Georgia to ensure a reliable source of high-quality nuts for SNICKERS candy bars and M&M's peanut chocolate candies in the U.S. While details about the facility remain scarce, it specialized in sourcing peanuts from local shellers for use in Mars products.⁸⁰ By 2014, the facility sourced 90% of its peanuts from Georgia to support a variety of Mars' iconic brands. Georgia, often referred to as the "Peanut State" of the U.S., has historically been a major contributor to the nation's peanut production. From 1950 to 1952, the Southeast, comprising Georgia, Florida, and Alabama, produced 51% of the U.S.'s peanuts.⁸¹ This figure rose to 61.5% between 1979 and 1981. Notably, Georgia led all states in peanut production, accounting for 42.4% of the U.S. total during the 1979–1981 period.

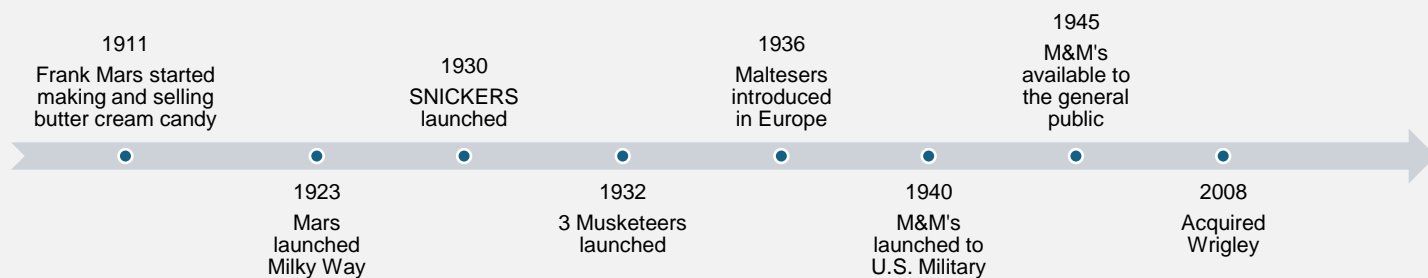
By the late 20th century, Mars had become a household name worldwide. Its brands such as SNICKERS, Milky Way, 3 MUSKETEERS, and M&M's dominated markets globally. The company's dedication to innovation, diversification, and quality products enabled its seamless growth across industries and continents.

⁸⁰ Mars Chocolate North America Goes 'Nuts' To Celebrate The 50th Anniversary Of Albany (GA) Plant.

<https://www.prnewswire.com/news-releases/mars-chocolate-north-america-goes-nuts-to-celebrate-the-50th-anniversary-of-albany-ga-plant-278816331.html>

⁸¹ U.S. Peanut Industry - United States Department of Agriculture.

Mars Key Confectionery Brands Timeline⁸²



Milky Way

Frank Mars, the founder of Mars, created the Milky Way bar after discussing the idea of putting "malted milk in a candy bar" with his son, Forrest Sr.,⁸³ while enjoying a malted milkshake at a soda shop. They joked about turning the milkshake into a candy bar,⁸⁴ and that playful idea became a reality. The bar was designed to replicate the flavor of malted milkshakes, a beloved treat of the Roaring 1920s. Interestingly, it was named after a popular malted milk drink of the time, not the galaxy. The brand's original tagline captured its essence perfectly: "A Chocolate Malted Milk in a Candy Bar."⁸⁵



SNICKERS

The very first SNICKERS Bar, named after the Mars family horse, was manufactured in Chicago, US.⁸⁶ The SNICKERS was named after one of Frank and Ethel Mars's prized racehorses. The recipe essentially just added peanuts to the Milky Way blueprint, but the change was enough to distinguish SNICKERS as its own thing and eventually turn it into one of the best-selling candies of all time.⁸⁷

⁸² Our History - Mars Global. <https://www.mars.com/about/history>

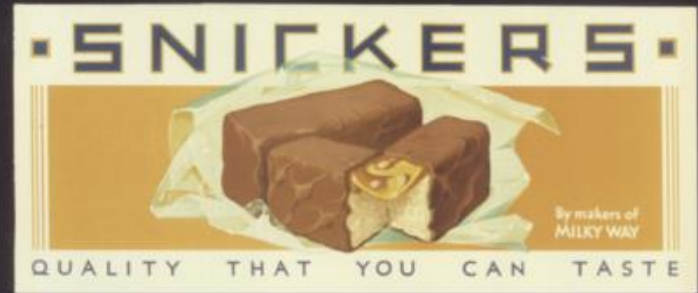
⁸³ Our History - Mars Global. <https://www.mars.com/about/history>

⁸⁴ The Milky Way - How Frank Mars Started A Candy Bar Empire in Minnesota. Fox 9. <https://www.fox9.com/news/the-milky-way-how-frank-mars-a-minnesotan-created-a-candy-bar-empire>

⁸⁵ Sweet! Milky Way Bar Celebrates 85th Anniversary. <https://foodchannel.com/2008/sweet-milky-way-bar-celebrates-85th-anniversary>

⁸⁶ Facts About SNICKERS. <https://www.snickers.com/our-story>

⁸⁷ Mars Inc., est. 1911 - Made-in-Chicago Museum. <https://www.madeinchicagomuseum.com/single-post/mars-inc/>



The 3 Musketeers⁸⁸

The 3 Musketeers bar got its name from its original design, which featured three separate pieces – one vanilla, one strawberry, and one chocolate, with a whipped mousse filling. However, due to restrictions during World War II, production was cut down to include only the chocolate version, a change that remains to today.⁸⁹



Malteser

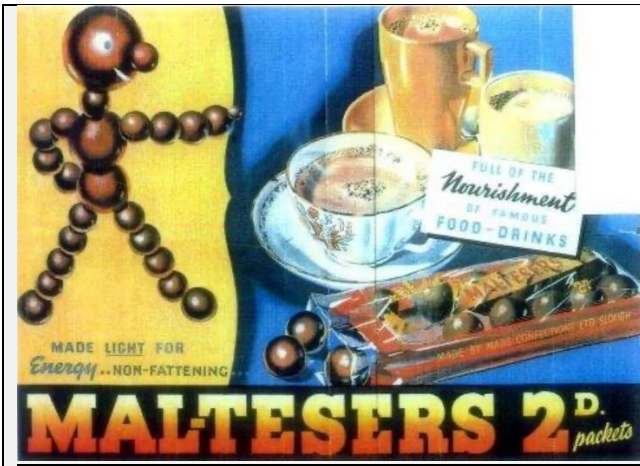
Malteser chocolate balls were created by Forrest Mars Sr. in 1936 and first sold in 1937. Originally marketed as "energy balls," they were sold in a box and targeted toward women as a slimming aid, claiming to provide energy without contributing to weight gain.⁹⁰ The slogan at the time was, "Made Light For Energy...Non-Fattening." During World War II, Maltesers were included in soldiers' rations as a source of energy and nutrition.⁹¹

⁸⁸ 3 Musketeers Candy Bar Vintage TV Commercial. <https://www.youtube.com/watch?v=CCodkvce6eM>

⁸⁹ Mars Inc., est. 1911 - Made-in-Chicago Museum. <https://www.madeinchicagomuseum.com/single-post/mars-inc/>

⁹⁰ Facts About MALTESERS. <https://www.maltesers.co.uk/our-story>

⁹¹ Maltesers. Maltesers Are A Popular Chocolate Candy. https://medium.com/@julia_35793/maltesers-cee589a41f59



Today, Mars Inc. remains a global powerhouse driven by the values of its founders, Frank and Forrest Mars Sr. From a modest kitchen operation to a worldwide enterprise, Mars continues to inspire with its unwavering commitment to innovation, excellence, and mutuality, serving as a trusted name in homes around the world.

Throughout its course of development, Mars' strategic acquisitions have played an important role in its growth and diversification. In 1935, Mars entered the pet care industry by acquiring the U.K.-based Chappel Brothers, makers of Chappie canned dog food, marking its first step into this sector. Decades later, in 1986, Mars Inc. entered the frozen snack business through the acquisition of DoveBar International in the U.S. In 1994, the company invested in Banfield Pet Hospital (without disclosing its stake), expanding its reach into pet health services. The acquisition of Royal Canin in 2002 further strengthened Mars' position in the pet care market. In 2008, Mars Inc. acquired Wm. Wrigley Jr. Company, the world's largest maker of chewing gum⁹² and its world-famous brands such as Extra, Orbit, Doublemint, and 5 chewing gums, for more than \$22 billion, with Berkshire Hathaway holding a minority stake that was subject to purchase by Mars over time.⁹³ The shareholders of Wrigley approved the merger agreement with Mars at \$80 a share,⁹⁴ implying a roughly 35x last-twelve-month P/E. In 2017, Mars diversified its portfolio by acquiring a majority stake in Tasty Bite, a producer of ready-to-eat meals, and a minority stake in the snack bar company, KIND. During the same year, Mars also expanded its pet health services through the acquisition of VCA Animal Hospitals. This was followed by the acquisition of AniCura in 2018, adding a network of European veterinary clinics. Mars continued its expansion in 2019 with the acquisition of foodspring, an active nutrition brand. In 2022, Mars bolstered its pet care division with the acquisition of Champion Petfoods, a global leader in pet food, and veterinary hospitals across Hong Kong and Singapore. Most recently, in 2023, the company expanded its food and diagnostics capabilities by acquiring Tru Fru, Kevin's Natural Foods, Heska, and SYNLAB Vet. These acquisitions underscore Mars' commitment to leadership in confectionery, pet care, and food, while continuously innovating to meet consumer needs.

Figure 7-1: Select Mars Acquisition Multiples

	Valuation	Multiples
Wrigley (2008)	\$23 Billion	~35x P/E, Last-Twelve-Month
Royal Canin (2001)	€1.51 Billion	~39x P/E, Last-Twelve-Month
VCA Inc. (2017)	\$9.1 Billion	~33x P/E; 19x EV/EBITDA; Last-Twelve-Month
Heska (2023)	\$1.3 Billion	~5x P/S, Last-Twelve-Month

Notes:

1. Mars acquired The Dove Bar in 1986. Terms were not disclosed.⁹⁵

⁹² Wrigley, Other Gum Makers Seek to Stimulate Gum Sales. WSJ.

<https://www.wsj.com/articles/SB10001424127887323511804578298211359184812>

⁹³ Mars Creates New Confectionery. <https://www.mars.com/news-and-stories/press-releases/mwc-announcement>

⁹⁴ Wrigley Company Stockholders Approve Merger with Mars. 8-K. 9/25/2008.

⁹⁵ Mars Acquires The Dove Bar. The New York Times. <https://www.nytimes.com/1986/08/12/business/mars-acquires-the-dove-bar.html>

2. Mars acquired 57% of Royal Canin in 2001 at an estimated valuation of €1.51 billion, or €145 per share,⁹⁶ implying an estimated 39x last-twelve-month P/E. Royal Canin had a €38.6 million last-twelve-month net income, according to FactSet.
3. Mars paid \$80 a share to acquire Wrigley in an all-cash deal in 2008, valuing the company at approximately \$23 billion, an estimated 35x last-twelve-month P/E at the time of announcement.⁹⁷ Wrigley had \$657.9 million last-twelve-month net income, according to FactSet.
4. Mars acquired VCA Inc. in 2017 at \$93 per share, valuing the company at \$9.1 billion, including \$1.4 billion in outstanding debt,⁹⁸ an estimated 33x P/E and 19x EV/EBITDA. VCA had \$232.1 million last-twelve-month net income at the time of announcement, according to FactSet.
5. Mars acquired AniCura, a European animal hospital operator, in 2018. The price was not disclosed. Source familiar with the matter estimated at €1 to €2 billion.⁹⁹
6. Mars acquired Kevin's Natural Foods in 2023.¹⁰⁰ The deal values private equity-backed Kevin's at nearly \$800 million, according to people familiar with the matter.
7. Mars acquired Heska in 2023, a veterinary diagnostics firm, for \$120 per share, valuing the firm at \$1.3 billion.¹⁰¹ Heska had \$255 million last-twelve-month revenue at the time of acquisition, implying an estimate 5x P/S and was unprofitable with negative EBITDA as well.

Figure 7-2: Mars Acquisitions of Vet Clinics and Hospitals 1994 – 2023¹⁰²

	Company	Location
1994	Banfield Pet Hospital	U.S.
2005	Veterinary Emergency & Specialty Hospital Singapore	Singapore
2007	Banfield Pet Hospital	U.S.
2015	BluePearl Holdings	U.S.
2017	VCA	U.S.
2018	Linnaeus Group	U.K.
2018	Pet Care Centro Veterinario	Brazil
2018	AniCura	Sweden
2019	Dr Hato Hospital Veterinario e Pet shop	Brazil
2019	Ringpai Veterinary Hospital Management	China
2020	Veterinary Specialty Hospital of Hong Kong	Hong Kong (China)
2020	Animal Ark Veterinary Centre, Woodward Veterinary Practice, The Warren House Veterinary Group, Sandhole Veterinary Centre	U.K.
2020	Pets at Home Group plc	U.K.
2021	Mount Pleasant Veterinary Group	Singapore
2021	Belyi Klyk-M OOO, Alfa BK OOO	Russia
2021	Canis i Felis Hospital Veterinari	Spain
2021	Clinica Veterinaria Roma Sud	Italy
2022	Creature Comforts Vet Group	Hong Kong (China)
2022	VQ Hospital Veterinario	Brazil
2022	Vetsum Servicios Veterinarios	Spain
2022	Legwet Calodobowa Klinika Weterynaryjna	Poland
2022	Gentle Oak Veterinary Clinic	Hong Kong (China)
2022	Hillside Vet Surgery	Singapore

⁹⁶ Mars to Acquire France's Royal Canin To Boost Presence in Pet-Food Market. WSJ. <https://www.wsj.com/articles/SB994679405411921073>; Mars to buy Royal Canin. CNN. <https://money.cnn.com/2001/07/10/europe/canine/index.htm>

⁹⁷ Mars to Pay \$23B for Wrigley with Help from Warren Buffett. CNN. https://money.cnn.com/2008/04/28/news/companies/mars_wrigley/index.htm

⁹⁸ Mars, Incorporated to Acquire VCA Inc. <https://www.mars.com/news-and-stories/press-releases/vca-acquisition>

⁹⁹ Mars Petcare to buy European vet business AniCura. Reuters. <https://www.reuters.com/article/business/mars-petcare-to-buy-european-vet-business-anicura-idUSKBN1J70QM/>

¹⁰⁰ Mars to Buy Healthy Food Maker Kevin's Natural Foods. CNBC. <https://www.cnbc.com/2023/07/05/mars-to-buy-healthy-food-maker-kevins-natural-foods.html>

¹⁰¹ Mars Inc to Buy Veterinary Diagnostics Firm Heska for \$1.3 Bln. Reuters. <https://www.reuters.com/markets/deals/mars-inc-buy-veterinary-diagnostics-firm-heska-13-bln-2023-04-03/>

¹⁰² Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>

2023	Animal Przychodnia Weterynaryjna	Poland
2023	Klinika Weterynaryjna Molicki	Poland
2023	Klinika Weterynaryjna Wroblewscy	Poland
2023	My Pets Vets	U.K.

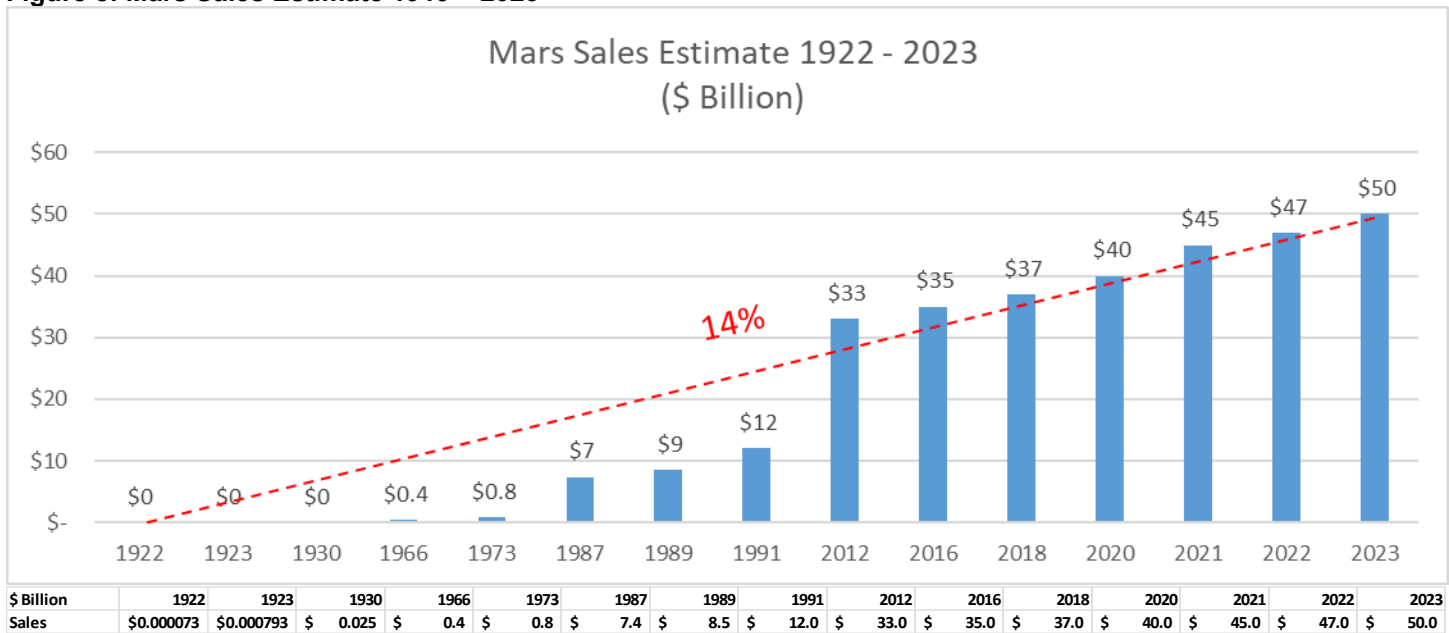
Notes:

1. Mars Inc. first investment in vet clinics in 1994.¹⁰³
2. Most of these veterinary businesses were private at the time of investments.

Forrest Mars Sr. reflected in his family archives that the candy business was never part of his original plans when he first started his career. He initially enrolled at the University of California, Berkeley, before transferring to Yale University, to study mining. He believed a career in coal mining would be far more profitable than one in confections.¹⁰⁴

By 2023, Mars, Inc. generated over \$50 billion in revenue, with its pet care products and services reaching over 130 countries,¹⁰⁵ snack products such as M&M's, SNICKERS, Skittles, and KIND available in more than 180 countries,¹⁰⁶ and food products such as Ben's Original and Tasty Bite sold in over 30 countries.¹⁰⁷ In addition, 59% of the company's sales came from its Petcare segment, 38% from Snacking, and nearly 3% from Food & Nutrition. Of the roughly 150,000 employees at Mars, nearly 100,000 are in the Mars Petcare division, across over 130 countries.¹⁰⁸

Figure 8: Mars Sales Estimate 1919 – 2023¹⁰⁹



Notes:

1. Forrest Mars Sr. merged his companies, which included M&M's, Uncle Ben's, pet food companies in the U.K, in 1964, and named the combined company Mars Inc. Prior to that, Mars Inc had been owned by his father.
2. Fortune Magazine estimated that in 1930, Mars Inc. had a revenue of \$24.6 million, with a net margin of 9.3%.¹¹⁰

¹⁰³ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁰⁴ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁰⁵ Mars Petcare. <https://www.mars.com/our-brands/petcare>

¹⁰⁶ Mars Snacking. <https://www.mars.com/our-brands/mars-snacking>

¹⁰⁷ Mars Food & Nutrition. <https://www.mars.com/our-brands/mars-food-nutrition>

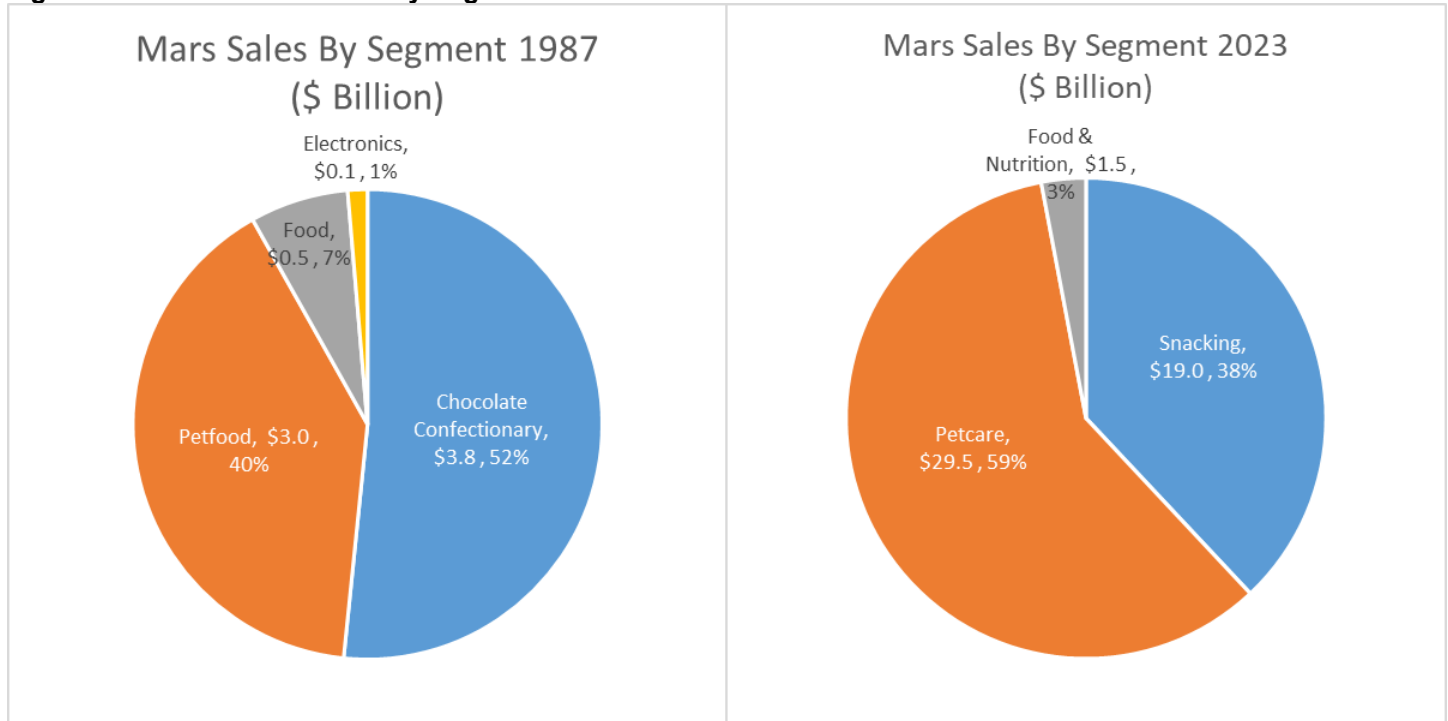
¹⁰⁸ Business Makes Society Better. [https://www.mars.com/about/mars-compass/business-makes-society-better-mars-incorporated#:~:text=Mars%20employs%20more%20than%20150%2C000,17%20offices%20and%20retail%20stores](https://www.mars.com/about/mars-compass/business-makes-society-better-mars-incorporated#:~:text=Mars%20employs%20more%20than%20150%2C000,17%20offices%20and%20retail%20stores;); Mars Petcare. <https://www.mars.com/our-brands/petcare>

¹⁰⁹. Mars Inc. Center for Research on Multinational Corporations. 1991; Mars Company Overview 2024.

¹¹⁰ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

3. 1966 sales data were estimated by Fortune in 1967. From 1966, two years after Forrest Sr.'s and his father's companies combined, to 2023, Mars Inc. revenue has grown at a 9% CAGR.
4. From 1922 to 1923, Mars Inc., which was still owned by Forrest Sr.'s father, Frank Mars, grew sales from \$72,800 to \$792,900 after successfully launching the Milky Way bar.¹¹¹
5. 1987 and 1989 sales data were from a 1991 third-party report on Mars Inc. from Center for Research on Multinational Corporations; sales data from 2012 to 2023 were from Forbes and Mars Inc.'s limited disclosure.
6. Industry analyst estimated in 1985 that Mars' pre-tax margin was 20% for candy sales, of which 40%-44% for raw material, 12% for advertising, and packaging with the lowest possible cost.¹¹²
7. The company does not disclose any other financial data points.

Figure 9: Mars Sales Estimate by Segment 1987 vs. 2023¹¹³



Note:

1. Petcare includes brands such as Royal Canin, VCA, Cesar, etc; Snacking includes brands such as M&M, SNICKERS, Dove, TWIX, etc; and Food & Nutrition includes Ben's Original.¹¹⁴

¹¹¹ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

¹¹² Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

¹¹³ Mars Inc. Center for Research on Multinational Corporations. 1991; All About Mars 2023. <https://www.mars.com/about>; Mars Company Overview 2024.

¹¹⁴ All About Mars 2023. <https://www.mars.com/about>.

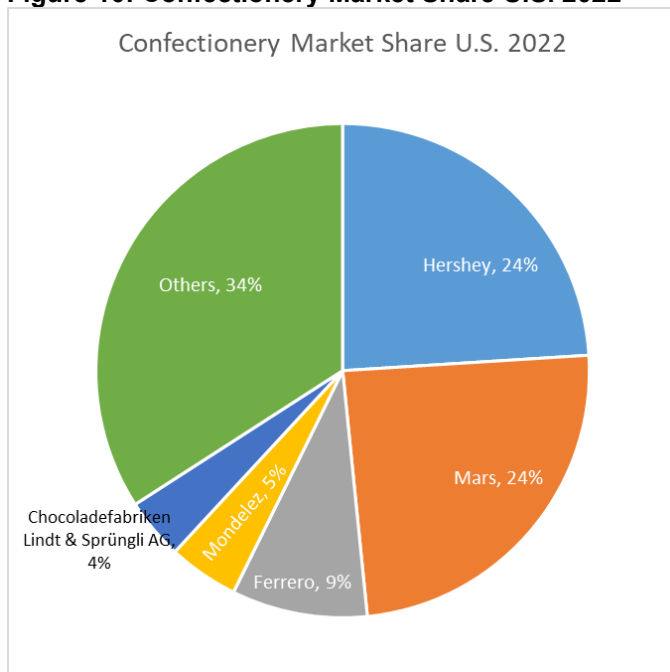
Industry Overview

Mars had been the largest candy maker in the U.S. until 1988, when Hershey surpassed it by acquiring the U.S. division of British Cadbury Schweppes. This acquisition boosted Hershey's market share to 21%, compared to Mars's 18.5%.¹¹⁵ However, in the early 1990s, Mars launched several new products in a bid to reclaim its lead. According to a survey by A.C. Nielsen, these efforts paid off: Mars captured 28.2% of the U.S. candy market, compared to Hershey's 26.2%.

In 1992, *The Washington Post* reported that Mars Inc. controlled approximately a quarter of the U.S. candy market.¹¹⁶ M&M's alone generated more revenue than major brands such as Reebok or Maxwell House coffee. SNICKERS, the company's top-selling candy bar, had consistently been ranked as America's favorite since polling on the topic began in the early 1970s.

From 1991 to 2022, the U.S. candy industry is estimated to grow from \$8.7 billion to \$42 billion,¹¹⁷ a CAGR of 5%. **As of 2021, Hershey and Mars remain the largest candy makers in the U.S., commanding nearly half of the market, with 24% each.**¹¹⁸ No other manufacturers come close to their market share. The confectionery market in the U.S. is expected to grow to over \$60 billion by 2026.¹¹⁹ Market data for the candy industry around the time Mars Inc. was founded is difficult to locate. However, the book *Household Arts for Home and School (Vol. II)*, published in 1920, notes that "we are told that Americans spend over \$200,000,000 a year for factory-made candy."¹²⁰ Based on this figure, the U.S. candy industry experienced an estimated CAGR of 5% from 1920 to 2022.

Figure 10: Confectionery Market Share U.S. 2022¹²¹



¹¹⁵ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

¹¹⁶ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹¹⁷ All About Candy Makers - America's Chocoholics. The New York Times. <https://www.nytimes.com/1991/07/14/business/all-about-candy-makers-america-s-chocoholics-a-built-in-market-for-confectioners.html>; Power of Sweet. <https://candyusa.com/power-of-sweet/>

¹¹⁸ Sector Trend Analysis – Confectionery Trends in the United States. <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-confectionery-trends-united-states-0#d>

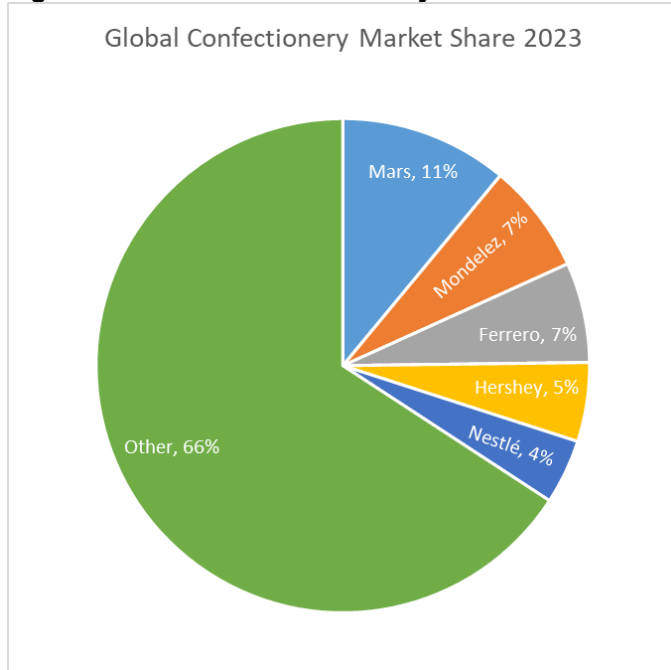
¹¹⁹ Why Nerds Gummy Clusters Are Everywhere This Halloween. WSJ. <https://www.wsj.com/business/media/nerds-gummy-clusters-candy-halloween-35ae2e2a>

¹²⁰ Household Arts For Home And School Vol. 2. <https://archive.org/details/in.ernet.dli.2015.40788/page/n251/mode/2up>

¹²¹ Sector Trend Analysis – Confectionery Trends in the United States. <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-confectionery-trends-united-states-0#d>

Quantifying the global confectionery market size is challenging. In 2018, Euromonitor projected the market would grow to over \$230 billion by 2022 (while some survey suggested the market size reached to \$298 in 2022¹²²) at a low-single-digit growth.¹²³ Based on an approximation of market share derived from confectionery revenues in 2023, Mars holds approximately 11%, followed by Mondelez International and Ferrero at 7% each, Hershey at 5%, and Nestlé at 4%. The market is highly segmented on a global basis.

Figure 11-1: Global Confectionery Market Share 2023



Note:

1. The above market share data is estimated by the author based on information collected from different sources.¹²⁴

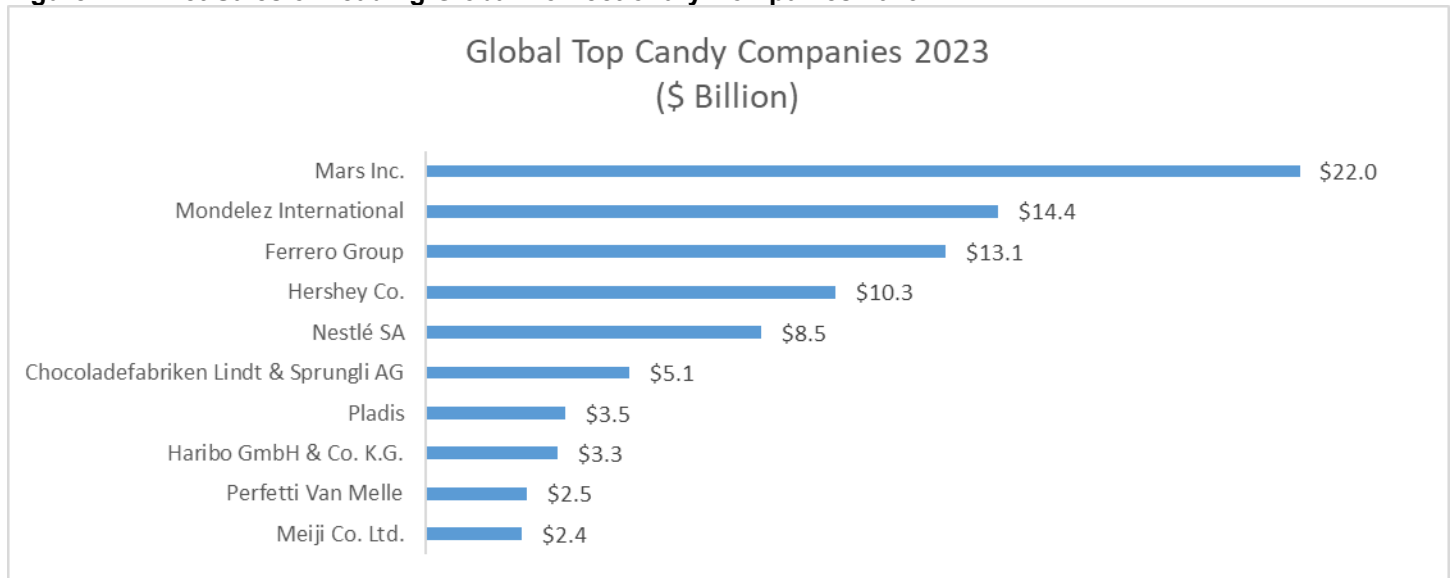
¹²² Global Confectionery Sector Set for Growth to \$421 billion, Despite Market Disruption.

<https://www.confectioneryproduction.com/news/48081/global-confectionery-sector-set-for-growth-to-421-billion-despite-key-challenges/>

¹²³ Market Studies Project Confectionery Sector Growth to 2022. <https://www.confectioneryproduction.com/news/23875/market-studies-project-confectionery-market-growth-to-2022/>

¹²⁴ “Global retail sales of confectionery increased by a CAGR of 1.6% from US\$187.1 billion in 2018 to US\$199.6 billion in 2022.” Sector Trend Analysis – Confectionery Trends in the United States. <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-confectionery-trends-united-states-0#d>; 2023 Global Top 100 Candy Companies. Candy Industry. <https://www.snackandbakery.com/candy-industry/2023/global-top-100-candy-companies>

Figure 11-2: Net Sales of Leading Global Confectionary Companies 2023¹²⁵



The report also highlighted Mars's success beyond confections. At the time, it was the third-largest pet food manufacturer in the U.S., with global pet food sales exceeding \$5 billion the previous year. Only Nestlé SA, maker of the Friskies brand, came close to the figure.

Sugar Consumption Per Capita Has Been a Low But Consistent CAGR Over Time

Sugar consumption in the U.S. has grown substantially over the past two centuries. A researcher studying obesity found that per capita sugar intake rose 17-fold between 1822 and 2005, from 6.3 pounds per year to 107.7 pounds, a CAGR of less than 2%.¹²⁶ From the 1910s, when Mars Inc. was founded, to 2005, sugar consumption increased from about 60 pounds to 107.7 pounds per year, with a CAGR of less than 1%. Importantly, this data only includes added sugar, excluding naturally occurring sugars in food. A 2015 report by Euromonitor revealed that Americans led the world in sugar consumption, with an average daily intake of 126 grams,¹²⁷ equivalent to over 100 pounds per year.

Historical data aligns with this trend. In 1967, per capita candy consumption in the U.S. was just approximately 18 pounds annually, with the population of children and teenagers, who are the main drivers of buying candy, growing rapidly.¹²⁸ This figure grew to 20.8 pounds in 1992¹²⁹ and 27.3 pounds in 1997,¹³⁰ reflecting a CAGR of 1.4%. Despite slow growth, the candy market has proven to be stable. **As a confectionary industry analyst noted in The New York Times, "Candy is about as recession-proof as a business gets...[Customers] might forget a car purchase...a T-bone steak, but they won't defer their purchase of chocolate bars."**¹³¹

¹²⁵ 2023 Global Top 100 Candy Companies. Candy Industry. <https://www.snackandbakery.com/candy-industry/2023/global-top-100-candy-companies>

¹²⁶ How Much Sugar Americans Eat. Business Insider. [https://www.businessinsider.com/chart-american-sugar-consumption-2012-2;By 2606, the US Diet will be 100 Percent Sugar. http://wholehealthsource.blogspot.com/2012/02/by-2606-us-diet-will-be-100-percent.html](https://www.businessinsider.com/chart-american-sugar-consumption-2012-2;By%202006,the%20US%20Diet%20will%20be%20100%20percent%20sugar)

¹²⁷ Why Manufacturers Should Do More Than Just Cut Sugar. <https://www.fooddive.com/news/why-manufacturers-should-do-more-than-just-cut-sugar/427241/#:~:text=According%20to%20research%20from%20Euromonitor,by%20the%20World%20Health%20Organization>

¹²⁸ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

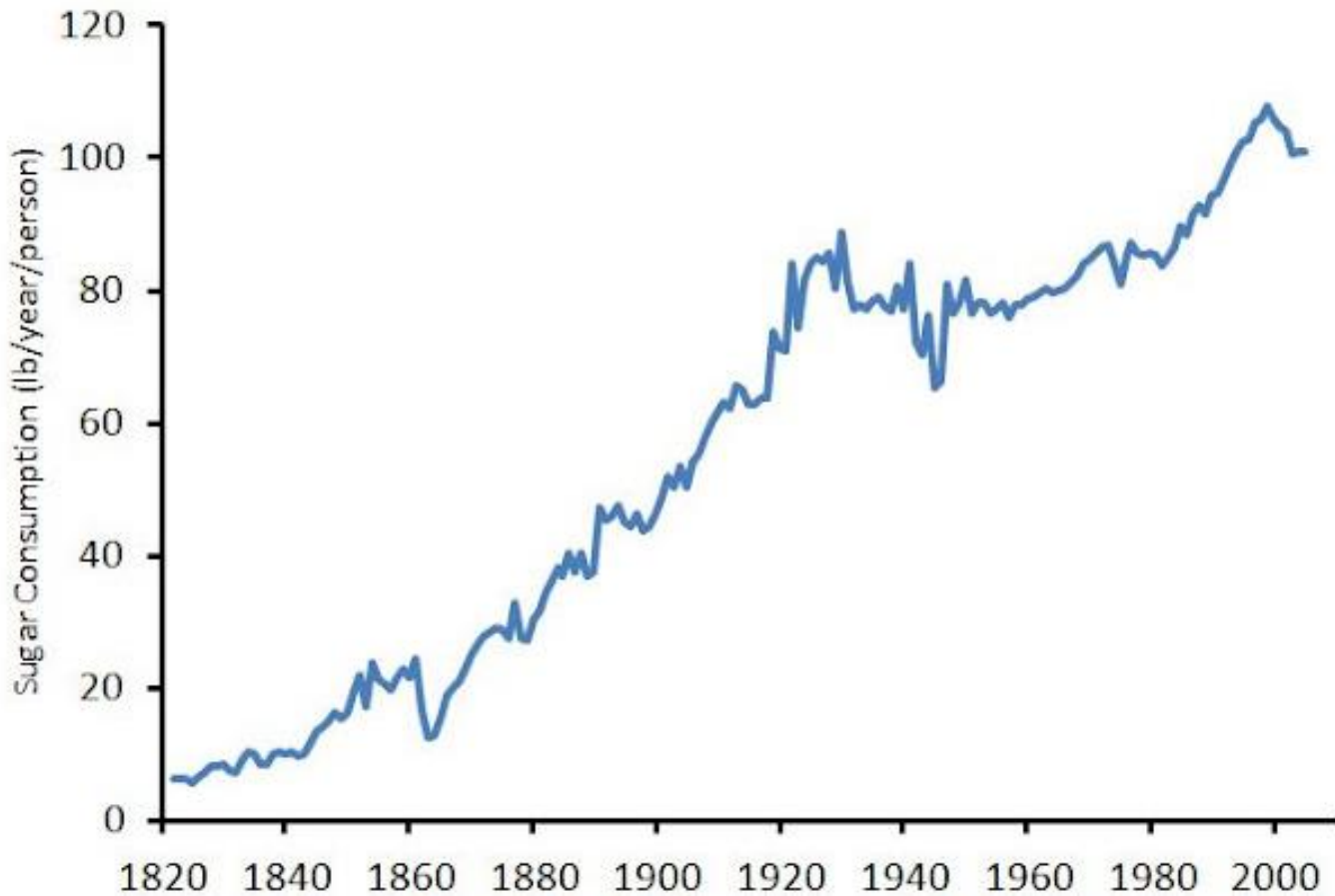
¹²⁹ THE GOLD IN AMERICANS' SWEET TOOTH. The Washington Post. <https://www.washingtonpost.com/archive/business/1993/07/26/the-gold-in-americans-sweet-tooth/e627a024-4957-448d-9ea3-8c710df3211d/>

¹³⁰ RECORD-BREAKING CANDY CONSUMPTION REPORTED. <https://www.supermarketnews.com/grocery-operations/record-breaking-candy-consumption-reported>

¹³¹ All About Candy Makers - America's Chocoholics. The New York Times. <https://www.nytimes.com/1991/07/14/business/all-about-candy-makers-america-s-chocoholics-a-built-in-market-for-confectioners.html>

Figure 12-1: U.S. Sugar Consumption 1822 – 2005¹³²

US Sugar Consumption, 1822-2005



Note:

1. The consumption data above includes added sweeteners such as cane sugar, high-fructose corn syrup and maple syrup, but not naturally occurring sugars in fruit and vegetables.¹³³

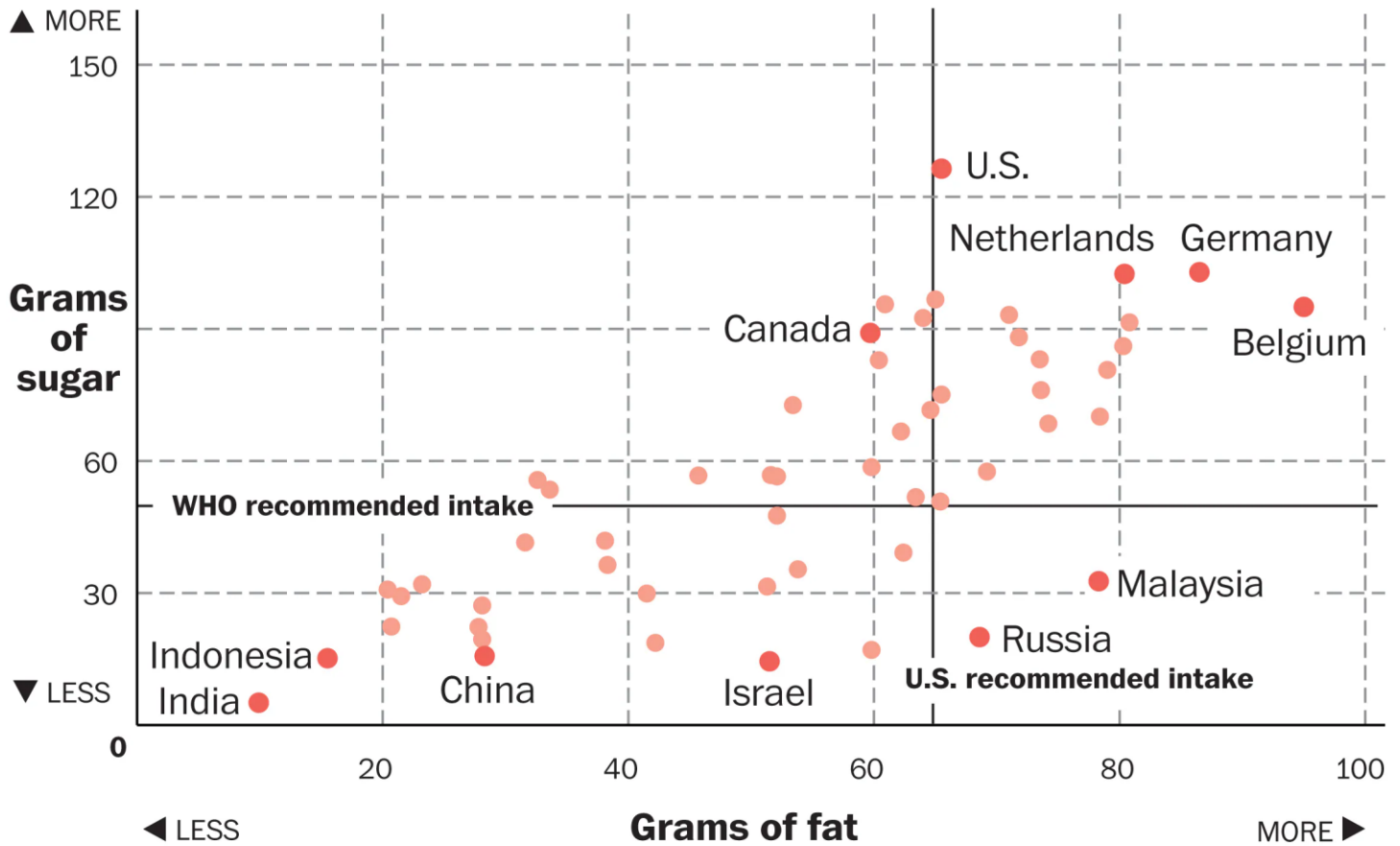
¹³² How Much Sugar Americans Eat. Business Insider. <https://www.businessinsider.com/chart-american-sugar-consumption-2012-2>;
By 2606, the US Diet will be 100 Percent Sugar. <http://wholehealthsource.blogspot.com/2012/02/by-2606-us-diet-will-be-100-percent.html>

¹³³ By 2606, the US Diet will be 100 Percent Sugar. <http://wholehealthsource.blogspot.com/2012/02/by-2606-us-diet-will-be-100-percent.html>

Figure 12-2: U.S. Daily Fat and Sugar Consumption By Country 2015¹³⁴

Where people eat the most sugar and fat

Daily fat and sugar consumption



Source: Euromonitor

WAPO.ST/WONKBLOG

Candy purchases are highly consistent among consumers. **According to a 2023 survey cited by The Food Institute, about 98.1% of households buy candy, with 97% of these households repeatedly purchasing their favorite options an average of 35 times per year.**¹³⁵ Another survey revealed that **40% of Americans purchase single-serve candy at least once a week, while nearly 25% buy gum once or more every week.**¹³⁶ About 48% buy multi-serving packages of candy at least once a month. Despite the regularity of these purchases, they are often impulsive – 51% of single-serve candy purchases and 32% of multi-serving candy purchases fall into this category. **A 2022 survey also suggested that candy purchasing habits are frequent, with 20% of consumers buying candy weekly and 22% buying it multiple times per week.**¹³⁷

¹³⁴ Where People Around The World Eat The Most Sugar And Fat. The Washington Post.

<https://www.washingtonpost.com/news/wonk/wp/2015/02/05/where-people-around-the-world-eat-the-most-sugar-and-fat/>

¹³⁵ Candy & Confections Are Killin' It in 2023. <https://foodinstitute.com/focus/candy-confections-are-killin-it-in-2023/#:~:text=About%2098.1%25%20of%20all%20households,%24254%20per%20year%20on%20candy.>

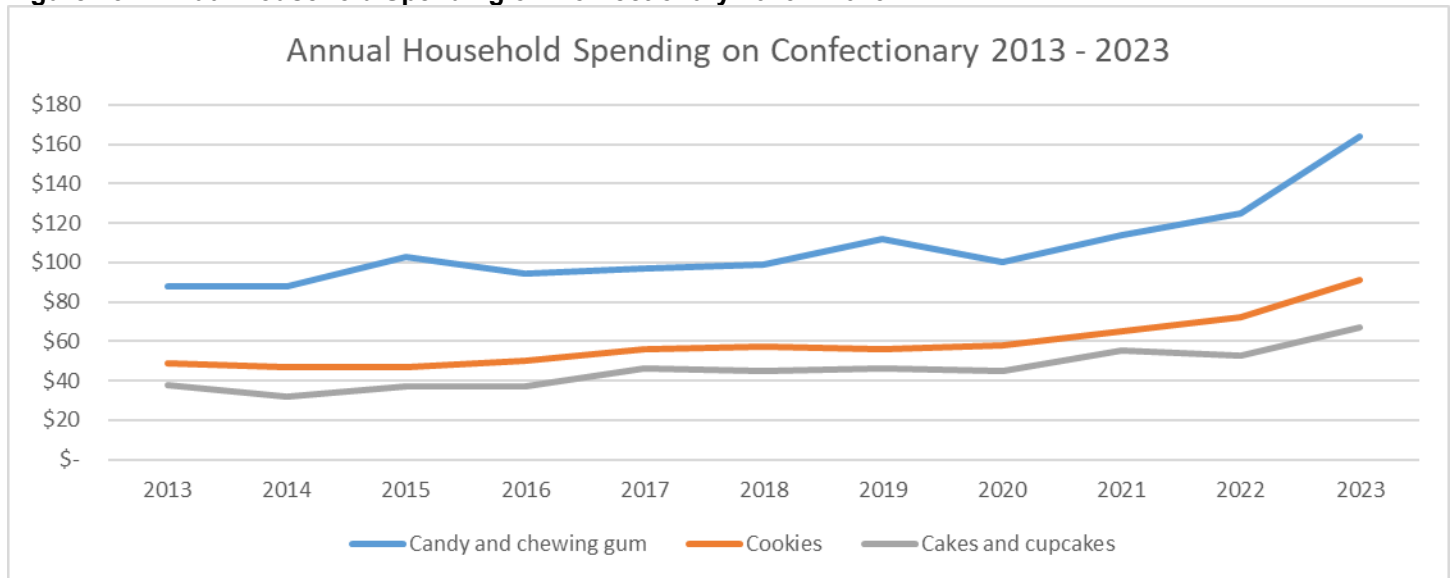
¹³⁶ Candy, Gum Remain Strong Impulse Buys. https://www.convenience.org/Media/Daily/2023/May/24/4-Candy-Gum-Impulse-Buys_CM

¹³⁷ Chocolate Is The Most Popular U.S. Candy Product. <https://www.supplysidefbj.com/confectionery/chocolate-the-preferred-candy-in-america-poll-finds>

Strong loyalty to favorite treats is another notable observation. A 2024 study found that 92% of consumers stick to their preferred candy brands, while 75% report making spontaneous purchases to satisfy their sweet tooth.¹³⁸ Similarly, a 2022 study noted that while brand loyalty has generally declined in the U.S. marketplace, candy buyers remain strongly committed to their favorite brands.¹³⁹ **In fact, 90% of respondents expressed a strong preference for their go-to candy brands. Reese’s (by Hershey) and M&M’s were tied as consumers’ favorite chocolate candy brands, each earning 57% of the vote, followed by Hershey’s (48%), SNICKERS, and Nestlé’s KitKat (both 47%).**

According to the Bureau of Labor Statistics, the average household spent \$164 annually on candy and chewing gum in 2023, up from \$88 in 2013,¹⁴⁰ a CAGR of 6%. Despite this increase, candy and gum expenditures remain a small fraction of household budgets. With the median American household income exceeding \$80,000 in 2023,¹⁴¹ spending on candy and gum accounts for just 0.2% of overall income.

Figure 13: Annual Household Spending on Confectionary 2013 – 2023¹⁴²



Psychological and Physiological Effect of Sugar

The rising consumption of sugar has triggered widespread health concerns, including obesity, tooth decay, and diabetes. However, many consumers struggle to resist sugary foods due to their powerful psychological and physiological effects. **Research indicates that sugar and sweetness can trigger cravings and rewards comparable to addictive drugs.**¹⁴³ At the neurobiological level, sugar’s effect on the brain is more robust than that of cocaine, potentially due to evolutionary pressures to seek high-calorie, sugar-rich foods. **In some cases, cutting back on sugar intake can also lead to withdrawal and relapses symptoms that are similar to those of substance abuse.**

¹³⁸ Brand Loyalty, Cost Rank Highest in Importance for Halloween Candy Shopping Habits. <https://www.fooddive.com/news/brand-loyalty-cost-ranks-highest-importance-halloween-candy-shopping/727963/#:~:text=A%20new%20study%20from%20Trax,shopping%20for%20the%20sweet%20indulgences.>

¹³⁹ Chocolate Is The Most Popular U.S. Candy Product. <https://www.supplysidefbj.com/confectionery/chocolate-the-preferred-candy-in-america-poll-finds>

¹⁴⁰ Spending on Candy, Cookies, and Cakes in 2023. <https://www.bls.gov/opub/ted/2024/spending-on-candy-cookies-and-cakes-in-2023.htm>

¹⁴¹ Income in the United States 2023. <https://www.census.gov/library/publications/2024/demo/p60-282.html#:~:text=Highlights,and%20Table%20A%2D1>

¹⁴² Spending on Candy, Cookies, and Cakes in 2023. <https://www.bls.gov/opub/ted/2024/spending-on-candy-cookies-and-cakes-in-2023.htm>

¹⁴³ Sugar Addiction - Pushing The Drug-Sugar Analogy to The Limit. <https://pubmed.ncbi.nlm.nih.gov/23719144/>; Implications of An Animal Model of Sugar Addiction, Withdrawal and Relapse for Human Health. <https://www.tandfonline.com/doi/abs/10.1080/10284150500485221>

Sugar consumption activates reward pathways in short-term by releasing endorphins¹⁴⁴ and dopamine, chemicals associated with happiness and pain relief.¹⁴⁵ Over time, people may become dependent on sugar as a quick fix for emotional lows or fatigue, often without realizing it. This dependency can lead to a loss of control over dietary habits, creating a cycle of addiction. Additionally, consuming large amounts of sugar can lead to “sugar crashes,” characterized by irritability, fatigue, and hunger as blood sugar levels drop. This often drives further consumption, perpetuating a vicious cycle.

Foods high in both sugar and fat, such as chocolate, amplify these effects by triggering even stronger reward pathways in the brain. Studies show that regularly consuming high-fat, high-sugar foods can rewire the brain’s reward circuits, promoting overeating of such foods.¹⁴⁶ Processed foods, particularly milk chocolate, are among the most addictive due to their high sugar content. Studies also found that the more processed food is, the more addictive it is. Nicole Avena, a professor at Mount Sinai Medical School and also a health psychology professor at Princeton University, noted that:

“Processed foods are man-made concoctions that are designed to taste good, and milk chocolate has a much higher dose of sugar than you’d ever see in nature.¹⁴⁷ We have done many studies in this area, and found that among the foods that are most addictive, chocolate is at the top, and the chocolate people tend to really crave is milk chocolate, which generally has a lot of added sugars.”

Concurred with other studies, the combination of sugar and milk (fat content) affects the brain like a drug and triggers changes in the reward system in our brain. She explained that milk chocolate stimulates sweet taste receptors, triggering dopamine release and reinforcing the behavior. **Over time, consumers may require larger quantities to achieve the same level of satisfaction, similar to drug tolerance.** In addition, as consumers associate the positive feelings experienced in their brain with that of eating chocolate, or more broadly, candy, the next time, even when they see the wrapper of the candy, their brains will sense the powerful pleasurable signal. “This is why you don’t see food brands change their labeling. Our brains are wired to be wary of new foods.”¹⁴⁸ As the vicious cycle continues to reinforce itself, it is possible that consumers’ brain would stop making as much dopamine such that they need to consume more chocolate to get the same level of euphoria. Chocolate in this sense acts just as a drug.

Mars products, such as M&M’s and SNICKERS, exemplify this combination of fat and sugar. A single serving of M&M’s contains over 60% added sugar and 18% fat, while a 52.7-gram SNICKERS bar contains nearly 50% added sugar and over 20% fat.

¹⁴⁴ Sugar Addiction - Find Help Today. <https://www.addictioncenter.com/behavioral-addictions/sugar-addiction/>

¹⁴⁵ Endorphins - What They Are and How to Boost Them. <https://my.clevelandclinic.org/health/body/23040-endorphins>

¹⁴⁶ Daily Consumption of a High-Fat, High-Sugar Snack Alters Reward Circuits in Brain. <https://medicine.yale.edu/news-article/study-daily-consumption-of-a-high-fat-high-sugar-snack-alters-reward-circuits/>

¹⁴⁷ Why Chocolate Is So Addicting. NBC News. <https://www.nbcnews.com/better/lifestyle/why-chocolate-so-addicting-how-tap-health-benefits-ncna1140351>

¹⁴⁸ Why Chocolate Is So Addicting. NBC News. <https://www.nbcnews.com/better/lifestyle/why-chocolate-so-addicting-how-tap-health-benefits-ncna1140351>

Figure 14-1: M&M's Milk Chocolate Nutrition Facts¹⁴⁹

THAT'S DEFINITELY A GOOD MIX

Nutrition Facts
 10 servings per container
 Serving size 1 oz (28g/about 32 pieces)

Amount per serving		% Daily Value*
Calories	140	
Total Fat 5g		6%
Saturated Fat 3.5g		18%
Trans Fat 0g		
Cholesterol <5mg		1%
Sodium 20mg		1%
Total Carbohydrate 21g		8%
Dietary Fiber <1g		3%
Total Sugars 18g		
Includes 17g Added Sugars		34%
Protein 1g		
Vitamin D 0mcg		0%
Calcium 30mg		2%
Iron 0.5 mg		2%
Potassium 0mg		0%

* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

INGREDIENTS: MILK CHOCOLATE (SUGAR, CHOCOLATE, SKIM MILK, COCOA BUTTER, LACTOSE, MILKFAT, SOY LECITHIN, SALT, NATURAL FLAVOR), SUGAR, CORNSTARCH; LESS THAN 1% OF: CORN SYRUP, DEXTRIN, COLORS (INCLUDES BLUE 1 LAKE, YELLOW 6, RED 40, YELLOW 5, BLUE 1, YELLOW 6 LAKE, RED 40 LAKE, YELLOW 5 LAKE, BLUE 2 LAKE, BLUE 2), CARNAUBA WAX, GUM ACACIA.
ALLERGY INFORMATION: CONTAINS MILK AND SOY. MAY CONTAIN PEANUTS.

DISTRIBUTED BY MARS WRIGLEY CONFECTIONERY US, LLC
 HACKETTSTOWN, NJ 07940-1563 USA

CONTAINS BIOENGINEERED FOOD INGREDIENTS

BEST BEFORE:

Questions or Comments?
 Call 1-800-627-7852.

Visit mms.com

Figure 14-2: SNICKERS Nutrition Facts¹⁵⁰

AMOUNT PER SERVING

		% Daily value
Calories	250	
Total Fat	12 g	15%
Saturated Fat	4.5 g	23%
Trans Fat	0 g	
Cholesterol	<5 mg	0%
Sodium	125 mg	5%
Total Carbohydrate	32 g	12%
Dietary Fiber	1 g	4%
Total Sugars	28 g	
Includes Added Sugars	26 g	52%
Protein	4 g	

¹⁴⁹ Sharing Size Milk Chocolate M&M'S. <https://www.mms.com/en-us/mms-candy-flavors/milk-chocolate-mms-10oz/ct2140-p.html>

¹⁵⁰ SNICKERS Singles Size Chocolate Candy Bars. <https://www.snickers.com/products/chocolate/snickers-singles-size-chocolate-candy-bars-186-oz-bars>

Pet Care Industry

Mars Inc. has also been a dominant player in the pet care industry. By the 1960s, the company already controlled more than 50% of the British pet food market.¹⁵¹ **As of 2023, there were an estimated 35,000 to 40,000 veterinary clinics in the U.S., of which Mars owned approximately 3,000, primarily through acquisitions, representing 7% to 9% of the total.**¹⁵² By comparison, 51% of clinics were owned by veterinarians, 29% by private equity firms, and nearly 10% by other corporates.

The global pet care market has grown steadily, expanding from over \$80 billion in 2010 to \$130 billion in 2019, with a CAGR of over 5%.¹⁵³

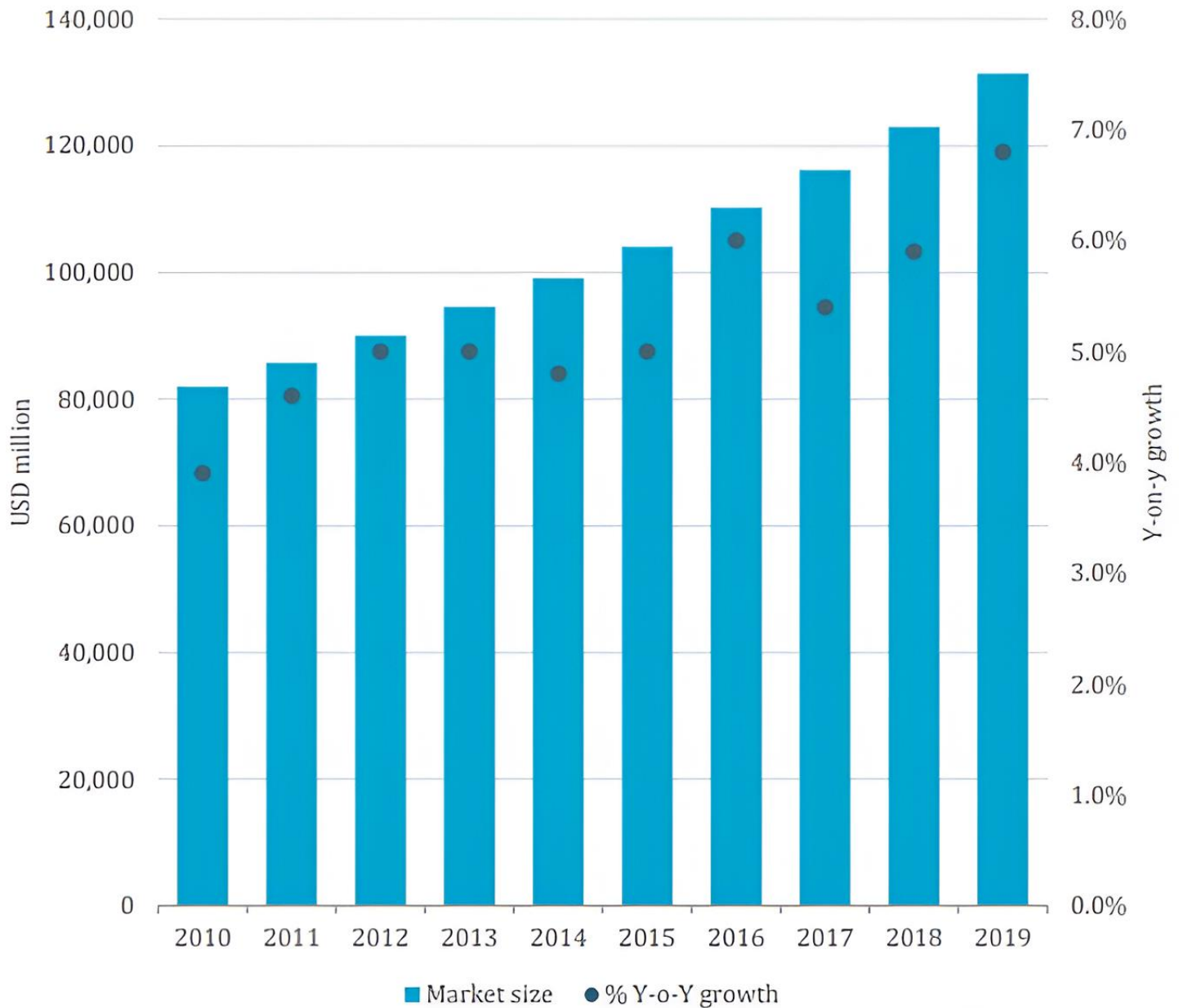
¹⁵¹ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

¹⁵² Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>

¹⁵³ The Impact of German Culture on the Decision Making Process of Market Entry Strategies. Harry W. Strobell. University of Worcester.

Figure 15: Global Pet Care Market Size 2010 - 2019¹⁵⁴

Pet Care: The Evolution of the Global Industry 2010-2019



Note:

1. The pet care market in the above chart includes the aggregation of pet food and pet products.¹⁵⁵

A survey by the U.S. Bureau of Economic Analysis found that consumer spending on pets, including pet products and services such as veterinarians and grooming, has risen from 0.2% of overall expenditures in the 1960s to nearly 1% today.¹⁵⁶ In addition, the U.S. Bureau of Labor Statistics reported that from 2007 to 2011, household spending on pets remained relatively constant, ranging from 0.9% to 1.1% of total expenditures.¹⁵⁷ Similarly, the 2023 Consumer Expenditure Report indicated that U.S. consumers spent an average of \$1,057 in 2023 on items within the category that includes pets, toys, hobbies, and playground equipment. This spending represented less than 1.4% of

¹⁵⁴ The Impact of German Culture on the Decision Making Process of Market Entry Strategies. Harry W. Strobell. University of Worcester.

¹⁵⁵ World Market for Pet Care. <https://www.euromonitor.com/world-market-for-pet-care/report>

¹⁵⁶ Who Spends the Most Time (and Money) on Pets. The Washington Post.

<https://www.washingtonpost.com/business/2022/12/30/american-pet-spending/>

¹⁵⁷ Spending on Pets - "Tails" from the Consumer Expenditure Survey. U.S. Bureau of Labor Statistics.

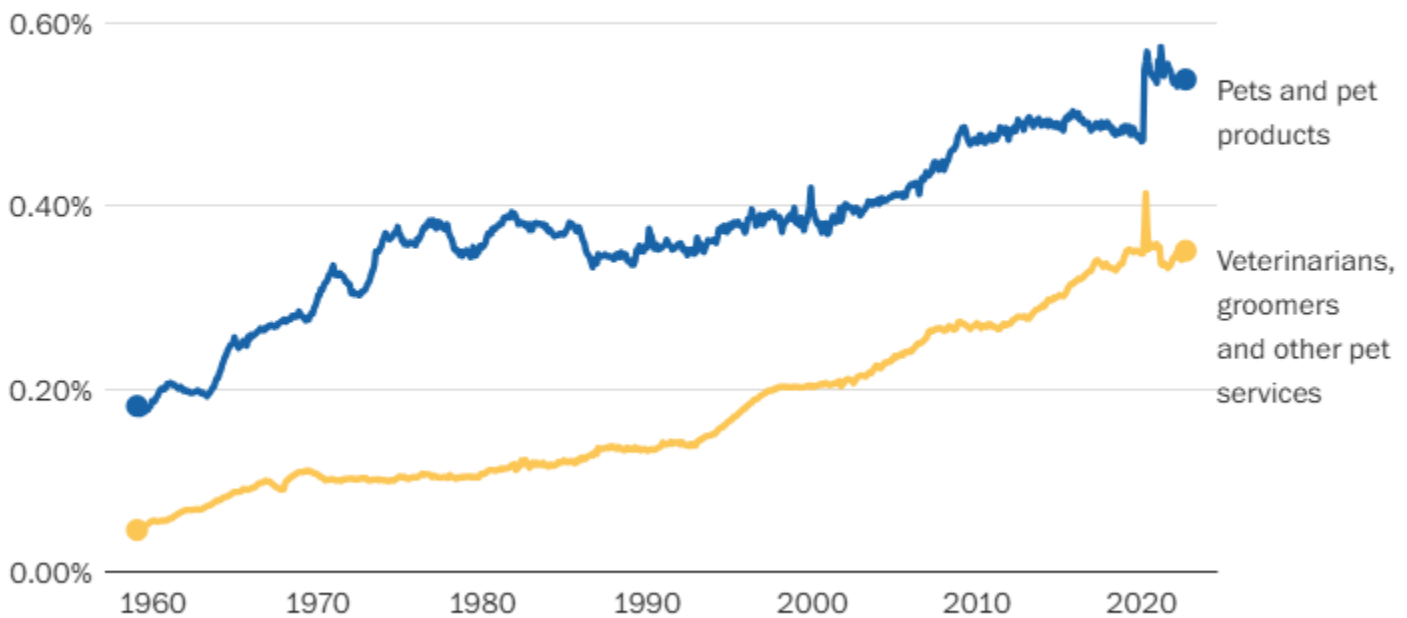
https://www.bls.gov/opub/btn/volume-2/spending-on-pets.htm?utm_source=chatgpt.com

average annual expenditures and approximately 1% of pre-tax annual income, suggesting a continuation of the trend observed in earlier data.¹⁵⁸

This growth is driven by trends such as pet humanization and premiumization, as more and more pet owners see their pets as family members, and thus are more willing to spend on pet products. A 2023 Pew Research survey found that 97% of U.S. pet owners consider their pets family members.¹⁵⁹ Similarly, a study by Southern Methodist University revealed that 85% of dog owners and 76% of cat owners treat their pets as children, siblings, or grandchildren.¹⁶⁰ As a result, consumers are increasingly willing to spend on pet products and services, including veterinary care, despite rising costs.¹⁶¹

Figure 16: Pet Expense as Percentage of Consumer Spending U.S. 1960 - 2020¹⁶²
Pets are eating up more and more of our budgets

Shown as a share of overall consumer spending



Source: Bureau of Economic Analysis

DEPARTMENT OF DATA / THE WASHINGTON POST

Partly due to the fact that pets are our family members, and do not account for a significant portion of our daily expenses, the pet market has been considered inelastic and increasingly resistant to recessions. **During the 2007–2011 Global Financial Crisis period, consumer spending on pet food remained relatively stable, increasing modestly from \$147 annually in 2007 to \$183 in 2011.** By contrast, spending on dining out declined during the same period.¹⁶³

Consumers' spending on pets has also outpaced overall expenditure and income growth. Between 2013 and 2021, pet spending grew by 78%, compared to a 39% increase in overall expenditures and a 46% rise in income,¹⁶⁴ translating to CAGRs of 7.5%, 4.2%, and 4.8%, respectively.

¹⁵⁸ Consumer Expenditures – 2023. U.S. Bureau of Labor Statistics. <https://www.bls.gov/news.release/cesan.nr0.htm>

¹⁵⁹ Majority of Americans Think of Their Pets as Family Members. Pew Research Center. <https://www.pewresearch.org/short-reads/2023/07/07/about-half-us-of-pet-owners-say-their-pets-are-as-much-a-part-of-their-family-as-a-human-member/>

¹⁶⁰ Sociologist Confirms What Pet Parents Know. <https://phys.org/news/2021-07-sociologist-pet-parents-pets-family.html>

¹⁶¹ Interview with Director, Pet Health Innovation & Alternative Channel Expansion at Elanco Animal Health. 10/23/2023

¹⁶² Who Spends the Most Time (and Money) on Pets. The Washington Post.

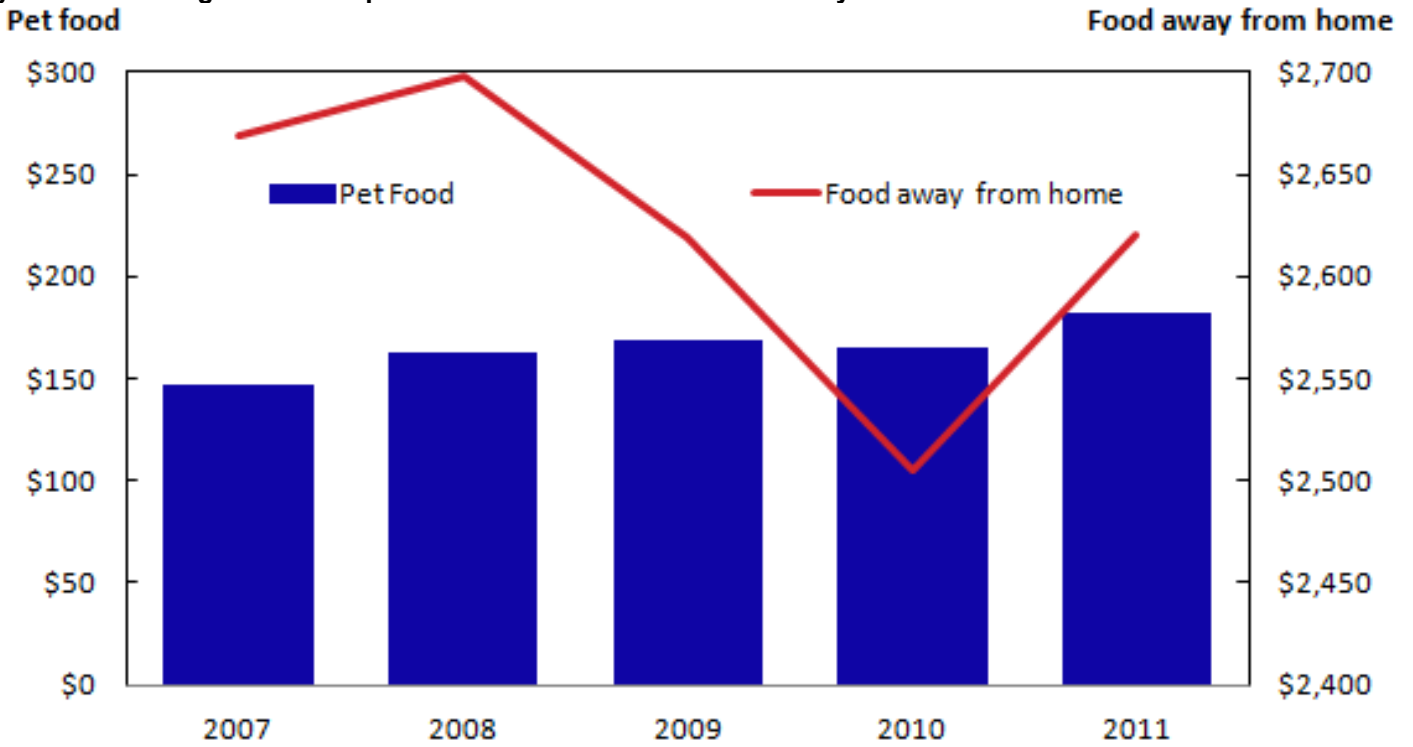
<https://www.washingtonpost.com/business/2022/12/30/american-pet-spending/>

¹⁶³ Spending on Pets - "Tails" from the Consumer Expenditure Survey. U.S. Bureau of Labor Statistics.

https://www.bls.gov/opub/btn/volume-2/spending-on-pets.htm?utm_source=chatgpt.com

¹⁶⁴ We Love Our Pets, And Our Spending Proves It. U.S. Bureau of Labor Statistics. https://www.bls.gov/opub/btn/volume-12/we-love-our-pets-and-our-spending-proves-it-1.htm?utm_source=chatgpt.com

Figure 17-1: Average Annual Expenditure on Pet Food and Food Away from Home 2007 - 2011¹⁶⁵



Source: U.S. Bureau of Labor Statistics.

¹⁶⁵ Spending on Pets - "Tails" from the Consumer Expenditure Survey. U.S. Bureau of Labor Statistics. https://www.bls.gov/opub/btn/volume-2/spending-on-pets.htm?utm_source=chatgpt.com

Figure 17-2: Pet Expenditure U.S. 2013 – 2021¹⁶⁶

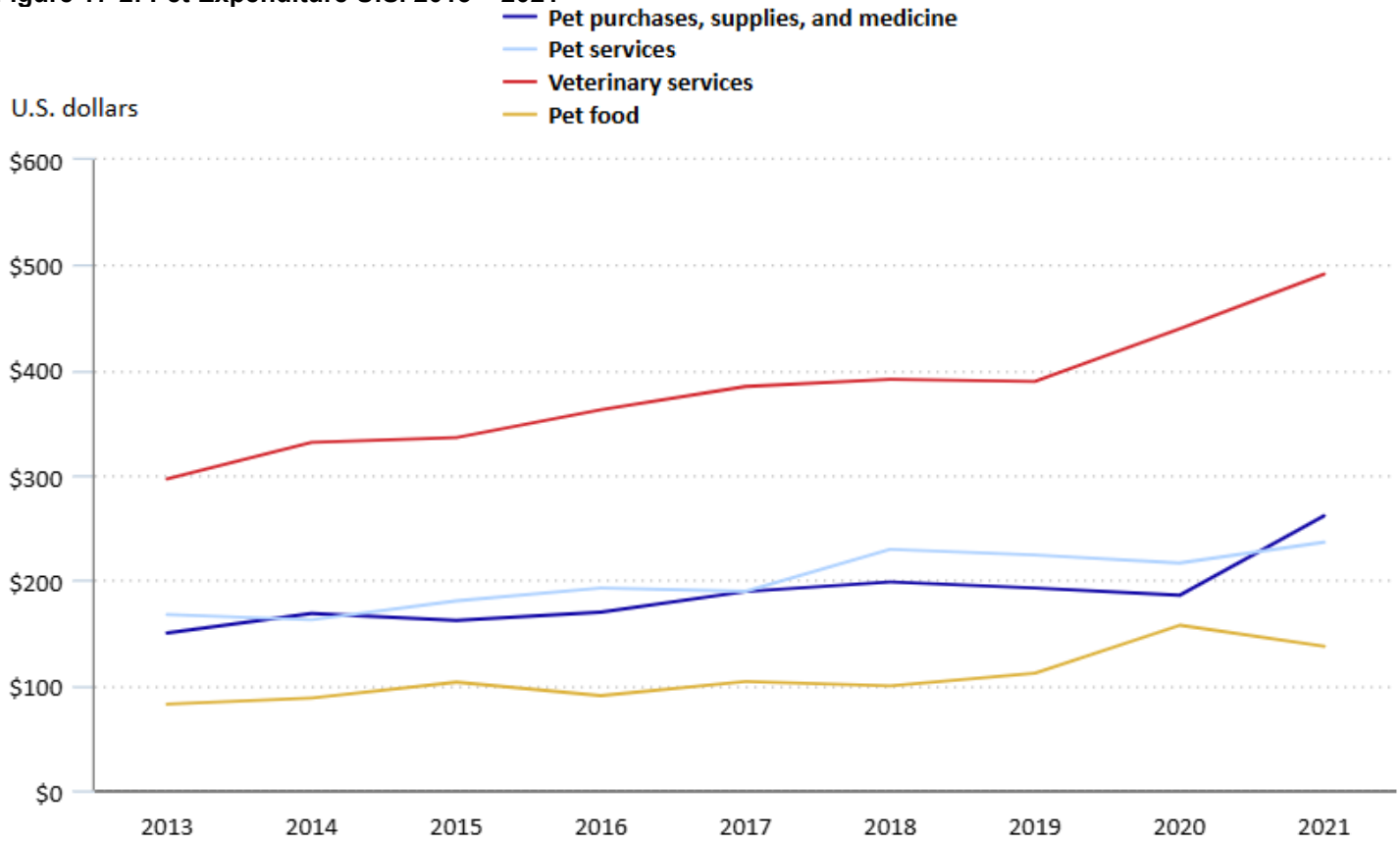
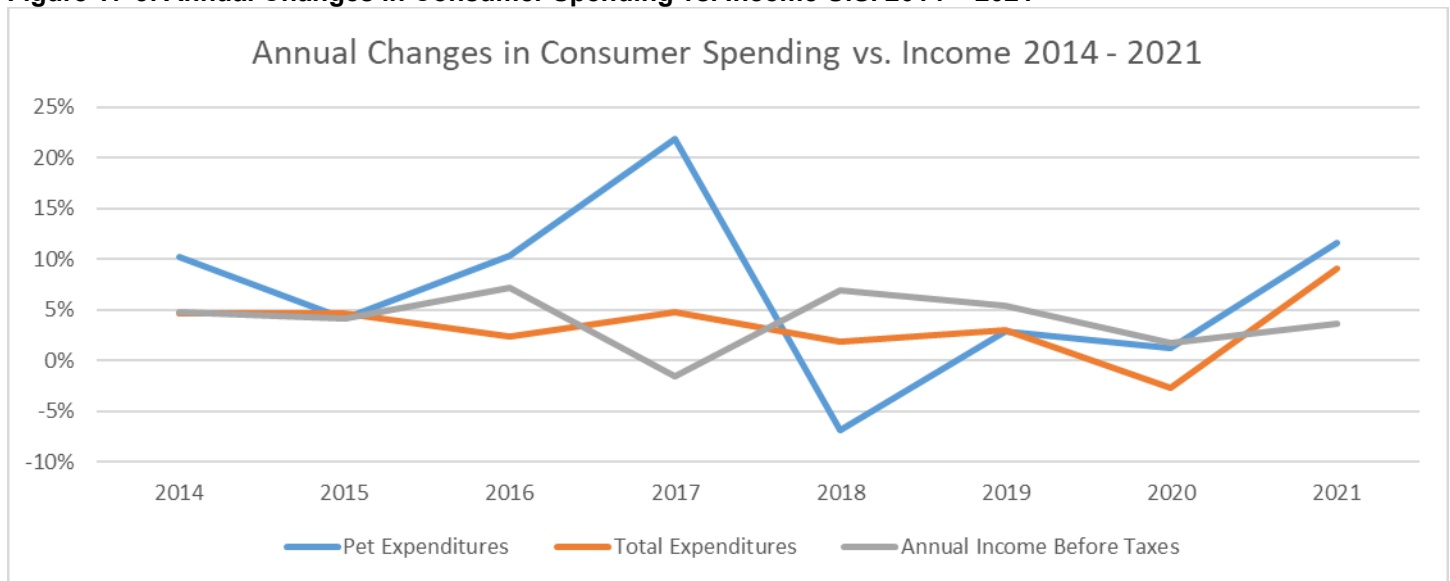


Figure 17-3: Annual Changes in Consumer Spending vs. Income U.S. 2014 – 2021¹⁶⁷



Pet owners consistently purchase food for their pets, whether dry or wet, as dogs and cats typically live over 10 years, with cats generally having slightly longer lifespans.¹⁶⁸ The frequency of pet food purchases varies depending on factors such as the size of the pet, the packaging of the food, and the number of pets owned. Nonetheless, pet food is bought

¹⁶⁶ We Love Our Pets, And Our Spending Proves It. U.S. Bureau of Labor Statistics. https://www.bls.gov/opub/btn/volume-12/we-love-our-pets-and-our-spending-proves-it-1.htm?utm_source=chatgpt.com

¹⁶⁷ We Love Our Pets, And Our Spending Proves It. U.S. Bureau of Labor Statistics. https://www.bls.gov/opub/btn/volume-12/we-love-our-pets-and-our-spending-proves-it-1.htm?utm_source=chatgpt.com

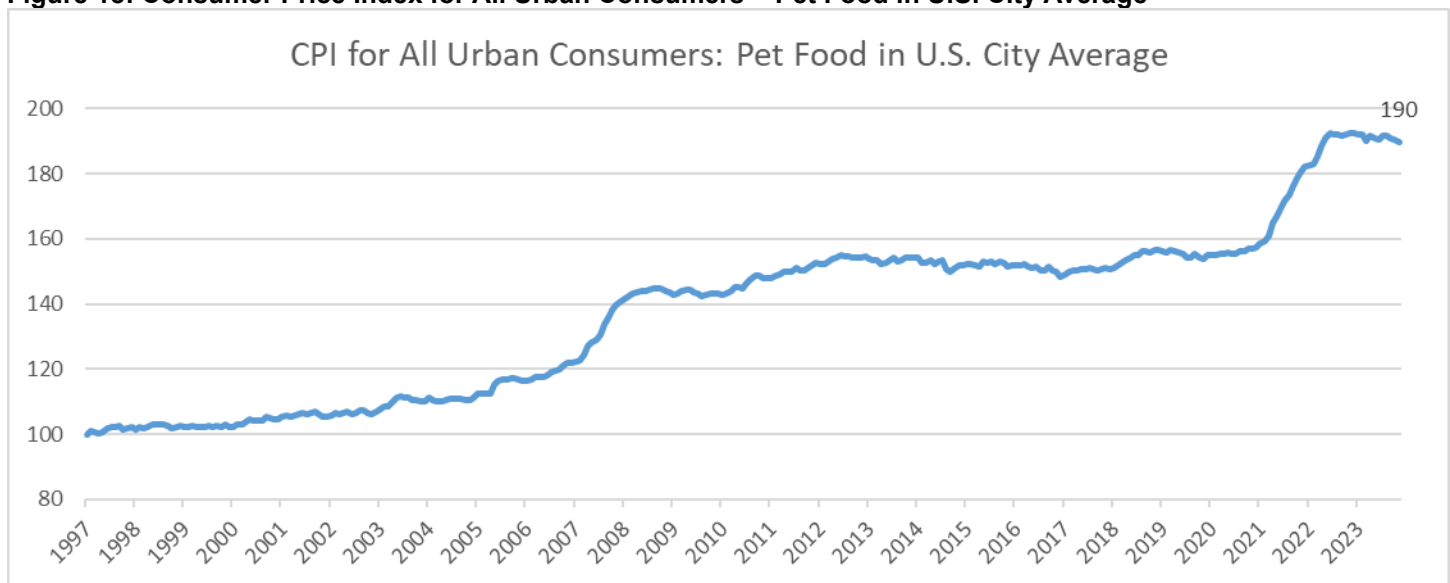
¹⁶⁸ How Long Do Dogs Live. <https://www.petmd.com/dog/care/how-long-do-dogs-live>; How Long Do Cats Live. <https://www.petmd.com/cat/care/how-long-do-cats-live>

regularly. For instance, among dog-only owners, 29% purchase dry dog food weekly, 30% every two to three weeks, and the remainder at longer intervals. Similarly, 37% of dog-only owners purchase moist dog food weekly, 21% bi- or tri-weekly, and the rest less frequently. For cat-only owners, 16% buy dry cat food weekly, 27% every two to three weeks, and the remainder less often. Moist food purchasing patterns for cat-only owners are similar to those of dog-only owners.

Pet owners also tend to develop strong brand loyalty to the pet food they feed to their pets. Dogs and cats are prone to gastrointestinal distress, such as diarrhea, when switching to a new food, especially after becoming accustomed to their current diet.¹⁶⁹ As a result, pet owners are reluctant to change to new food, even if the price increases. A 2024 survey found that 83% of participating pet owners reported having a preferred pet food brand.¹⁷⁰ Another survey revealed that although nearly 90% of respondents believed pet food prices had risen in the past year, fewer than 20% said they had switched to a less expensive brand due to those price increases.¹⁷¹

From December 1997 to October 2024, the price index of pet food in U.S. cities rose by 90%, from 100 to 190,¹⁷² which corresponds to an annual inflation rate of approximately 2.4%, aligning with the overall economy. During specific periods, such as the Global Financial Crisis from 2007 to 2011, the pet food price index rose from 117 to 148, reflecting a nearly 5% CAGR. Over the same period, consumers' annual spending on pet food grew at a similar pace, while their spending on dining out declined.

Figure 18: Consumer Price Index for All Urban Consumers – Pet Food in U.S. City Average¹⁷³



Note:

1. Index Dec 1997=100, Monthly, Not Seasonally Adjusted.

¹⁶⁹ How to Switch Your Dog's Food.

¹⁷⁰ Are Today's Consumers Loyal to Pet Food Brands. <https://www.petfoodindustry.com/blogs-columns/adventures-in-pet-food/blog/15676478/are-todays-consumers-loyal-to-pet-food-brands>

¹⁷¹ Consumers Loyal To Preferred Pet Foods Despite High Prices. Pet Food Industry. <https://www.petfoodindustry.com/blogs-columns/adventures-in-pet-food/article/15666286/consumers-loyal-to-preferred-pet-foods-despite-high-prices>

¹⁷² Consumer Price Index for All Urban Consumers: Pet Food in U.S. City Average. <https://fred.stlouisfed.org/series/CUUR0000SS61031>

¹⁷³ Consumer Price Index for All Urban Consumers: Pet Food in U.S. City Average. <https://fred.stlouisfed.org/series/CUUR0000SS61031>

Company Principle – “The Five Principles”

In 1983, under the leadership of Forrest Mars Jr. and his siblings, Mars Inc. introduced The Five Principles.¹⁷⁴ This document, distributed worldwide throughout the company, became a cornerstone of Mars's corporate culture. Copies were printed in brochures on desks and tables in every Mars factory,¹⁷⁵ serving as a constant reminder of the company's values and philosophy.

“Anchored by our Purpose, the Mars Compass establishes expectations from the Family for how we should lead our business and provides a clear definition of success. It ensures we link purpose and performance and gives us the freedom to think in generations, not quarters.”

– Poul Weihrauch, CEO and Office of the President, Mars 2018¹⁷⁶

“As a family we are passionate about having a positive impact on the world and we believe the best way to do that is through our business. That’s why we reinvest more than 90% of profits back into Mars, Incorporated. This allows us to deliver against our ambitions to have a positive impact on the planet, society and the communities in which we operate. Creating value that is shared is at the heart of our Mars Compass and our aspirations as a family business.”

- Victoria B. Mars, Mars Family Member and Member of the Board of Directors

The five principles are as following:¹⁷⁷

1. **Quality** – The consumer is our boss, quality is our work and value for money is our goal. Lifelong relationships with consumers and clients are hard to earn and easy to lose. We tirelessly seek to understand and satisfy their needs and deliver outstanding experiences of quality, safety and reliability. This is fundamental to our long-term success. The balance between benefits and affordability is an important driver for our consumers and clients. Part of delivering quality is ensuring the value we provide makes our products and services the preferred, trusted choice.
2. **Responsibility** – As individuals, we demand total responsibility from ourselves; as Associates, we support the responsibilities of others. When everyone takes ownership for doing the right thing and supports others to do the same, we all benefit. We’re action oriented. We excel through effective communication and efficient collaboration.
3. **Mutuality** – A mutual benefit is a shared benefit; a shared benefit will endure. Mutuality is a belief with powerful implications. It recognizes that we benefit when others gain too and compels us to think about others’ interests as well as our own. Creating enduring, shared benefits has been part of our success for more than a century. We know that when benefits are mutual, the motivations are also shared. We look at every situation through the lens of building win-win relationships that create lasting benefits for our business, our Associates, our partners and society.
4. **Efficiency** – We use resources to the full, waste nothing and do only what we can do best. Our business depends upon the talent and energy of Associates, our financial and physical assets, planetary resources and more. Applying them efficiently helps us accomplish more, sustainably. We benefit from sharing resources and learning from one another rather than reinventing the wheel each time. We seek to simplify how we’re organized to empower people and accelerate decision making.
5. **Freedom** – We need freedom to shape our future; we need profit to remain free. Our private ownership is a commitment. Independence allows us to act boldly to shape our future. Our financial freedom means we can think across generations, not quarters. It enables us to make choices that balance the needs of today with our aspirations for tomorrow.

¹⁷⁴ Our History - Mars Global. <https://www.mars.com/about/history>

¹⁷⁵ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁷⁶ The Mars Compass Provides Direction & Transparency. <https://www.mars.com/about/mars-compass>

¹⁷⁷ The Five Principles. https://idn.mars.com/en/about/five-principles?language_content_entity=en; The Five Principles. <https://www.mars.com/about/the-five-principles>

In 2022, Poul Weihrauch, the current CEO of Mars Inc., emphasized that The Five Principles remain at the core of every decision the company makes.¹⁷⁸ Mutuality has been a cornerstone since at least 1947 (though some sources suggest 1932), when Forrest Mars Sr. declared that a company's mission is to create a "mutuality of benefits for all stakeholders,"¹⁷⁹ including customers, employees (referred to as associates), the Mars family, and the communities in which the company operates.

A Relentless Pursuit of Quality

Quality has always been the cornerstone of Mars Inc.'s philosophy, passed down through generations of leadership. This commitment to quality can be traced back to Forrest Mars Sr.'s tenure in the U.K., before merging with his father's company. A former employee shared a story illustrating Forrest's obsession with quality during the 1930s.¹⁸⁰ **While visiting a store in Slough, he noticed an improperly wrapped candy bar. Outraged, Forrest returned to his plant, summoned the company's top management, and demanded cases of the poorly wrapped candy bars be brought to the boardroom. With the office staff watching in fascination through a large glass panel, Forrest dramatically hurled the candy bars one by one against the glass, sending a clear message that substandard quality was unacceptable.**

When Forrest Mars Sr. assumed control of his father's company in 1964, he further elevated the company's quality standards. One of his first moves was to significantly increase the proportion of chocolate in Mars bars. In addition, he brought chocolate production in-house, ending the company's reliance on external suppliers such as Hershey and Baker. This decision not only gave Mars greater control over its supply chain but also reinforced its commitment to delivering the highest quality products to its customers. Forrest's exacting standards set the tone for Mars Inc., solidifying its reputation as a company that prioritizes quality above all else.

According to The Washington Post's interview with the company in 1992, which was also the very first interview the company conducted with the media following the journalist's long-awaited request, Mars's obsession with details and perfection is just rigorous.¹⁸¹ From the iconic "M" stamped on M&M's to the signature squiggle on its chocolate bars, every detail must be flawless. **Millions of M&M's are rejected daily because their shells lack the perfect shine, or their "M" is slightly misaligned. Even a small defect, such as a pinhole in a SNICKERS bar, can result in an entire batch being scrapped.**

"Cleanliness is an obsession...Quality is a compulsion. Perfection in tiny details... is painstakingly pursued... Perfecting the equipment that prints the M has taken thousands of hours of engineering. The process is so important to the company, I was told, that no outsider had ever before been invited to observe it... Quality at Mars means taking care of tiny details that consumers would probably never notice."¹⁸²

- Joël Glenn Brenner, The Washington Post

This dedication extends to the machinery itself. Perfecting the process to print the "M" on M&M's required thousands of hours of engineering,¹⁸³ a testament to the company's commitment to excellence. Along the production line, associates

¹⁷⁸ How Mars Anchors on Principles And People. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/listen-with-your-head-and-heart-how-mars-anchors-on-principles-and-people>

¹⁷⁹ How Mars Anchors on Principles And People. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/listen-with-your-head-and-heart-how-mars-anchors-on-principles-and-people>; Our History - Mars Global. <https://www.mars.com/about/history>

¹⁸⁰ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

¹⁸¹ Planet of The M&M's Part One. The Washington Post. <https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁸² Planet of The M&M's Part One. The Washington Post. <https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁸³ Planet of The M&M's Part Two. The Washington Post. <https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

constantly monitor for consistency. If a candy bar is even slightly underweight or the chocolate coating or caramel does not meet the stand, the entire production run is discarded. Similarly, if dog food chunks are too small or irregular, they are rejected.¹⁸⁴

Mars's focus on quality is also hidden in the tiniest details of its products. Each candy bar features a unique chocolate "signature" on top, specially designed ripples that allow the bar to be identified even without its wrapper. Every brand has its own specific chocolate formula and nougat recipe. As quoted above, even when consumers will never discern subtle differences in taste, Mars insists on using only the highest-quality ingredients, avoiding any "incremental degradation" that could compromise its standards over time.¹⁸⁵

The company also maintains exceptionally high hygiene standards. **Mars claims that bacteria levels on its factory floors are lower than those in the average household sink.**¹⁸⁶ At the first hint of contamination, production is halted immediately, sometimes for hours. Despite producing SNICKERS bars at a staggering rate of 1,000 bars per minute at its Waco, Texas plant, the floors remain spotless. Even its pet food facilities adhere to similarly rigorous cleanliness standards. Employees are provided with uniforms that are laundered daily to uphold these conditions.

Figure 19-1: M&M's Production Line¹⁸⁷



¹⁸⁴ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁸⁵ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁸⁶ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁸⁷ How M&M's are Made in a Factory - Inside the M&M's Production Process. https://www.youtube.com/watch?v=a0wMCYTUB_g

Figure 19-2: Mars Pet Food Production¹⁸⁸



Efficiency Is The Paramount

Efficiency has long been a cornerstone of Mars Inc.'s success as a manufacturing company, as mutually agreed by the company's employees. **The company's production run 24 hours a day, seven days a week, using the Mars family's closely guarded recipes to produce confections at astonishing speeds.**¹⁸⁹ **At its Chicago plant, the company's oldest facility, Fun-Size Milky Way bars were produced at a rate of 5,520 bars per minute.** In a single week, the factory can produce enough bars to cover the White House lawn. Meanwhile, in Waco, Texas, where Skittles are made, Mars produces enough fruit-flavored candies each year to create a continuous trail to the moon.

Mars's obsession with efficiency has made it one of the most productive companies in the world. **Despite operating with 30% fewer employees than its closest competitor, Mars generated more output per worker than any other company in the industry. In 1990, for example, Mars's revenue averaged \$429,000 per employee, compared to \$228,000 at Hershey.**¹⁹⁰

This remarkable efficiency stems from the company's strategy of reinvesting profits into operations, a practice established by Forrest Mars Sr. By keeping profits within the business, Mars avoids unnecessary expenses such as tax liabilities. This approach has allowed Mars to continuously innovate and optimize its factories without relying on external funding. **The**

¹⁸⁸ Office & Factories. <https://twm.mars.com/en/office-factories>

¹⁸⁹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁹⁰ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

company demanded its after-tax return on sales of just 3%,¹⁹¹ believing that anything higher would be unfair to consumers. It is worth noting that this figure comes from an interview conducted by The Washington Post in the early 1990s, so it is unclear whether this target remains applicable today. Edward Stegemann, the former general counsel at Mars stated to the journalist that “Why should the family take a huge profit out of the company and have to pay taxes on it...Why not just leave the money where it is and reinvest it in the business? They don’t need the money for anything. The best way to use it is to expand and build the business.”

Even waste at Mars is put to good use. For instance, at Uncle Ben’s, rice hulls from processing are burned to generate a portion of the plant’s electricity, demonstrating the company’s commitment to frugality.

The company has continually evolved its production processes in tandem with technological advancements, even to design its own candy-making machinery with in-house engineers. Access to Mars’ production facilities is highly restricted, with only a select few outsiders ever granted entry. Those who are allowed inside must sign strict confidentiality agreements prohibiting them from disclosing any details about what they see.¹⁹² Although detailed information on Mars’s production methods and efficiency improvements is limited, it is clear that the company has embraced digitalization and automation over the years. This includes the use of robotic arms and fully automated production lines to ensure every step of the process meets its rigorous standards. In recent years, Mars has also adopted AI technology to enhance manufacturing efficiency by leveraging real-time data to predict and optimize production processes and equipment performance.¹⁹³ According to Forbes in 2022, the company produces approximately 400 million M&M’s chocolates daily.¹⁹⁴

Figure 20: Mars Candy Factory¹⁹⁵



¹⁹¹ The journalist did not provide a definition of the metric. Return-on-sales (ROS) is generally understood as operating profit divided by sales, which is essentially EBIT. Therefore, after-tax return on sales refers to after-tax EBIT, also known as EBIAT. Chapter 3. The Emperors of Chocolate.

¹⁹² Chapter 2. The Emperors of Chocolate.

¹⁹³ Mars Partners with Accenture to Boost Manufacturing Efficiency. Pet Food Processing.

<https://www.petfoodprocessing.net/articles/16245-mars-partners-with-accenture-to-boost-manufacturing-efficiency>

¹⁹⁴ M&M’s Efforts To Be ‘More Inclusive’ Met With Mockery On Twitter. <https://www.forbes.com/sites/petersuciu/2022/01/20/mms-efforts-to-be-more-inclusive-met-with-mockery-on-twitter/>

¹⁹⁵ How M&M’s are Made in a Factory - Inside the M&M’s Production Process. https://www.youtube.com/watch?v=a0wMCYTuB_g

Private Ownership

Mars believes that remaining privately held is key to maintaining its independence and long-term focus. A former brand president explained, “There’s no SEC, no stockholders that have to be answered to, and if John and Forrest want to make investments at the expense of short-term profit, they can and they’re able to and they do.”¹⁹⁶ This independence allows Mars to prioritize strategic growth over immediate financial returns.

The company’s commitment to privacy extends beyond its ownership structure. Mars does not engage with the media and refrains from publicizing its internal affairs. Financial statements are not even shared with the company’s bankers to prevent potential leaks. Historically, the Mars family has also avoided public attention, refusing to be photographed or recorded. The only place family portraits were displayed was in the corporate headquarters in McLean, Virginia, though the family has become slightly more visible in recent years.

Ultimately, Mars Inc. prefers that its products, not its corporate practices, be the center of public attention. This discretion, combined with its commitment to efficiency, quality, and reinvestment, has solidified Mars as a leader in the confectionery and manufacturing industries.

Marketing and Advertising

Due to its private nature and deliberately avoiding publicity, Mars Inc. does not publicly comment on its marketing and advertising strategy. Based on our observations, Mars Inc. primarily promotes its products through individual brand advertising rather than under a corporate umbrella. **Each brand within Mars’ portfolio such as M&M’s, SNICKERS, and TWIX, develops and executes its own marketing campaigns tailored to its unique identity and target audience.** Mars Inc. maintains independence across its operating units,¹⁹⁷ allowing each brand to market itself as a standalone rather than as part of the Mars group. It was not until 1990 that the company launched its first-ever umbrella ad campaign, which featured people of all ages enjoying Mars and Milky Way bars under the theme “Making Life a Little Sweeter – Mars.”¹⁹⁸

In addition, A 1967 Fortune magazine article, written three years after Forrest Mars Sr. merged his company with his father’s to form the modern Mars Inc. that we see today, highlighted the contrasting business strategies of Mars and its chief competitor, Hershey. At the time, Hershey’s brand was virtually synonymous with “chocolate” in the U.S. and relied little on advertising to sustain its dominance. **In contrast, Mars was aggressively focused on growth, heavily investing in TV advertising and fielding a creative, results-driven sales force (with salaries tied to the company’s sales, which we will discuss in a later section) that know how to work the stores.**¹⁹⁹ **Mars Inc. demonstrated an acute understanding of consumer behavior, particularly the importance of impulse purchases, which accounted for roughly 70% of all candy sales. Recognizing this, in 1979, Mars became the first one by persuading merchants to place candy displays near cash registers, a practice now ubiquitous in retail stores.** Unlike competitors, Mars’s display racks often included space for products beyond its own, potentially creating goodwill and fostering collaborative relationships with retailers.

Mars sales representatives took a comprehensive approach to client relationships. They not only promoted Mars products like SNICKERS but also provided strategic advice on maximizing profits across the entire candy section.²⁰⁰ By prioritizing retailer success alongside its own, Mars cultivated long-lasting partnerships that helped cement its position as a leader in the confectionery market. Such a combination of marketing innovation, forward-thinking merchandising strategies, and a collaborative approach to sales exemplifies Mars Inc.’s commitment to growth and its ability to adapt to consumer and market demands.

¹⁹⁶ Planet of The M&M’s Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁹⁷ Planet of The M&M’s Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

¹⁹⁸ Planet of The M&M’s Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

¹⁹⁹ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>; Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

²⁰⁰ Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

M&M's were initially sold exclusively to the military. Soldiers returning from the war brought home their fondness for M&M's candy, spreading the word and causing a boom in sales to the general public.²⁰¹ In its early days, Mars took an innovative approach that was unique during that time to marketing M&M's. Each candy was stamped with an "M" as a mark of authenticity, a groundbreaking move at a time when candy wrappers, rather than the candies themselves, were typically branded and marketed. This distinct feature was accompanied by the slogan, "Look for the M on every piece,"²⁰² which solidified M&M's place in the market by 1950.

This unique marketing strategy, combined with military endorsement and word of mouth, fueled M&M's growing popularity. Mars also hired an advertising agency to conduct detailed studies on M&M's sales, seeking to understand who was buying their products, who was not, and why. At the time, such scientific market research was typically done only by large, sophisticated companies such as Kraft Foods and Procter & Gamble. No other candy company had approached the market in this scientific way.²⁰³ The studies revealed that M&M's colorful, bite-sized candies had a particular appeal to children – an audience that, unfortunately, did not control the household budget. This insight led to the creation of one of the most iconic taglines in marketing history: "Melts in your mouth, not in your hands." The campaign cleverly targeted parents, appealing to their concerns about sticky hands and messy mouths, turning out to be an instant success.²⁰⁴

By 1954, the brand's advertising took another major step forward. The now-famous slogan, "Melts in your mouth, not in your hands," was introduced in a TV commercial, reflecting the candy's practical appeal and competitive advantage over rivals' products. In addition, the first version of the M&M's cartoon characters was launched during this period, initially aired during popular children's TV shows such as *The Howdy Doody Show* and *The Mickey Mouse Club*.²⁰⁵ These mascots, initially simple figures, have evolved into the animated and personality-rich characters beloved today yet still remain recognizable at first sight such that a 60-year-old customer could recognize the brand instantly just as when he was a child. Over the decades, they have been featured in advertisements, video games across platforms such as computers, PlayStation, and smartphones, as well as a wide array of branded merchandise, including keychains, mugs, and t-shirts, which are through the Mars Inc.'s licensing program, bring "the company's products to retailers across the globe".²⁰⁶

Figure 21-1: M&M's Wartime Ad²⁰⁷



²⁰¹ M&M's: Melts In Your Mouth, Not In Your Hands. <https://journalofantiques.com/columns/antiques-peek/mms-melts-in-your-mouth-not-in-your-hands/>

²⁰² Our History - Mars Global. <https://www.mars.com/about/history>

²⁰³ Chapter 12. The Emperors of Chocolate.

²⁰⁴ Chapter 12. The Emperors of Chocolate.

²⁰⁵ Chapter 12. The Emperors of Chocolate.

²⁰⁶ MRG's Licensing Program. <https://retail-merchandise.com/news/mrgs-licensing-program-transforming-mars-inc-s-brand-presence-worldwide/>

²⁰⁷ M&M's: Melts In Your Mouth, Not In Your Hands. <https://journalofantiques.com/columns/antiques-peek/mms-melts-in-your-mouth-not-in-your-hands/>

Figure 21-2: M&M's TV Commercial 1954²⁰⁸



Note:

1. In 1954, M&M's aired a TV commercial highlighting that its chocolate does not melt in hands, unlike other brands, preventing a mess. This ad also marked the debut of the iconic M&M's characters on screen, showcasing a fresh peanut diving into a pool of chocolate to become M&M's Peanut Chocolate Candy.

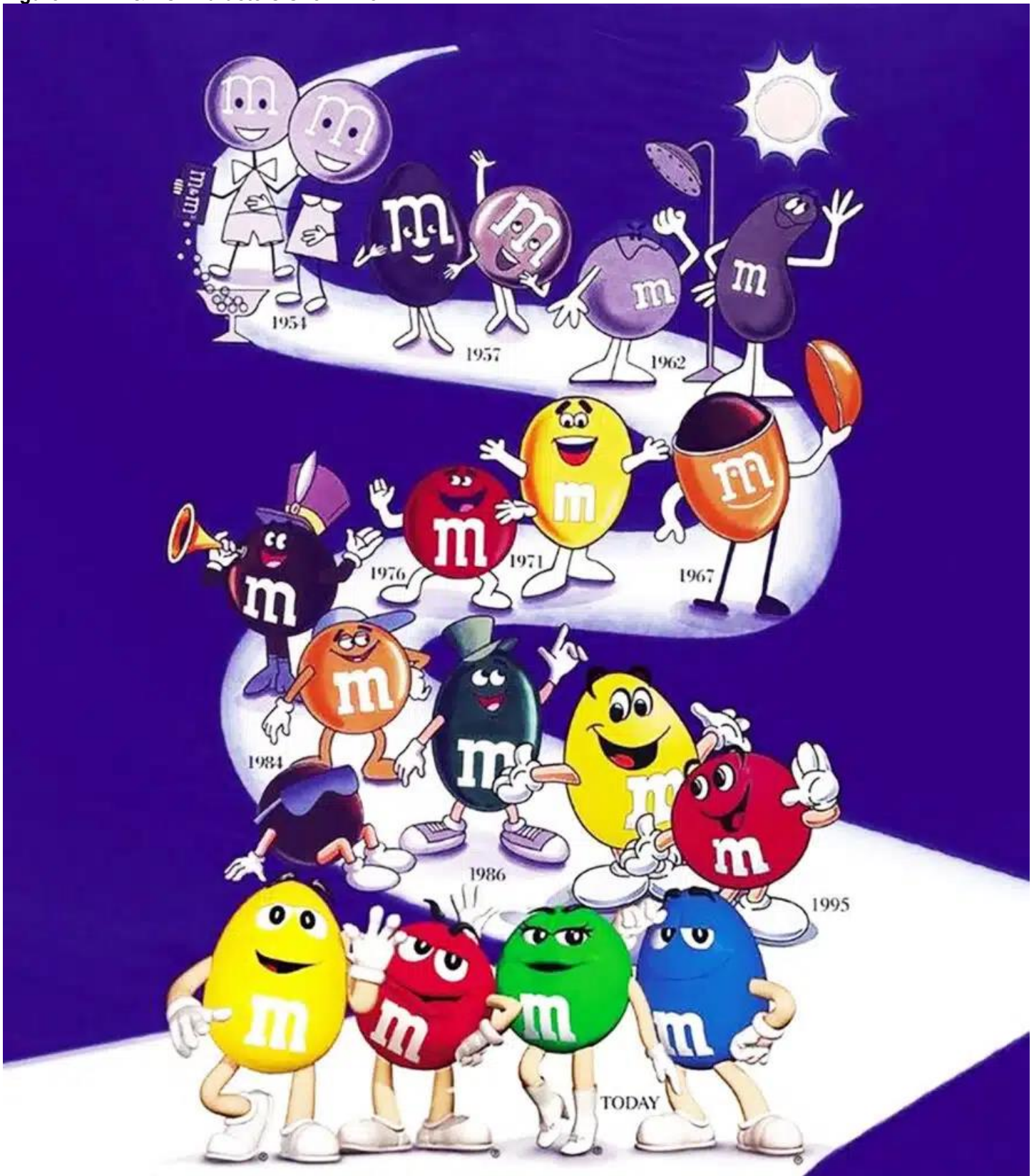
Figure 21-3: M&M's Characters 2024²⁰⁹



²⁰⁸ M&M's - Which Hand (1954, USA). <https://www.youtube.com/watch?v=XltnVI2xBVI>

²⁰⁹ M&M'S Characters. <https://www.mms.com/en-us/explore/mms-characters>

Figure 21-4: M&M's Characters Over Time²¹⁰



²¹⁰ M&M's: Melts In Your Mouth, Not In Your Hands. <https://journalofantiques.com/columns/antiques-peek/mms-melts-in-your-mouth-not-in-your-hands/>

M&M's has consistently expanded its reach through strategic collaborations with world-class brands such as Krispy Kreme,²¹¹ Kate Spade,²¹² Amazon MGM Studios,²¹³ and Disney. These partnerships have increased public exposure and reinforced M&M's appeal as a versatile and fun brand. For example, in 2024, Kate Spade launched its M&M series, aiming to appeal to Gen Z.²¹⁴ The collection features designs inspired by M&M's iconic round chocolate shape and colorful packaging, with prices ranging from \$40 for individual gold-plated charms to \$428 for leather crossbody bags. Kate Spade's Senior Vice President and Head of Design noted that M&M's 80% favorability rating among Gen-Z was a key factor in bringing the collaboration to life. Meanwhile, the Global General Manager of M&M's described the partnership as offering consumers "new avenues to express fandom, especially during the nostalgic holiday season." Furthermore, M&M's has also collaborated with McDonald's and Krispy Kreme to launch products featuring its iconic colorful chocolate candies and signature designs.

Figure 22-1: M&M and Kate Spade²¹⁵



²¹¹ KRISPY KREME® Partners with M&M'S® for First Time Ever in U.S. <https://investors.krispykreme.com/news/news-releases/news-details/2023/KRISPY-KREME-Partners-with-MMS-for-First-Time-Ever-in-U.S/default.aspx>

²¹² M&M'S® and Kate Spade New York Launch Candy-Inspired Capsule Collection. <https://www.mars.com/news-and-stories/press-releases-statements/mms-and-kate-spade-new-york-launch-candy-inspired-capsule-collection>

²¹³ M&M'S® Creates Movie Goers' Dream Jacket, One-Of-A-Kind Experiences and Limited-Edition Products in Celebration of Amazon MGM Studios. <https://www.prnewswire.com/news-releases/mms-creates-movie-goers-dream-jacket-one-of-a-kind-experiences-and-limited-edition-products-in-celebration-of-amazon-mgm-studios-red-one-movie-302304218.html>

²¹⁴ Kate Spade and M&M's Team Up on A New Holiday Collection. <https://www.fastcompany.com/91214328/kate-spade-mm-collection-gen-z>

²¹⁵ Kate Spade and M&M's Team Up on A New Holiday Collection. <https://www.fastcompany.com/91214328/kate-spade-mm-collection-gen-z>

Figure 22-2: McDonald's McFlurry with M&M's²¹⁶



Figure 22-3: Krispy Kreme with M&M's²¹⁷



²¹⁶ McFlurry M&M's - McDonald's. <https://mcdonalds.com/mt/product/mcflurry-mms/>; Regular McFlurry® with M&M's® Calories & Nutrition. <https://www.mcdonalds.com/us/en-us/product/mm-candy-mcflurry.html>

²¹⁷ KRISPY KREME® Partners with M&M'S® for First Time Ever in U.S. <https://investors.krispykreme.com/news/news-releases/news-details/2023/KRISPY-KREME-Partners-with-MMS-for-First-Time-Ever-in-U.S/default.aspx>

Since the 1980s, M&M's has also embraced seasonal and holiday-specific themes. For example, during Christmas, the candies are produced in red and green with Christmas tree prints, while Valentine's Day offerings include pink and red candies printed with love-themed messages.²¹⁸ Customers can even customize M&M's by printing personal messages or images on them. These creative options tie M&M's to emotions such as joy, celebration, and relationships, fostering an association with fun, holidays, and family. This emotional connection has enabled the brand to maintain relevance across generations, accompanying customers from childhood through adulthood and into the lives of their own families.

M&M's fosters emotional connections with customers through a combination of character personification, merchandise, and entertainment. The brand's iconic characters have appeared consistently in advertising campaigns over the years, creating familiarity and trust. For long-time customers, these characters evoke nostalgia, while for new audiences, they serve as playful and engaging introductions. By associating the characters with celebrations, holidays, special events, and interactive playlands, M&M's aligns its brand with moments of joy and togetherness, strengthening the emotional bond with its audience. In a 1993 news report, The Washington Post stated that "with age comes nostalgia, and adults have fierce loyalty to the brands they grew up with and know best."²¹⁹

Figure 23: M&M's TV Commercial 1980s²²⁰



Note:

1. Slogan in the commercial: "The milk chocolate melts in your mouth – not in your hand."

²¹⁸ Holidays M&M'S. <https://www.mms.com/en-us/holidays/holidays-c.html>

²¹⁹ THE GOLD IN AMERICANS' SWEET TOOTH. The Washington Post.

<https://www.washingtonpost.com/archive/business/1993/07/26/the-gold-in-americans-sweet-tooth/e627a024-4957-448d-9ea3-8c710df3211d/>

²²⁰ M&M's reimaged Christmas candy commercial (1980). <https://www.youtube.com/watch?v=BbNljeO3sXM>

M&M's holds a unique distinction as a space food. In 1981, M&M's became the first candy in space, included in the food supply for astronauts aboard the Space Shuttle. The company stated that "NASA chose the candy-coated chocolates because of their 'thermal stability characteristics'...In other words, they were chosen because they melt in your mouth, not in your hand, or, in this case, your hot space shuttle."²²¹ While NASA does not explicitly endorse commercial products, M&M's have become a standard menu for the astronaut on the International Space Station.²²² Beyond being practical snacks, M&M's also serve as entertainment for astronauts, who often release them to float in microgravity and catch them. An editor of space history stated that "M&Ms not only serve as foods for the astronauts, but also as entertainment...Astronauts will often release handfuls of them and then catch them with their mouths as the pieces float around. M&Ms are singular pieces that you can eat very easily, and you can eat multiples of them at one time. And because you're not likely to bite one in half, you won't make a mess."²²³

In 2004, during a spaceflight aboard SpaceShipOne, pilot Mike Melville took M&M's along and shared his experience of releasing them in zero gravity at the post-flight press conference. He described that "I reached into my pocket and I took out some M&Ms, all different colors, and let them go in front of my face...they just spun around like little sparkling things. I was so blown away, I couldn't even fly the [craft]. I got another handful and threw them out as well."²²⁴ **One of those M&M's pieces was sold at auction for \$1,400.** Mars Inc. signed the company SpaceShipOne as one of its sponsors and have a red M&M's cartoon character added to the sides of the spaceship.

Through innovative marketing, enduring mascots, and unique associations, ranging from holiday traditions to space exploration, M&M's has cemented its place as a beloved candy. Its ability to tie emotions has ensured its presence across generations, making it a staple in the lives of customers.

Figure 24: M&M Character on SpaceOneShip²²⁵



²²¹ When Did M&M's First Fly in Space. <http://www.collectspace.com/news/news-032922a-mms-first-candy-space-40-years.html#:~:text=M&M's%20for%20example%20were%20the%20first%20candy,acknowledged%20in%20a%20statement%20provided%20to%20collectSPACE>

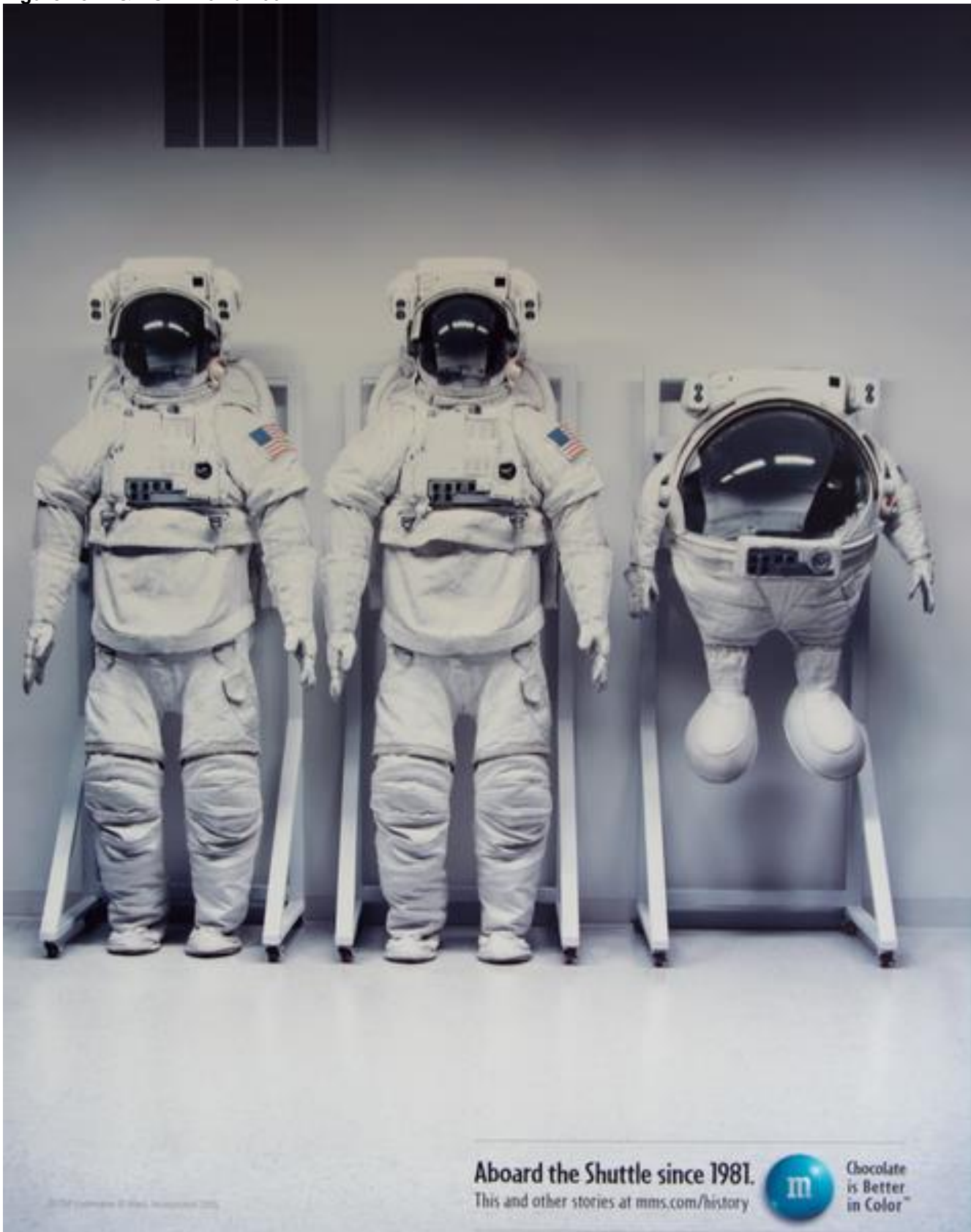
²²² The Rich and Flavorful History of Chocolate in Space. <https://www.smithsonianmag.com/science-nature/rich-and-flavorful-history-chocolate-space-180954160/>

²²³ The Rich and Flavorful History of Chocolate in Space. <https://www.smithsonianmag.com/science-nature/rich-and-flavorful-history-chocolate-space-180954160/>

²²⁴ The Rich and Flavorful History of Chocolate in Space. <https://www.smithsonianmag.com/science-nature/rich-and-flavorful-history-chocolate-space-180954160/>

²²⁵ American Spacecraft. <https://www.american-spacecraft.org/virgin-galactic/model-google.html>

Figure 25: M&M's Print Ad 2004²²⁶



Aboard the Shuttle since 1981.
This and other stories at mms.com/history



Chocolate
is Better
in Color™

²²⁶ When Did M&M's First Fly in Space. <http://www.collectspace.com/news/news-032922a-mms-first-candy-space-40-years.html#:~:text=M&M's%2C%20for%20example%2C%20were%20the%20first%20candy,acknowledged%20in%20a%20statement%20provided%20to%20collectSPACE>

Mars also expanded M&M's brand presence by opening its first flagship store, M&M's World, which sells M&M's candies and merchandise,²²⁷ in 1997 in Las Vegas. Spanning 28,000 square feet over four levels, the store offered not just candy but an immersive brand experience. Guests could create personalized M&M's with custom messages and designs in 16 different colors. As of 2024, Mars operates seven flagship stores worldwide, ranging from 10,000 to over 30,000 square feet, in major cities such as New York, London, Berlin, Shanghai, and Orlando. The Orlando location, inside Walt Disney World Resort, offers exclusive co-branded Disney and M&M's merchandise, fostering a nostalgic connection between two iconic childhood brands.²²⁸

Starting in the late 1980s and early 1990s, Mars Inc. began experimenting with innovative marketing strategies. One notable campaign saw the company spend over \$2 million to secure the worldwide rights to the Rolling Stones' song "Satisfaction" to promote SNICKERS, which had not been advertised for years.²²⁹ Another high-profile initiative stung competitor Hershey when Mars partnered with Disney to become the exclusive supplier of candy and snacks at Disney World attractions, including the Magic Kingdom, Epcot Center, and Disney-MGM Studios, drawing over 60 million annual visitors. Together, Mars and Disney launched the ambitious "Mission from Mars" Halloween sweepstakes in 1990, marking one of the company's most significant marketing efforts in years.

Mars significantly increased its visibility by sponsoring major global sports events, including the World Cup, the Asian Games, and the Olympics. During the 1984 Los Angeles Olympics, Mars Inc. announced that its M&M's and SNICKERS became the "Official Snack Foods of the Olympic Games."²³⁰ The 1984 Olympics was a symbolic event to the U.S., occurring during the Cold War. Organizers sought to show the world the U.S.'s abundance, compared to the Soviet Union,²³¹ which hosted the previous Olympic Game in Moscow. Food played a central role, and the Olympic Committee struck a deal with Mars to provide M&M's and SNICKERS bars as the official snack. Mars supplied free candies to the athletes and officials and contributed more than \$4 million to the event. As a return, Mars was given the exclusive rights to promote its candy as the official Olympic snack food.²³² Despite the controversy that this marketing campaign bring to the nutritionists, as many of them thought such labels were deceiving for disparate effects of high-fat, high-sugar foods on athletes versus the average TV viewers, "little kids [figured] that if they eat SNICKERS or M&Ms they will become athletes."

During the Olympics, M&M's also launched a 44-card "Olympic Heroes" trading card set, highlighting the greatest Olympians in history. The set, branded with M&M's logos on each card,²³³ was available via a mail-in offer for \$2 and 10 M&M's wrappers.²³⁴ This strategy encouraged customers to consume Mars products. Taking into account the addictive characteristics of sugar and fat, which are the main ingredients of Mars products, these purchases would bring in new customers and reinforce the addiction of existing customers.

²²⁷ M&M'S Stores. <https://www.mms.com/en-us/explore/mms-stores>

²²⁸ New M&M'S® Store Brings Colorful Moments. <https://www.prnewswire.com/news-releases/new-mms-store-brings-colorful-moments-more-smiles-to-walt-disney-world-resort-visitors-at-disney-springs-301225800.html>

²²⁹ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

²³⁰ Our History - Mars Global. <https://www.mars.com/about/history>

²³¹ How The 1984 Olympics Changed Food For The Games Forever. <https://www.chowhound.com/1634235/1984-olympic-games-food/>

²³² Nutritionists Soured by Olympic Candy Endorsement. <https://www.upi.com/Archives/1983/12/06/Nutritionists-soured-by-Olympic-candy-endorsement/2304439534800/>

²³³ Our History - Mars Global. <https://www.mars.com/about/history>

²³⁴ History's Greatest Olympians Set Features Big Named Athletes. <https://sportscollectorsdigest.com/cards/greatest-olympians-card-set>

Figure 26-1: M&M's Ad Los Angeles Olympics 1984²³⁵



Figure 26-2: M&M's Olympic Trading Cards 1984²³⁶



²³⁵ Our History - Mars Global. <https://www.mars.com/about/history>

²³⁶ History's Greatest Olympians Set Features Big Named Athletes. <https://sportscollectorsdigest.com/cards/greatest-olympians-card-set>

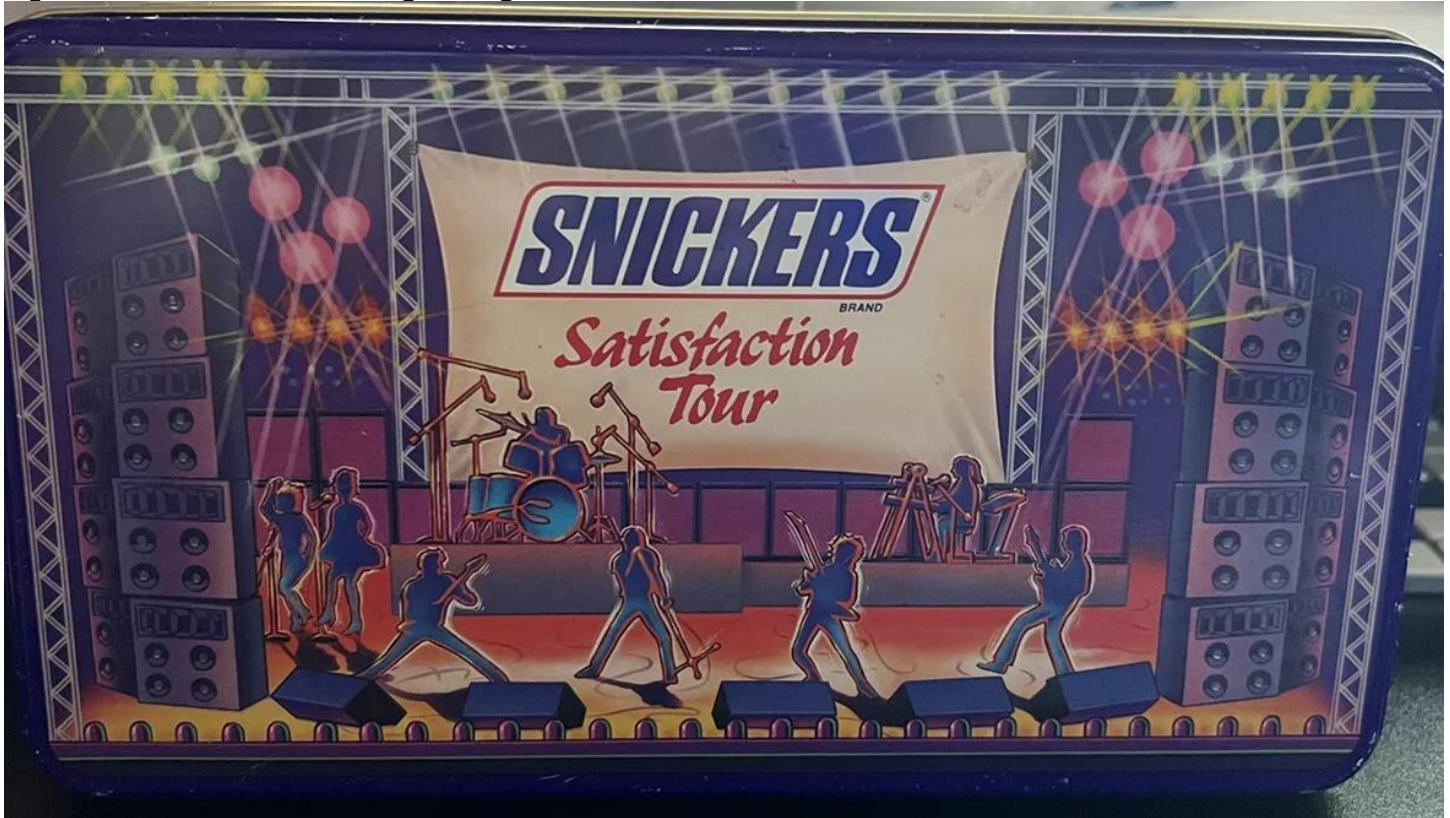
Note:

1. Trading cards that M&M's made had its logo on each card, which is different from the previous version.

Mars continues to sponsor other world-class events. For example, during the 1994 FIFA World Cup, SNICKERS gained exposure to an estimated 34 billion viewers worldwide as a major sponsor.²³⁷ Similarly, Mars sponsored the 1996 UEFA European Football Championship, running promotional campaigns across Europe. For many years, Mars has worked to associate its candy with health and energy-producing snack, rather than a fattening, tooth-decaying, and unhealthy junk food,²³⁸ most notably through its sponsorship of global sports events such as the Olympic Games, the World Cup, and the Super Bowl. The company has successfully established SNICKERS as a standalone sponsorship brand.²³⁹

In addition to health, Mars has also linked SNICKERS with satisfaction, fostering an emotional connection with consumers. For years, SNICKERS used the slogan "Snickers Satisfies," though the origin of this slogan is unknown. The company even sought to license the Rolling Stones' hit song "Satisfaction" to reinforce its branding. The publisher and the owner of the rights of "Satisfaction" stated that "We turned [Mars] down and turned them down... they offered us an amount I felt was difficult to refuse."²⁴⁰

Figure 27: SNICKERS Promoting Rolling Stones Satisfaction Tour Collectable Tin 1991²⁴¹



In 2010, SNICKERS launched its iconic "You're Not You When You're Hungry" campaign during Super Bowl XLIV.²⁴² The ad, featuring Betty White, was widely regarded as one of the best commercials of the year, topping USA Today's Ad Meter. Since the campaign, "You're Not You When You're Hungry" catchphrase has become one of the most famous brand

²³⁷ Case Study 6. Marketing Communication A Critical Introduction.

<https://books.google.com/books?id=T2VO0nKqYOMC&pg=PT141#v=onepage&q&f=false>

²³⁸ Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

²³⁹ Case Study 6. Marketing Communication A Critical Introduction.

<https://books.google.com/books?id=T2VO0nKqYOMC&pg=PT141#v=onepage&q&f=false>

²⁴⁰ Rolling Stones Songs in Advertising. <https://ew.com/article/1991/02/08/rolling-stones-songs-advertising/>

²⁴¹ Vintage 1991 Snickers Promoting Rolling Stones Satisfaction Tour Collectable Tin. <https://www.ebay.com/itm/175876908239>

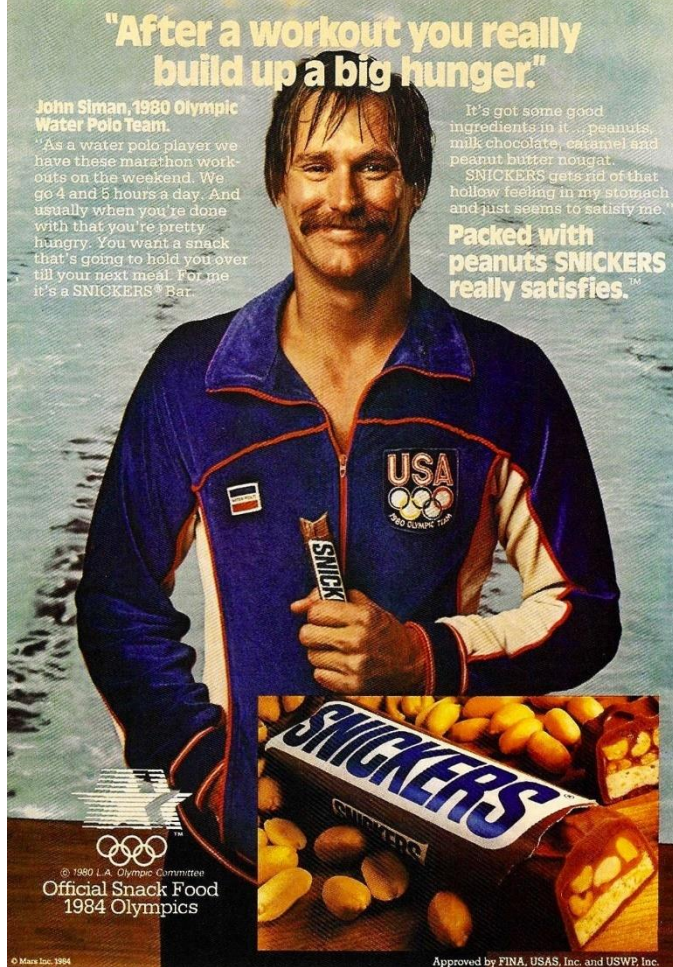
²⁴² BBDO New York Creates You're not you when you're Hungry Campaign for Snickers with Betty White.

<https://www.thedrum.com/news/2016/03/31/2010-bbdo-new-york-creates-youre-not-you-when-youre-hungry-campaign-snickers-with>

slogans.²⁴³ The campaign, which humorously depicted people acting out-of-sorts due to hunger, struck a chord with audiences. It has since expanded to over 80 countries in various forms, delivering memorable moments such as the 2015 Super Bowl spot featuring Danny Trejo as a hungry Marcia Brady. The campaign's enduring success across geographic regions highlights SNICKERS' ability to create timeless and boundaryless connections through humor and relatability.

The link between SNICKERS bars and songs of one of the most popular rock bands in history, as well as some of the world's most popular events create strong connections to the audience across generations. In 2024, Mars continues to emphasize SNICKERS' role in satisfying hunger during challenging moments. A campaign targeting travelers featured ads about staying on track amid the chaos of airports and travel disruptions. The Chief Brand Officer for Mars Snacking stated, "For nearly 20 years, SNICKERS has been the satisfying solution for moments when hunger has us feeling out-of-sorts... this campaign captures those increasingly and absurdly relatable instances we've all encountered traveling and reminds hungry travelers to grab a SNICKERS, to help keep them on track as they navigate the turbulent skies of travel."²⁴⁴

Figure 28-1: SNICKERS Bar Print Ad Los Angeles Olympics 1984²⁴⁵



²⁴³ BBDO New York Creates You're not you when you're Hungry Campaign for Snickers with Betty White.

<https://www.thedrum.com/news/2016/03/31/2010-bbdo-new-york-creates-youre-not-you-when-youre-hungry-campaign-snickers-with>

²⁴⁴ SNICKERS Satisfies Again with New Campaign That Profiles The Out-of-Sorts Behavior of Passengers Trying to Navigate The Friendly Skies. <https://www.mars.com/news-and-stories/press-releases-statements/snickers-hungry-skies-new-campaign>

²⁴⁵ SNICKERS Ad 1984. <https://www.pinterest.com/pin/snickers-bar-official-snack-food-of-1984-olympics-ad-246361042099717771/>

Figure 28-2: SNICKERS Ad²⁴⁶



Figure 28-3: SNICKERS Print Ad – Satisfaction²⁴⁷

“When practice kicks off his appetite, SNICKERS® satisfies him. And me.”

I want to give my quarterback a good snack. And when he comes home from practice, he has one goal. Filling up. So he grabs a SNICKERS® Bar.

The peanuts and peanut butter nougat make it a wholesome, filling snack. And, covered with caramel and milk chocolate, SNICKERS® has a taste he really loves. Then it's dated for freshness, so I know SNICKERS® has no preservatives.

That helps me know that SNICKERS® not only tackles my hero's hunger but also satisfies my need to give him something good.

“Packed with peanuts, SNICKERS really satisfies!”®

A vintage print advertisement for SNICKERS. The main image shows a woman in a blue jacket and a young man in a yellow and green football jersey sitting on stone steps. The man is holding a SNICKERS bar. A white dog is sitting on the steps next to them. In the foreground, there is a large SNICKERS 6 PACK bar and some loose peanuts. The background is a simple outdoor setting with a door and a window.

²⁴⁶ Facts About SNICKERS. <https://www.snickers.com/our-story>

²⁴⁷ Snickers Candy Bars, Full Page Vintage Print Ad. <https://www.ebay.com/itm/374762681816>

Both M&M's and SNICKERS have established emotional ties with consumers through strategic branding. M&M's uses its beloved characters, merchandise, and holiday themes to evoke joy and togetherness, creating strong associations with celebrations and special occasions. These characters, which have remained consistent for decades, serve as nostalgic figures for older customers while delighting and attracting new generations. Mars has also built SNICKERS into a brand associated with satisfaction and energy, leveraging humor, music, and global events to foster emotional connections. Studies have shown SNICKERS' brand equity to be significant. **A 1991 study revealed that in a blind taste test of six different chocolate bars, participants preferred the SNICKERS bar based on flavor. When the brand names were revealed, SNICKERS' rating increased significantly. Conversely, one competitor's chocolate bar, Cadbury's, was rated lower once its name and wrapper were shown.**²⁴⁸

Mars Inc.'s marketing innovations, from memorable ad campaigns and global sponsorships to flagship stores and immersive experiences, have solidified its brands as cultural icons. **By aligning Mars products with celebrations, global events, and timeless themes such as satisfaction and joy, the company has created enduring connections with audiences across generations and geographies.**

²⁴⁸ Case Study 6. Marketing Communication A Critical Introduction.

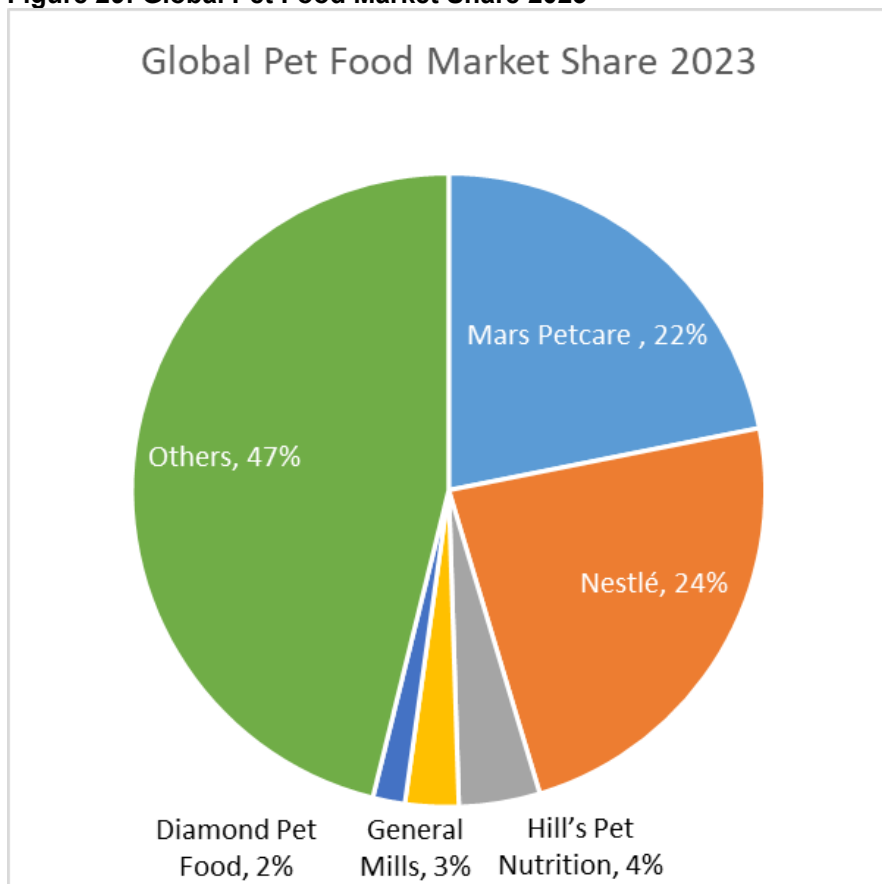
<https://books.google.com/books?id=T2VOOnKqYOMC&pg=PT141#v=onepage&q&f=false>

Pet Business

Mars Inc.'s pet care segment stands as a cornerstone of the company's diverse business portfolio, which also includes snacking, food and nutrition, and global services. **By 2023, Mars Petcare generated nearly \$30 billion in revenue, accounting for 59% of the company's overall sales, with operations spanning over 130 countries.**²⁴⁹ While the breakdown between pet products and veterinary services remains undisclosed, **former employees suggest that Mars Petcare is the most lucrative division within the company.**²⁵⁰

Mars has established itself as the largest pet care company globally, particularly in the pet food sector. Although exact market share figures are difficult to verify due to Mars' private status, industry reports consistently position Mars and Nestlé as the top pet food companies in the world. Based on our estimation, **Mars Petcare and Nestlé Purina PetCare are the leaders in the global pet food market, each commanding an estimated 22-24% share as of 2023,**²⁵¹ followed by Hill's Pet Nutrition 4%, General Mills 3%, and Diamond Pet Foods 2%. Nestlé Purina's 2023 revenue stood at \$21.5 billion, while Mars Petcare was estimated at approximately \$20 billion, followed by Hill's Pet Nutrition at \$3.8 billion, General Mills at \$2.5 billion, and Diamond Pet Foods \$1.5 billion.²⁵²

Figure 29: Global Pet Food Market Share 2023



Note:

1. The above market share data is estimated by the author based on information collected from different sources.²⁵³

²⁴⁹ Mars Petcare. <https://www.mars.com/our-brands/petcare>

²⁵⁰ Interview with Former Global Flavor Innovation Manager at Mars. 6/12/2023.

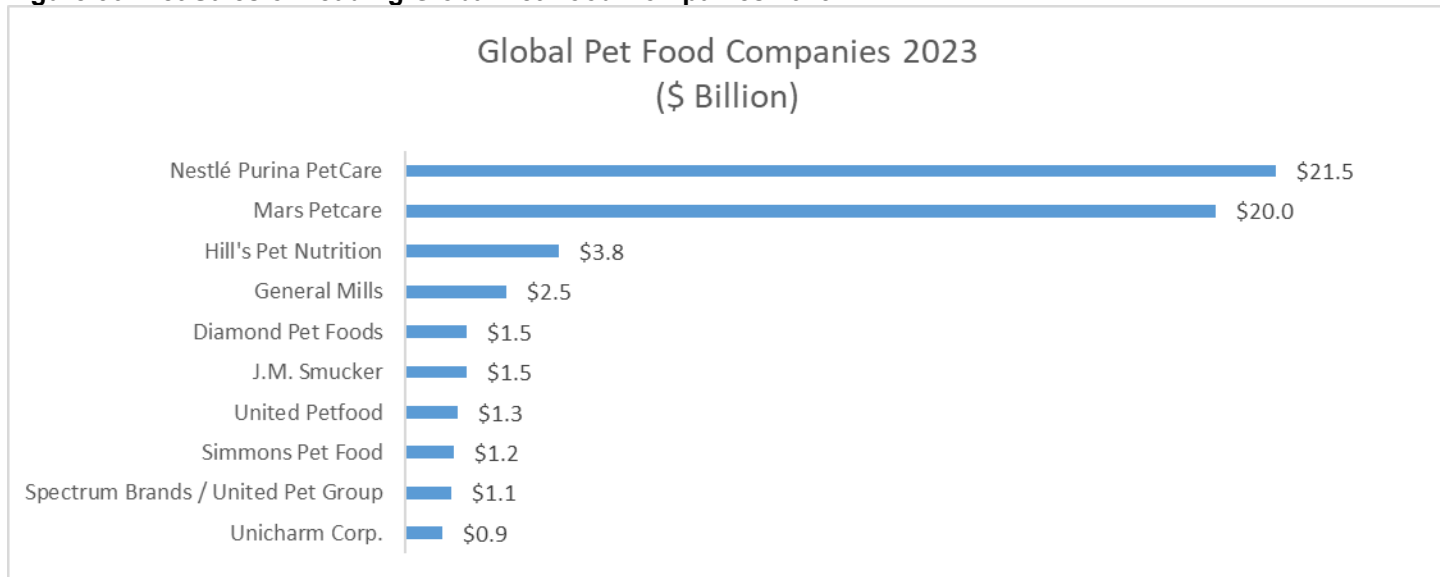
²⁵¹ Global Pet Food Market on Track to \$137 billion. Pet Food Processing. <https://www.petfoodprocessing.net/articles/16872-global-pet-food-market-on-track-to-137-billion>; Top Pet Food Companies. Pet Food Industry. <https://www.petfoodindustry.com/top-pet-food-companies>

²⁵² Purina rises to #1 of top 10 pet food companies in 2023. <https://www.petfoodindustry.com/top-pet-food-companies/article/15677788/purina-rises-to-1-of-top-10-pet-food-companies-in-2023>

²⁵³ Global Pet Food Market on Track to \$137 billion. Pet Food Processing. <https://www.petfoodprocessing.net/articles/16872-global-pet-food-market-on-track-to-137-billion>; Top Pet Food Companies. Pet Food Industry. <https://www.petfoodindustry.com/top-pet-food-companies>

Of the overall pet industry, Bloomberg estimated the market size was \$320 billion in 2023,²⁵⁴ indicating that Mars Petcare nearly \$30 billion overall sales that include both pet food and diagnostics around 10% global market share, while Nestlé's \$21.5 billion (18.9 billion Swiss Franc²⁵⁵) at less than 7%.

Figure 30: Net Sales of Leading Global Pet Food Companies 2023²⁵⁶



Mars Petcare's operational model mirrors the decentralized structure of its confectionery business, allowing individual units to explore markets independently. This flexibility has fostered strategic partnerships and innovative growth strategies.

One notable partnership is with PetSmart, where Mars operates more than half of its 1,000 Banfield Pet Hospital locations within PetSmart stores.²⁵⁷ These clinics offer general veterinary services such as vaccinations, microchipping, dental care, and surgery. Mars also collaborates with Hilton Hotels, providing on-demand virtual services for guests with traveling pets at over 4,600 Hilton properties in the U.S. and Canada. These services include consultations with behavior specialists from Camp Bow Wow and veterinary experts from Banfield, BluePearl, and VCA animal hospitals.²⁵⁸

Mars employs both roll-up acquisitions, and de novo launches (launching new clinics) to expand its veterinary footprint. Banfield practices, often located within PetSmart stores, are predominantly de novo operations, while BluePearl and VCA represent roll-up strategies.²⁵⁹ Since acquiring BluePearl in 2015 and VCA in 2017, Mars has significantly expanded their presence. BluePearl has doubled to over 100 hospitals, while VCA has grown by 25%, reaching more than 1,000 locations as of 2024. BluePearl was the largest chain of specialty and emergency veterinary clinics in the U.S. at the time of its acquisition.²⁶⁰ Mars also strengthened its presence in the U.K. with the 2018 acquisition of Linnaeus Group, one of the leading veterinary care providers in the country.

²⁵⁴ Global Pet Industry To Grow To \$500 Billion By 2030, Bloomberg Intelligence Report Finds. Bloomberg.

<https://www.bloomberg.com/company/press/global-pet-industry-to-grow-to-500-billion-by-2030-bloomberg-intelligence-finds/>

²⁵⁵ Nestlé Annual Report 2023.

²⁵⁶ Top Pet Food Companies. Pet Food Industry. <https://www.petfoodindustry.com/top-pet-food-companies>

²⁵⁷ Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>

²⁵⁸ Hilton Expands Pet-Friendly Offerings and Mars Petcare Partnership to More Than 4,600 Hotels Across the U.S. and Canada.

<https://stories.hilton.com/releases/hilton-expands-pet-friendly-offerings-and-mars-petcare-partnership-to-hotels-across-us-canada>

²⁵⁹ Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>; About Us VCA. [https://vcahospitals.com/about-](https://vcahospitals.com/about-us#:~:text=Kerl%20oversees%20medical%20operations%20at,1%2C000%20small%20animal%20veterinary%20hospitals; Job)

[us#:~:text=Kerl%20oversees%20medical%20operations%20at,1%2C000%20small%20animal%20veterinary%20hospitals; Job](https://vcahospitals.com/about-us#:~:text=Kerl%20oversees%20medical%20operations%20at,1%2C000%20small%20animal%20veterinary%20hospitals; Job)

Locations BluePearl Pet Hospital Careers.

<https://careers.bluepearlvet.com/us/en/locations#:~:text=BluePearl%20Locations&text=Wherever%20you%20want%20to%20go,pet%20hospitals%20across%20the%20country>

²⁶⁰ Mars is Bigger than Coca-Cola as the Candy Company Gets into The Pet Care Business. Fortune.

<https://fortune.com/2022/06/22/mars-coca-cola-grant-reid-pet-care/>

Unlike private equity firms that often hold assets for 4 – 7 years before selling, Mars retains its acquisitions long-term. **Since the 1990s, Mars has made approximately 30 acquisitions, primarily in veterinary clinics and hospitals outside the U.S., and has offloaded assets only twice since 2015.**²⁶¹ A person close to the company emphasized that Mars is “not interested in growth for growth’s sake.” The company balances financial goals with nontraditional metrics such as greenhouse gas reduction, underscoring its commitment to responsible growth. “We want to grow in the right way: growing the business responsibly and making a real difference to people, pets, and the planet. We are not about financial engineering to maximize profit, then sell again,” stated by a Mars employee.²⁶²

Instead of being a pioneer in new products and go ahead of everybody, Mars Petcare adopts a measured approach to innovation, preferring to study markets carefully before acting.²⁶³ While the company is rarely a first mover, it aggressively enters markets once trends are established and competitors have developed and launched their products. This cautious yet determined strategy allows Mars to capture a significant market share without undue risk.

In terms of marketing pet products, Mars has a dedicated team (i.e., consumer market insight) to collect data of the current market trend and come up with compelling stories and how to package them. Mars also sells pet products through e-commerce platforms such as Amazon and traditional retailers such as Walmart. This omnichannel strategy ensures that Mars products are accessible to a broad range of consumers. Most importantly, Mars leverages its network of veterinarians such that when pet owners take their pets to the veterinarian,²⁶⁴ not only do their pets get veterinary services from one of Mars clinics, but also receive a recommendation of the diet for their pets, for example, a Royal Canin diet.

Mars Petcare boasts a diverse portfolio of over 50 brands catering to various consumer preferences and pet needs including iconic brands such as CESAR, Royal Canin, PEDIGREE, WHISKAS, GREENIES, and TEMPTATIONS. Recent acquisitions have further bolstered Mars’ offerings. In 2022, Mars acquired Nashville-based NomNomNow, a direct-to-consumer fresh pet food company, for an estimated \$1 billion by Bloomberg,²⁶⁵ as well as Canada-based Champion Petfoods, known for premium brands ORIJEN and ACANA, for an estimated \$2 billion.²⁶⁶ Both acquired companies are privately held, and limited details have been disclosed regarding the terms of the acquisitions.

Mars also invests heavily in research through the Waltham Petcare Science Institute, founded in 1965 in the U.K.²⁶⁷ The institute focuses on disease prediction, prevention, and weight management, aligning with veterinary needs and strengthening Mars’ credibility within the veterinary network. Additionally, brands like Royal Canin and Eukanuba offer therapeutic and performance-based nutrition for pets with specific health concerns, such as allergies, weight control, or dental issues. These solution-based diets cater to a level of granularity that generic supermarket brands cannot match.

Mars Petcare has cemented itself as a global leader in the pet industry through strategic acquisitions, innovative partnerships, and a commitment to quality and responsible growth. Its diversified brand portfolio, coupled with its extensive veterinary network, positions Mars brands as trusted names for both pet owners and professionals. By balancing careful market analysis with bold moves, Mars continues to set the standard for excellence in the pet care sector.

Ownership Structure

Mars Inc. has been owned by the Mars family since its founder, Frank Mars, began making and selling buttercream candy from his kitchen in Tacoma, Washington, in 1911. After Frank Mars passed away in 1934, and Forrest Mars Sr. retired in 1969, the company was led by his children, Forrest Mars Jr., John Mars and Jacqueline Badger Mars, who together led

²⁶¹ Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>; About Us VCA. [<https://careers.bluepearlvet.com/us/en/locations#:~:text=BluePearl%20Locations&text=Wherever%20you%20want%20to%20go,pet%20hospitals%20across%20the%20country>](https://vcahospitals.com/about-us#:~:text=Kerl%20oversees%20medical%20operations%20at,1%2C000%20small%20animal%20veterinary%20hospitals; Job Locations BluePearl Pet Hospital Careers.</p></div><div data-bbox=)

²⁶² Candy Maker Mars is the Biggest Provider of Vet Care in the Country. Fortune. <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>

²⁶³ Interview with Former Global Flavor Innovation Manager at Mars. 6/12/2023.

²⁶⁴ Interview with Former Global Flavor Innovation Manager at Mars. 6/12/2023.

²⁶⁵ Mars Acquires Fresh Pet Food Company Nom Nom for \$1 billion. <https://www.bizjournals.com/nashville/news/2022/01/19/mars-inc-nomnomnow-acquisition.html>

²⁶⁶ Mars Adds to Large Pet Food Portfolio with Champion Deal. <https://www.petfoodindustry.com/pet-food-market/blog/15469279/mars-adds-to-large-pet-food-portfolio-with-champion-deal>

²⁶⁷ Our Heritage Timeline of Our History – WALTHAM. <https://www.waltham.com/about-waltham/our-heritage>

the globalization of the company.²⁶⁸ For some period, they shared the role of chief executive, dividing responsibilities based on their respective areas of interest.²⁶⁹ Since 2001, the company has been managed by a non-family executive team,²⁷⁰ although members of the Mars family have continued to serve on the board, including as chairpersons.²⁷¹

The century-old company has played a key role in building the Mars family's reported \$117 billion fortune, estimated by Forbes in 2024, ranking it as America's second-richest family, after the Walton family, which was estimated to have \$267 billion. Renowned for its secrecy, the Mars family has kept the company both "notoriously private" and "anonymous."²⁷²

While Mars's products are among the best-known household names, the company itself remains secretive. Its culture of secrecy dates back to Forrest Mars Sr., who patented the process for producing Ben's Original rice. During World War II, military leaders sought to overturn the patent to ensure a steady supply for troops, but Forrest refused. The war ended before he could be forced to relinquish his rights.²⁷³

Since its founding during the 1910s and early 1920s, Mars Inc has maintained its privacy. Requests for business information are routinely ignored, and family members avoid the press, shun the spotlight, and refuse to be photographed. This emphasis on secrecy extends across all Mars divisions and its employees worldwide, who are not permitted to discuss their work with outsiders.²⁷⁴ In 1992, nearly 80 years after its founding, the Mars family agreed to grant interviews to The Washington Post. However, the journalist later recalled that after The Washington Post published her article, Mars fired its public relations consultant at the time and paid the newspaper's freelance photographer \$20,000 for the rights to the photos to ensure they would never be reused. Since then, the company has declined all requests for interviews.²⁷⁵

According to the journalist, Forrest Mars Jr. once spoke at Duke University that the ability to be secretive "is one of the finest benefits of having a private company... [it] allows us to do the very best we can, the very best we know how, and to do so without being concerned with self-aggrandizement."²⁷⁶

It was only until recent years that Mars Inc. became less secretive to the public. Stephen Badger, a former chairman at Mars Inc and also the great-grandson of Frank Mars, stated in a 2018 interview that the reason for the gradual change was that:

"for most of our history, in fact ... for 99% of our history, we've chosen not to be in the public eye, and we've really wanted our brands to engage consumers. And yet times have changed... Consumers do want to know more about not only the brands that they're buying, but the company that is behind them... There are a range of issues that are very serious facing the world and that are a direct threat to our business if not addressed, as well as a threat to the planet overall. So whether that is issues like climate change or labor issues in our supply chain or diversity and inclusion or health and well-being, these are really key issues that are significant challenges as well as

²⁶⁸ The Story of Mars. <https://web.archive.org/web/20130221144350/http://www.mars.com/global/about-mars/mars-pia/our-approach-to-business/story-of-mars.aspx>

²⁶⁹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁷⁰ Our History - Mars Global. <https://www.mars.com/about/history>

²⁷¹ Grant F. Reid Decides to Hand Over The Reins as Mars CEO after Nearly A Decade. <https://www.mars.com/news-and-stories/press-releases-statements/grant-f-reid-hands-over-reins-as-mars-ceo>; The Mars Compass Provides Direction & Transparency. <https://www.mars.com/about/mars-compass>

²⁷² Meet the Mars Family, America's Second-Wealthiest, of M&M's Fame. Business Insider. <https://www.businessinsider.com/mars-inc-family-fortune-net-worth-lifestyle-snickers-twix-2019-3#the-mars-familys-117-billion-fortune-is-rooted-in-its-family-owned-candy-empire-mars-inc-1>; Mars Family Net Worth. Forbes. <https://www.forbes.com/profile/mars-1/>

²⁷³ Meet the Mars Family, America's Second-Wealthiest, of M&M's Fame. Business Insider. <https://www.businessinsider.com/mars-inc-family-fortune-net-worth-lifestyle-snickers-twix-2019-3#the-mars-familys-117-billion-fortune-is-rooted-in-its-family-owned-candy-empire-mars-inc-1>

²⁷⁴ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁷⁵ Chapter 3. The Emperors of Chocolate.

²⁷⁶ Chapter 3. The Emperors of Chocolate.

opportunities to our business... We have the luxury, if you will, of not being subject to the quarterly stock market and the impatience that it has and the severity of focus that it puts upon earnings"²⁷⁷

However, the company does not release any financial information publicly. Badger reaffirmed the company's 100% commitment to remaining private, emphasizing that this approach provides flexibility and supports a long-term perspective.

Pamela Mars, one of Forrest Mars Sr.'s daughters and also the former chairwoman of the board, stated that "The philosophy of the family and the philosophy of the business is that it's a family business... More importantly, it's a privately held business and that's the way that we'd like to keep it."²⁷⁸

Mars Inc. is financially conservative. In 1992, the company claimed to be almost entirely debt-free, having funded its growth into a multinational company with its own cash.²⁷⁹ The family stated they would only borrow money on a short-term basis and have even passed on promising acquisition opportunities when they thought they could not finance the deals internally.

Culture, Employees, and Operations

Since assuming the role of CEO in 2022, Poul Weihrauch has emphasized Mars, Inc.'s steadfast commitment to its workforce, known internally as "associates" rather than "employees." This terminology reflects the company's emphasis on mutual respect and a higher level of relationship. Drawing on over two decades of personal experience at Mars, Weihrauch highlights the unparalleled access to training and mentorship he has received, which far exceeds what he encountered at other companies.²⁸⁰

Mars, Inc. operates with a distinctive culture of frugality and minimal hierarchy.²⁸¹ **At its McLean, Virginia headquarters, all associates, including the CEO, punch in daily and are even eligible for a 10% bonus for perfect punctuality.** Corporate perks such as private offices, company cars, reserved parking, or executive washrooms are deliberately absent. In fact, the four Mars siblings, who jointly led the company in the 1990s, shared one secretary and worked in an open office, making the headquarters feel more like a modest back office than a center of a global, multibillion-dollar empire.

Status symbols are discouraged across the organization. No one has a private office; everyone handles their own photocopies, calls, and flights, always flying commercial and avoiding first class. Bureaucracy is tightly controlled, with memos prohibited, meetings held only when necessary, and lengthy presentations deemed a waste of time. The Mars management team thinks that it is a waste of time to spend two to three hours on presentation, which could get the company somewhere else utilizing the same time thinking about strategies.²⁸²

²⁷⁷ Mars Chairman Stephen Badger Reveals Details About Company Future. Business Insider.

<https://web.archive.org/web/20240520215247/https://www.businessinsider.com/mars-chairman-stephen-badger-reveals-details-about-company-future-2018-5>

²⁷⁸ Meet the Mars Family, America's Second-Wealthiest, of M&M's Fame. Business Insider. <https://www.businessinsider.com/mars-inc-family-fortune-net-worth-lifestyle-snickers-twix-2019-3#the-mars-familys-117-billion-fortune-is-rooted-in-its-family-owned-candy-empire-mars-inc-1>

²⁷⁹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁸⁰ Meet the Mars Family, America's Second-Wealthiest, of M&M's Fame. Business Insider. <https://www.businessinsider.com/mars-inc-family-fortune-net-worth-lifestyle-snickers-twix-2019-3#the-mars-familys-117-billion-fortune-is-rooted-in-its-family-owned-candy-empire-mars-inc-1>

²⁸¹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁸² Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

Everyone, including the family members of Mars, work on a first-name basis. By 1992, the McLean headquarters employed just 51 people, including the management team, while the company had over 28,000 employees worldwide.²⁸³

Despite its flat structure, major decisions, such as product launches, require the approval of the Mars family. A former executive noted that “The brothers really don’t know how to delegate... Sure, they give you responsibility. But they keep the authority. In the end, you realize, you’ll never make your own decisions.”²⁸⁴ While some employees stated otherwise that the Marses “have the final say on business decisions, but that doesn’t mean they control every little part of the business. They’re open to ideas – you just have to prove your case... It is their money.”

In 1991, more than half a dozen top executives, each with an average tenure of 25 years, left Mars Inc. While the reasons for their departures were not explicitly detailed, a shared sentiment among them was that, although they loved and respected the company and appreciated the contributions of the Mars brothers to employees, they felt the leadership struggled with sharing power.²⁸⁵ While no details were provided, turnover at Mars has traditionally been low.

Although younger generations of the Mars family were outwardly treated no differently from other employees, it was widely understood that they would eventually assume control of the company. One former employee, who had overseen Mars’ pet food operations for 25 years, explained his decision to leave, stating that he “had gone as far as [he] could.”²⁸⁶

We believe that efforts to retain long-tenured talent contributed to the company’s decision to appoint a non-family executive team to manage the company entering the 2000s. However, members of the Mars family have continued to play significant roles on the board, including serving as chairpersons²⁸⁷

Employee compensation at Mars Inc. is closely tied to the company’s performance. When sales soar, bonuses can range from five to fifteen weeks’ salary.²⁸⁸ Conversely, when sales decline, so does income. **Nearly all profits are reinvested into the business, reflecting the company’s long-term focus.** The management team earns modest salaries, while members of the Mars family receive only nominal dividends. In 1992, John Mars, Forrest Mars Jr., and Jacqueline Mars each reportedly earned \$1 million, a relatively modest figure for executives of a company of Mars’s size, placing them among the lowest-paid leaders in corporate America. Employee salaries, however, were positioned at the 90th percentile compared to other top global companies.²⁸⁹ In addition, Mars operates with only six pay tiers. Vice presidents across all functions receive similar salaries, making it easier to transfer employees across business units and roles. According to a Fortune magazine report in 1967, the company has a policy of paying at least 10% more than other employers for comparable jobs in each of its plants.²⁹⁰

A long-time employee of Forrest Mars Sr. recalled that Forrest had an “uncanny business sense” and was absolutely dedicated to products. However, he was also known as a cruel and demanding boss, with few people willing

²⁸³ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁸⁴ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

²⁸⁵ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

²⁸⁶ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

²⁸⁷ Grant F. Reid Decides to Hand Over The Reins as Mars CEO after Nearly A Decade. <https://www.mars.com/news-and-stories/press-releases-statements/grant-f-reid-hands-over-reins-as-mars-ceo>; The Mars Compass Provides Direction & Transparency.

<https://www.mars.com/about/mars-compass>

²⁸⁸ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁸⁹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁹⁰ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

to work under his strict leadership. To attract top talent, he paid his managers three to four times what other companies offered but demanded total devotion in return.²⁹¹ Employees were expected to work long hours, often 12 to 14 hours a day. Forrest tied all salaries, including his own, to corporate performance, ensuring everyone shared the burden and rewards.

When Forrest Mars Sr. took control of his father's business in the 1960s, he set up Mars Candy Division, while at the same time, his company was also involved in business in pet care and food. His shared with managers his philosophy centered on the product as the heart of the business because "that's what consumers buys...and that's what creates profit. And profit is our single objective."²⁹² In line with his vision, Forrest Sr. dismantled the executive dining room, fired the chef, tore down office partitions, and sold the corporate helicopter, as he believed that there should be as little difference as possible among employees.²⁹³ He increased employee salaries by 30%, replaced annual compensation with performance-based incentives, and required all employees to punch in their timecards.

Forrest Mars Sr. prioritized sales volume growth as the principle objective of his business, with the primary metrics of performance across every division and every manager being return on total assets used in the business (ROTA), which is calculated as (EBIT + rent on leased assets + Depreciation) divided by the original cost (not the depreciated), of all purchased and leased assets,²⁹⁴ though none of such information has been available to the public over its course of development. The company established a pre-tax return on total assets of 22% as its target such that any number less than that means profits drop, higher than that probably means too little might have invested in advertising or R&D that could have increase sales volume. While yearly fluctuations were permitted due to external factors, the long-term goal was to consistently achieve the 22% return.²⁹⁵ Furthermore, the company tied both ROTA and sales volume growth directly to employee compensation, with a heavier emphasis on ROTA. If the division's ROTA (measured using a moving average) fell below the 22% target, paychecks for all salaried employees in that division were reduced. When performance improved and the 22% target was met or exceeded, employees' paychecks increased accordingly.

Despite being a critical boss, the Mars family themselves worked really hard. Forrest Sr.'s children, Forrest Jr. and John Mars, inherited his work ethic. Both spent approximately over 70% of their time traveling to oversee global operations and frequently worked 80-hour weeks when in the office.²⁹⁶ However, unlike their father, the brothers were cautious about launching new products. They observed that most new ideas failed, particularly during the 1970s when health concerns about sugar were on the rise in the U.S. such as sugar promoting tooth decay. The brothers found that "the easiest way to avoid a lot of these failures is not to launch new products. The easiest way out is to grow through global expansion."²⁹⁷ Thus, they prioritized global expansion as the safer and more effective growth strategy.

Mars's approach to entering new markets was deliberate and incremental. The company sent one or two employees to assess opportunities and organize distribution. Over time, as operations grew, Mars increased its investment until the business unit became self-sufficient. Thanks to its flat organizational structure, Mars could easily recruit locals who aligned with its Five Principles. Some of these early hires, such as tour guides fluent in English and local languages, later

²⁹¹ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁹² Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁹³ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

²⁹⁴ This calculation was reported by Fortune in 1967. However, in the 1990s, the journalist from The Washington Post who interviewed Mars stated that the company used the current replacement value, instead of the original costs, for total assets, and expected pre-tax ROTA greater than 18%. The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>; Chapter 11. The Emperors of Chocolate.

²⁹⁵ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

²⁹⁶ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>; Chapter 3. The Emperors of Chocolate.

²⁹⁷ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

became key leaders in their respective local markets. **At one point, foreign-born Mars executives outnumbered Americans 2-to-1, a stark contrast to Nestlé, whose leadership was predominantly Swiss from the company's home country.**²⁹⁸

Mars, Inc. follows a philosophy that what works in one country can succeed in another, a belief demonstrated by Forrest Mars Sr. when he successfully introduced the Milky Way abroad. While the company keeps its operating units independent, its strategy has consistently aimed to make key products as multinational as possible. Managers are required to justify why their products should not go global, operating under the assumption that if Americans eat Uncle Ben's rice, consumers in other countries will too.²⁹⁹ **Although most of Mars's best-selling brands are sold worldwide, the company also tailors certain products to remain local.** This approach contrasts sharply with that of Nestlé, which typically enters new markets by acquiring local food companies or forming joint manufacturing agreements. Nestlé plans its marketing strategies, schedules mass production, and often brings in Swiss or German managers to oversee operations in new markets.

Some Mars employees attribute its conservative approach to the company's culture, noting that it is much easier to recruit local talent who are open to the company's Five Principles than to teach those values after acquiring a business. In addition, the Mars brothers were hesitant to spend the significant sums required for acquisitions, concerned that such investments could overextend the company or lead to debt.³⁰⁰

Since 1989, Mars Inc. has been inspired by the success of its pet care segment in the U.S., where it launched a variety of pet foods under the same names such as the Pedigree brand for dogs and Whiskas for cats. Within two years, the market share for these products doubled from 7%, demonstrating to the Mars brothers the potential for expanding other key brands within the company. Encouraged by this achievement, the Mars brothers accelerated product innovation, launching new offerings at the fastest pace since the Great Depression. For example, SNICKERS introduced Peanut Butter Snickers, while Kudos expanded into flavors such as Butter Almond Kudos and Cookies and Cream Kudos. Other popular brands such as Skittles and TWIX also debuted new varieties. Even M&M's launched three new flavors: peanut butter, almond, and mint.³⁰¹ In addition, Mars developed new products to compete locally with rivals such as Hershey.

Innovation extended across product lines as well. In 1989, the maker of the DoveBar created an ice cream version of 3 Musketeers, followed soon after by similar releases for Milky Way and SNICKERS products.

²⁹⁸ Planet of The M&M's Part One. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/e9daf119-3ec1-4432-91a9-f84979cc98ab/>

²⁹⁹ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

³⁰⁰ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

³⁰¹ Planet of The M&M's Part Two. The Washington Post.

<https://www.washingtonpost.com/archive/lifestyle/magazine/1992/04/12/planet-of-the-mms/996313ec-573b-430f-a97f-70d18cf8683b/>

Main Competitor – Hershey

A large part of Hershey's early history in the following section is from American Business History Center.³⁰² To avoid duplications, we do not footnote for every reference in this section.

Figure 31: Hershey's Brands³⁰³



For decades, Mars and Hershey have been fierce competitors in the U.S. market, not only as the largest players in the chocolate industry but also because their histories are deeply intertwined. As of 2023, Mars boasts a global revenue of \$50 billion, nearly 40% of which comes from snacks, including confectionery such as M&M's and SNICKERS bars. Meanwhile, Hershey has a revenue of \$11 billion, with over 80% derived from confectionery products sold primarily in North America, including some common household names such as Hershey's and Reese's.

From 1983 to 2023, Hershey has consistently allocated an average of 5% of its sales to advertising while keeping its R&D expenses below 1% of sales.

³⁰² Milton Hershey - Chocolate King, Confectioner, and Creator - Business History. The American Business History Center. <https://americanbusinesshistory.org/milton-hershey-chocolate-king-confectioner-and-creator/>

³⁰³ Our Brands. The Hershey Company. https://www.thehersheycompany.com/en_us/home/brands.html

Figure 32-1: Mars vs. Hershey Sales 2023

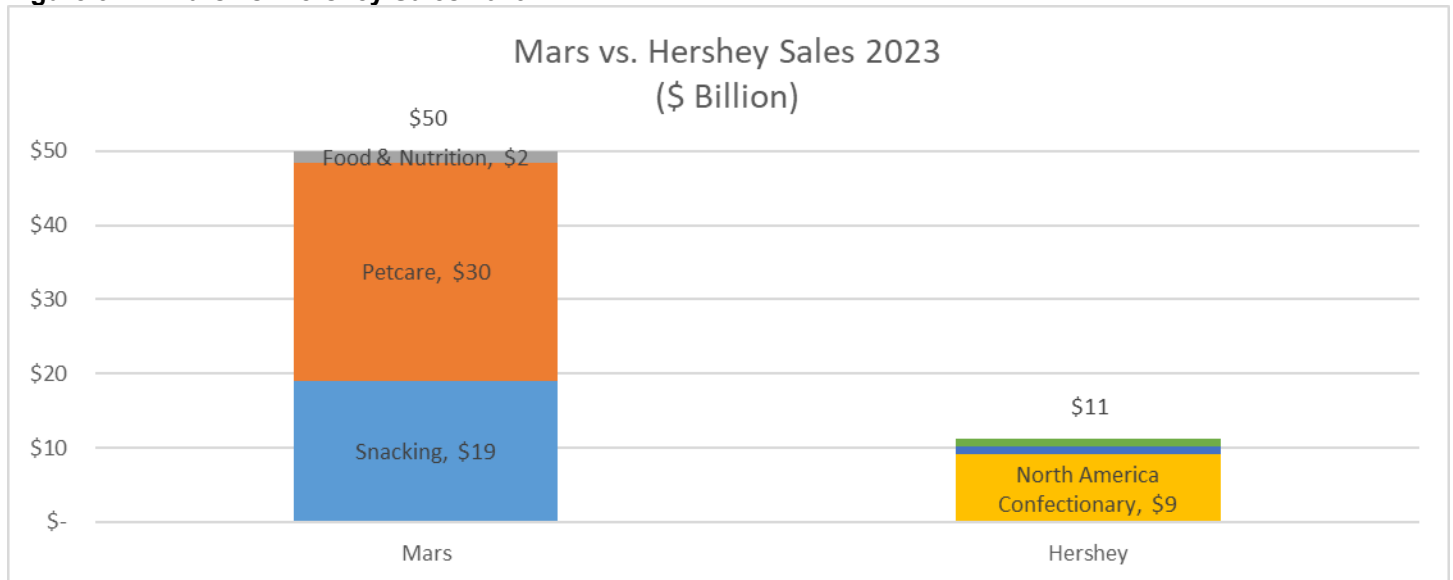
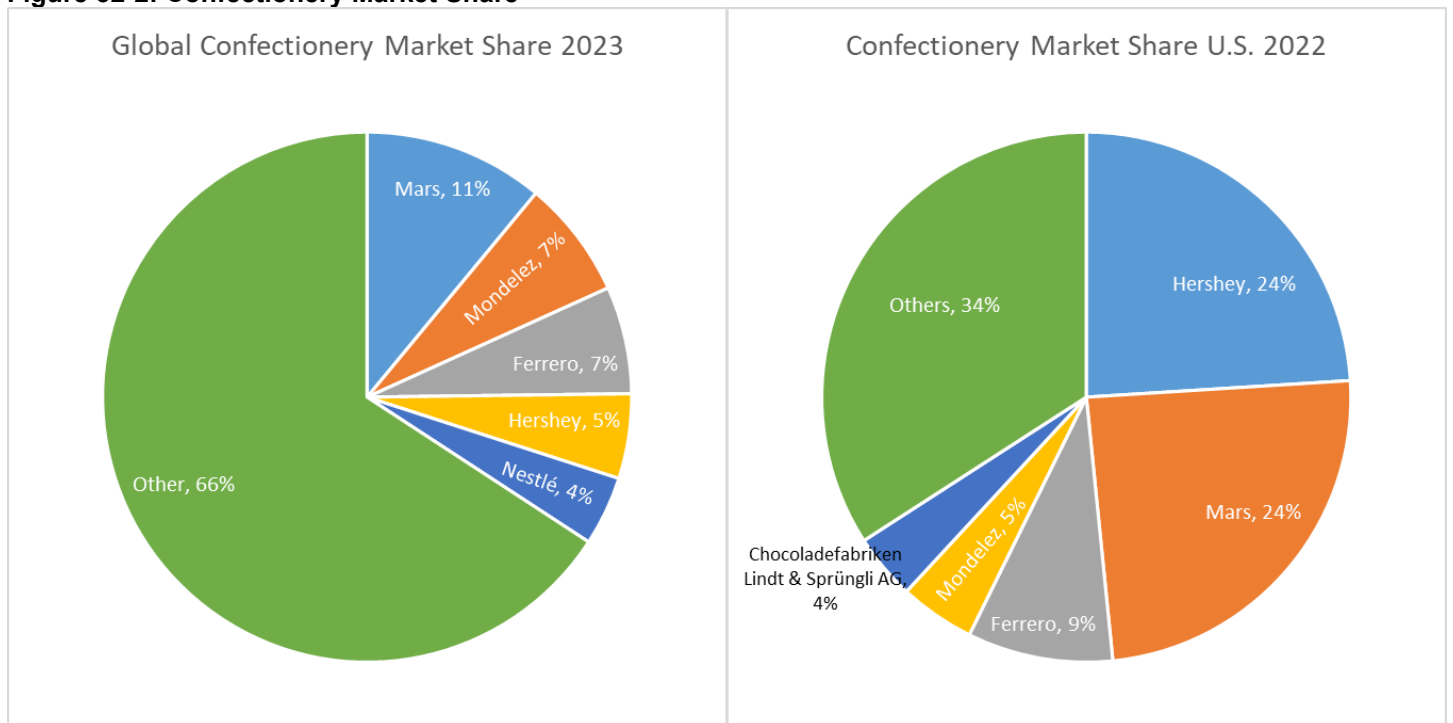


Figure 32-2: Confectionery Market Share³⁰⁴



Note:

1. The global market share data is estimated by the author based on information collected from different sources.

In 1894, at the age of 37, Milton Hershey founded the Lancaster Caramel Company in Lancaster, Pennsylvania, and established the Hershey Chocolate Factory as a subsidiary. Before venturing into chocolate, Hershey had spent over a decade in the candy business, including selling cough drops. While some of his early ventures failed, his last caramel business succeeded, thanks in part to William Murrie, a skilled salesman Hershey recruited from a Pittsburgh confectioner. Murrie later became president of Hershey in 1908.

Milton Hershey owned the majority of his company's stock, with shares held by relatives and a few others. To grow the chocolate subsidiary, Hershey brought experienced workers from Swiss chocolate factories and poached talent from other American chocolate mills. In 1900, the American Caramel Company, then a public firm, acquired Lancaster Caramel for

³⁰⁴ Sector Trend Analysis – Confectionery Trends in the United States. <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-confectionery-trends-united-states-0#d>

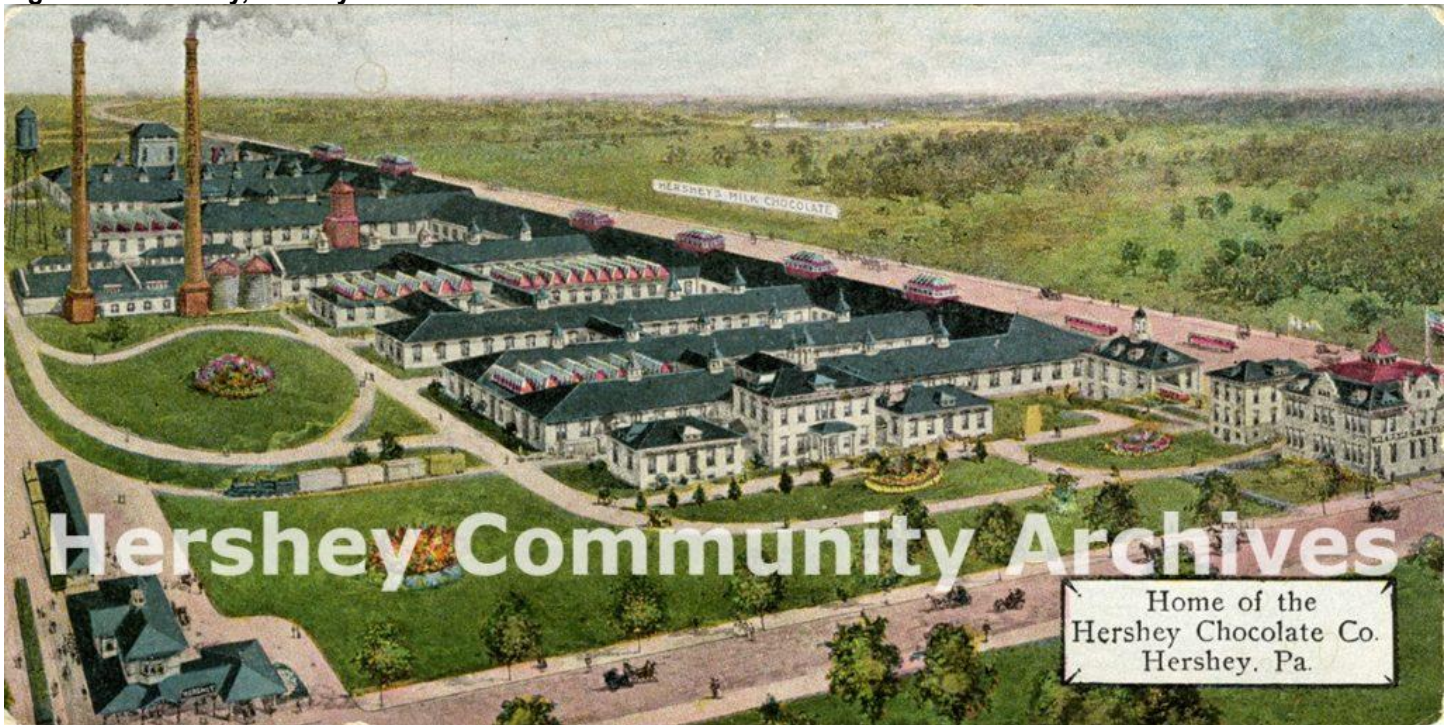
\$1 million with a combination of cash and stock, making it the largest caramel company in the world. As part of the deal, Hershey retained ownership of the Hershey Chocolate Company.

With rising political corruption in Lancaster, Hershey decided to move. He visited nearby Palmyra and discovered a patchwork of family farms on infertile soil. Within months, Hershey purchased options on over 1,200 acres for just under \$200,000 (approximately \$6.2 million in 2019 dollars). On this empty farmland, he envisioned a "chocolate town" with a massive chocolate factory, a grid of streets, names as Cocoa Avenue and Chocolate Avenue, trolley lines, sewer systems, etc.

At that time, no American company had mastered the production of milk chocolate, a closely guarded Swiss secret. Hershey set up an experimental factory on his family farm, employing 18–20 men to solve the challenge. Despite repeated failures, John Schmalbach, a worker from Lancaster, succeeded on his first attempt in condensing milk without burning it. His method created a mild-tasting milk chocolate that melted in mouth and could be stored for months. **Unlike the Swiss, who used powdered milk, Schmalbach used condensed milk, making Hershey's milk chocolate cheaper and faster to produce.**

By 1904, the factory was ready for mass production, while railroads connected the facility to the Philadelphia and Reading Railroad, and the village surrounding the factory began taking shape. Hundreds of workers arrived to help build and operate the facility. Hershey personally oversaw everything, from street layouts to neighborhood designs. Additional lots were sold for private homes, though buyers faced restrictions, such as needing Hershey's approval for fences. A contest was held to name the town, offering a \$100 prize. The winning name, Hersheykoko, was deemed too commercial, and the town was thus renamed Hershey, Pennsylvania.

Figure 33: Hershey, Pennsylvania



The Lancaster factory continued to produce a variety of chocolate products. From 1902 to 1903, sales grew 20%, reaching \$862,000, but the transition to the new Hershey factory caused sales to dip to \$780,000 in 1904. Rail spurs delivered cocoa beans and sugar to one side of the factory, milk from local farms arrived on the north side, and finished chocolate bars were shipped out from the west. By 1906, sales surpassed \$1 million.

Hershey's philosophy was simple – making the five-cent milk chocolate bar affordable to everyone. His focus on mass production at a low price set the company on a path for long-term success. While executives such as William Murrie handled finances and sales, **Hershey concentrated on improving products and creating new ones.** In 1907, he introduced foil-wrapped candies originally called Sweethearts, later renamed Hershey's Kisses, a product that remains iconic to this day.

Figure 34: Hershey's Kisses 1900s



Hershey streamlined production, narrowing its focus to a few highly successful products to reduce costs. By 1912, sales had surged to \$5 million, and the factory had tripled in size. **Hershey rewarded his workers with a 20% bonus, an unusual move at the time, and often worked alongside them for 12 to 14 hours a day, embodying his commitment to his workforce.**

Hershey, Pennsylvania, became a model company town. The company subsidized schools, public libraries, and local amenities, lowering property taxes to half those of neighboring towns. After his wife, Catherine Sweeney, passed away in 1915, Hershey shifted his focus to philanthropy. In 1918, he donated his entire fortune, including his \$60 million stake in Hershey, to the Hershey Trust, which funds the Milton Hershey School (originally the Hershey Industrial School). Established in 1909 to help orphaned boys, the school now serves students of all backgrounds with a \$13.7 billion endowment as of 2015. **As of 2018, the Trust was entitled to 80% of the voting power, enabling a long-term view in the public market.**

By the 1920s, Hershey dominated the solid chocolate bar market. The company restructured in 1927 into three entities: Hershey Chocolate Corporation (consumer products), Hershey Estates (Hersheypark and related properties), and Hershey Corporation (Cuban holdings). In 1937, Milton Hershey retired from day-to-day management, and passed the authority to William Murrie, who remained as the company's president.

During World War II, Hershey produced over one billion D-Ration³⁰⁵ chocolate bars for the U.S. military, gaining access to rationed sugar and supplies. By 1944, annual sales had nearly doubled to \$80 million.

In 1963, Hershey acquired the H.B. Reese Candy Company, maker of Reese’s Peanut Butter Cups. Reese’s Pieces, introduced in 1978, gained fame in the 1982 movie E.T.

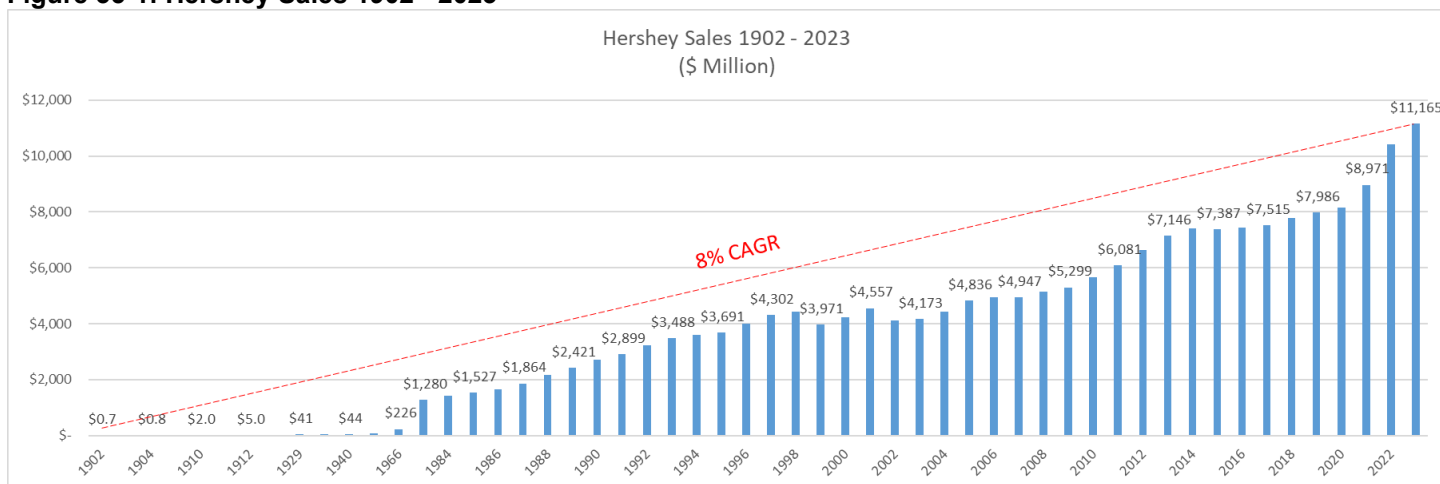
Since its founding, Hershey has not spent heavily on advertising and marketing to promote its products. Instead, the company spent to promote new Hershey products to stores that would sell them, as well as to promote Hershey town and facilities, thereby increasing the brand recognition its name.

Hershey’s conceptions for Hershey, Pennsylvania, have grown into a town that now sees over three million visitors a year for its Hersheypark. The Milton Hershey School has become one of the wealthiest in the world.

In 1940, Hershey was estimated to produce 75% of the chocolate consumed in the U.S. such that it supplied nearly every candy company in the country, including Mars, with chocolate for manufacturing candy bars.³⁰⁶ Sales nearly doubled to about \$80 million in 1944. As of 2023, Hershey reached \$11.2 billion revenue, an 8% CAGR since 1902, with more than 90 brands in approximately 80 countries worldwide.³⁰⁷

From 1930 to 2023, the earliest common starting point with limited data, we estimated that Hershey’s overall sales grew at a CAGR of 6%, while Mars achieved a CAGR of nearly 9%, with sales increasing from an estimated \$25 million³⁰⁸ in 1930 to over \$50 billion in 2023. Mars’s snacking sales grew at a CAGR of 7%. Mars’s faster overall growth can be partly attributed to its broader global reach, with its snacking business operating in over 180 countries³⁰⁹ compared to Hershey’s presence in just over 80 countries.³¹⁰ In addition, Mars diversified into pet care, which accounted for 59% of its overall sales in 2023, while Hershey remained primarily focused on confectionery and other snacks.

Figure 35-1: Hershey Sales 1902 - 2023³¹¹



Notes:

1. Hershey has been a public company since 1927. Digital annual reports prior to 1993 are not available on the SEC website.
2. Sales data from 1902 to 1944 are from American Business History Center.³¹²

³⁰⁵ Ration D chocolate bars that Hershey developed and produced for the U.S. Military since 1937. Ration D Bars.

<https://hersheyarchives.org/encyclopedia/ration-d-bars/>

³⁰⁶ Chapter 1. The Emperor of Chocolates.

³⁰⁷ Hershey Annual Report 2023.

³⁰⁸ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

³⁰⁹ Mars Snacking. <https://www.mars.com/our-brands/mars-snacking>

³¹⁰ Hershey Annual Report 2023.

³¹¹ Hershey Annual Reports 1993 – 2023; Milton Hershey - Chocolate King, Confectioner, and Creator - Business History. The American Business History Center. <https://americanbusinesshistory.org/milton-hershey-chocolate-king-confectioner-and-creator/>

³¹² Milton Hershey - Chocolate King, Confectioner, and Creator - Business History. The American Business History Center. <https://americanbusinesshistory.org/milton-hershey-chocolate-king-confectioner-and-creator/>

- Based on the company's disclosure, its organic, or currency-constant growth rates were 6% in 2010, 5% to 7% in 2011, 7% in 2018, 2% in 2019, 2% in 2020, 9% in 2021, 12% in 2022, and 7% in 2023.

Figure 35-2: Hershey Margins 1991 – 2023

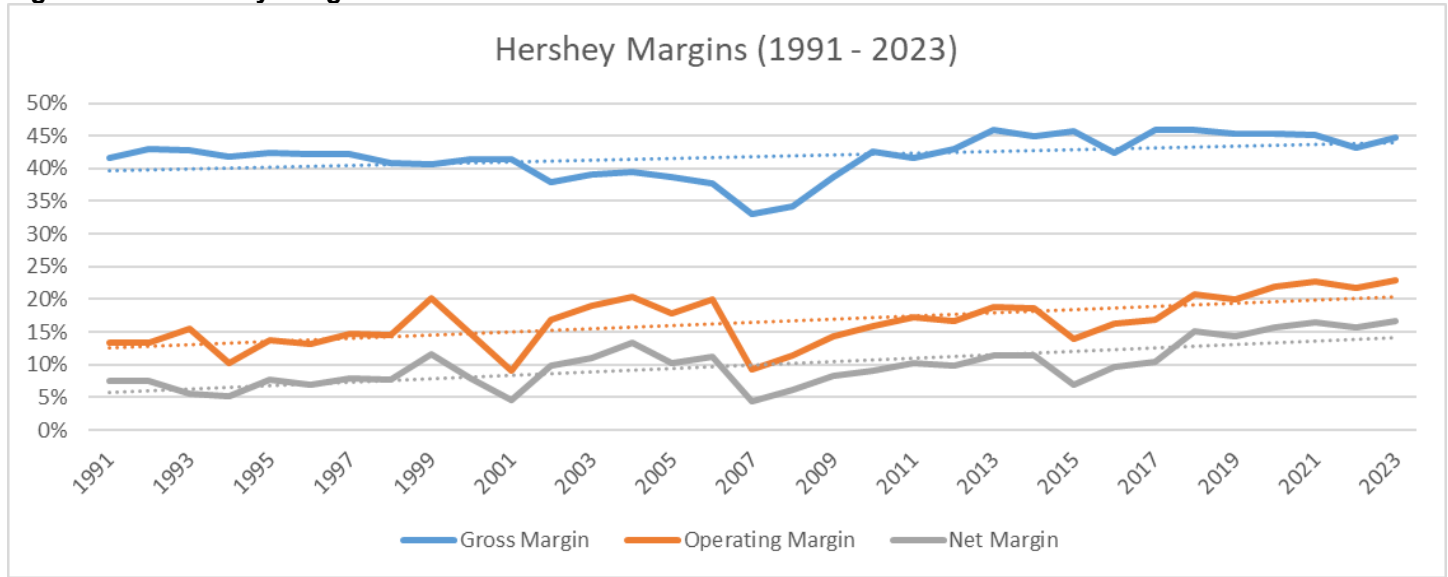
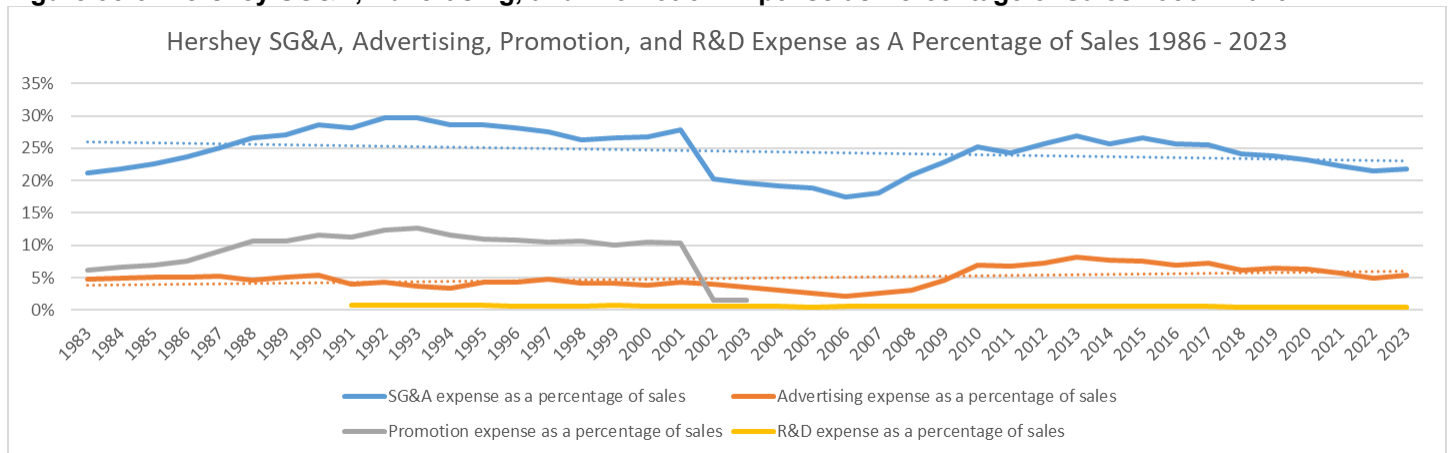


Figure 35-3: Hershey SG&A, Advertising, and Promotion Expense as Percentage of Sales 1986 – 2023

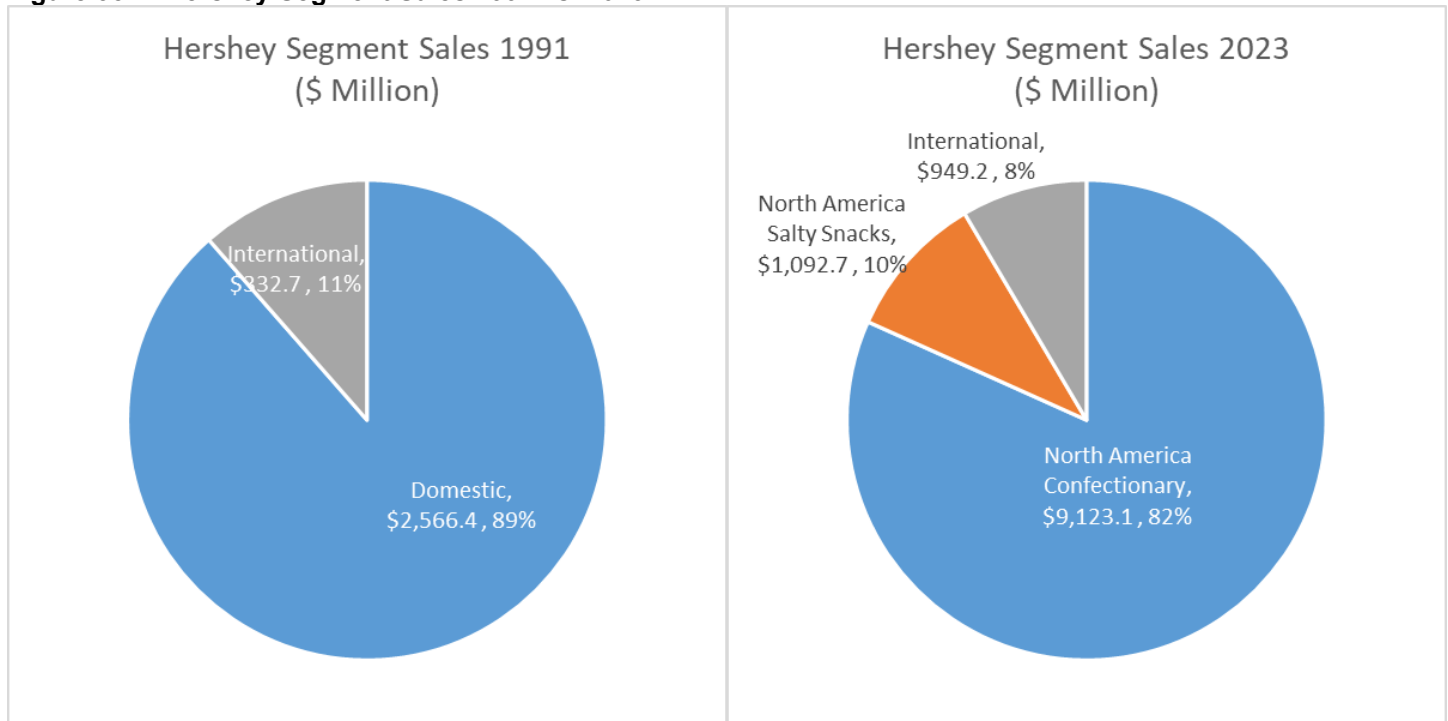


Notes:

- The company stopped disclosing promotion expenses since 2003.
- In June 2002, Hershey completed the sale of a group of the company's non-chocolate confectionery candy brands to Farley's & Sathers Candy Company, Inc. for \$12.0 million in cash as part of its business realignment initiatives,³¹³ potentially lead to less promotion expense. Included in the transaction were the HEIDE, JUJYFRUITS, WUNDERBEANS and AMAZIN' FRUIT trademarked confectionery brands as well as the rights to sell CHUCKLES branded products, under license.

³¹³ Hershey Annual Report 2002.

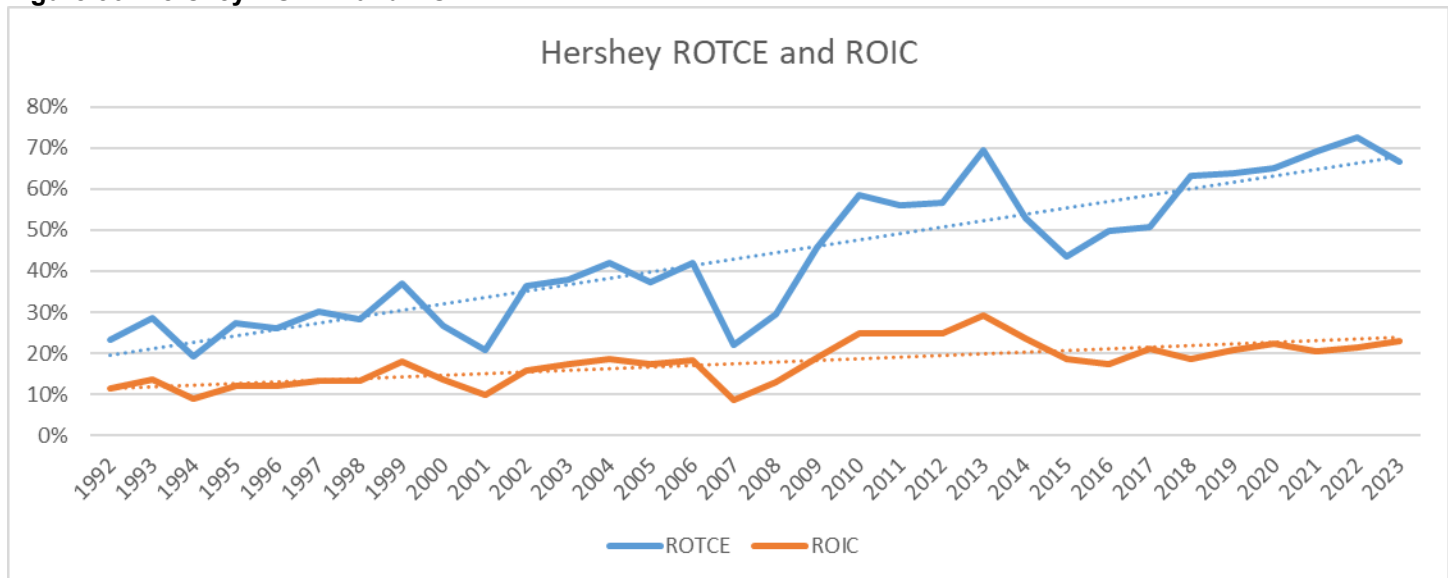
Figure 35-4: Hershey Segment Sales 1991 vs. 2023³¹⁴



Notes:

1. Hershey has been a public company since 1927. Digital annual reports prior to 1993 are not available on the SEC website.
2. According to Fortune magazine, candy generated 88% of Hershey's sales in 1978, and 68% in 1978.³¹⁵

Figure 36: Hershey ROTCE and ROIC



For many years, Hershey and Mars have been primary competitors in the U.S. candy market and globally. Before Forrest Mars Sr. merged his company with his father's in the 1960s to create the Mars, Inc. we know today, Hershey was one of Mars' key chocolate suppliers.³¹⁶ Hershey even held a 20% stake in M&M's until selling it to Forrest Mars Sr. in 1949. By the early 1970s, Mars had overtaken Hershey as the leader in the U.S. candy market, by 14% ahead in market share by

³¹⁴ Hershey Annual Report 1993, 2023.

³¹⁵ Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

³¹⁶ The Sweet, Secret World of Forrest Mars. Fortune. <https://fortune.com/article/the-sweet-secret-world-of-forrest-mars-fortune-1967/>

the end of the decade.³¹⁷ **The New York Times reported that by the 1990s, the two companies together controlled nearly 70% of the U.S. candy market.**³¹⁸

Hershey and Mars engaged in multiple price wars over the years, often in different forms. In the early 1980s, despite Mars being the dominant player in the U.S. candy market, it was steadily losing market share to Hershey. **Instead of lowering prices to attract customers, Mars broke industry norms by increasing candy bar sizes without raising prices.** This bold move came shortly after Mars had already raised its prices from 25 cents to 30 cents just nine months earlier, a practice that is uncommon in the industry.³¹⁹ A consultant in the U.S. candy industry at the time commented “The move caught the whole industry off guard... All of a sudden Mars was out there with bigger bars.”

Consumers, drawn by the perceived value of the larger Mars bars, shifted their purchases. As a result, Mars' market share rose from 37.8% in July 1980 to 41.1% in July 1981.³²⁰ In contrast, Hershey's share dropped from 27.3% to 26.9%. Other candy manufacturers also lost market share, Peter Paul, maker of Mounds and Almond Joy, declined from 7.6% to 6.7%, and Nabisco Brands, maker of Baby Ruth, Butterfinger, and Junior Mints, fell from 8.2% to 7.3%. At the time, the U.S. candy market was estimated to be worth \$5 billion, meaning a 1% change in market share represented \$50 million in sales. In 1988, after Hershey acquired the American operation of Cadbury Schweppes for about \$300 million, its market share went to 36% compared to Mars 35% in the U.S., followed by Nestle's 10%.³²¹

Hershey's attempt to counter Mars' strategy by reducing its own candy bar price from 30 cents to 25 cents, despite having smaller bars, ultimately backfired. After six months, Hershey abandoned the strategy and returned to 30 cents per bar, concluding that it was losing market share regardless.

Hershey's price reduction failed for several possible reasons. First, many candy retailers, particularly mom-and-pop shops, resisted dealing with two price points.³²² They found it easier to stock and sell Mars products at the higher price rather than manage the challenges to figure out which one is 25 cent and which is 30 cent.

Second, Mars' private ownership allowed it to prioritize long-term strategies over immediate profits. This flexibility enabled Mars to adopt aggressive competitive moves without the pressure to deliver short-term financial results. In contrast, Hershey, as a publicly traded company, faced shareholder expectations to maintain consistent profits,³²³ **limiting its ability to take similar risks.**

Realizing the mindset of the mom-and-pop shops, Hershey raised its wholesale price from 30 cents per bar to 35 cents per bar in the end of 1983. Therefore, retailers charged 35 cents for both companies' bars³²⁴

³¹⁷ Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

³¹⁸ All About Candy Makers - America's Chocoholics. The New York Times. <https://www.nytimes.com/1991/07/14/business/all-about-candy-makers-america-s-chocoholics-a-built-in-market-for-confectioners.html>

³¹⁹ Candy Wars - Price Tactic Fails Hershey. The Washington Post. <https://www.washingtonpost.com/archive/business/1982/07/11/candy-wars-price-tactic-fails-hershey/aed28458-e912-4b1b-aa17-757189fbf2b7/>

³²⁰ Candy Wars - Price Tactic Fails Hershey. The Washington Post. <https://www.washingtonpost.com/archive/business/1982/07/11/candy-wars-price-tactic-fails-hershey/aed28458-e912-4b1b-aa17-757189fbf2b7/>

³²¹ All About Candy Makers - America's Chocoholics. The New York Times. <https://www.nytimes.com/1991/07/14/business/all-about-candy-makers-america-s-chocoholics-a-built-in-market-for-confectioners.html>

³²² Candy Wars - Price Tactic Fails Hershey. The Washington Post. <https://www.washingtonpost.com/archive/business/1982/07/11/candy-wars-price-tactic-fails-hershey/aed28458-e912-4b1b-aa17-757189fbf2b7/>

³²³ Candy Wars - Price Tactic Fails Hershey. The Washington Post. <https://www.washingtonpost.com/archive/business/1982/07/11/candy-wars-price-tactic-fails-hershey/aed28458-e912-4b1b-aa17-757189fbf2b7/>

³²⁴ Bar Wars - Hershey Bites Mars. Fortune. <https://fortune.com/article/bar-wars-hershey-bites-mars-fortune-1985/>

Other Competitors – Mondelez International, Nestlé.

Mondelez International

Mondelez International, an American multinational confectionery company, traces its roots back to Kraft Foods Inc., founded in Chicago in 1923. The current company was established in 2012 when Kraft Foods was renamed Mondelez International, retaining its snack food business while spinning off its North American grocery division into a new company, Kraft Foods Group.

Mondelez produces a wide range of products, including chocolate, cookies, biscuits, gum, confectionery, and powdered beverages, which are sold in over 150 countries.³²⁵ Its portfolio features some of the most recognizable household brands, such as Cadbury, Clif Bar, Halls, Oreo, Philadelphia, and Triscuit.

Figure 37: Mondelez International's Brands³²⁶



As of 2023, Mondelez International reported revenue of \$36 billion. Its sales composition includes 49% from biscuits and baked snacks, 30% from chocolate, 12% from gum and candy, and the remainder from beverages, cheese, and grocery products. Geographically, 36% of its sales come from Europe, 31% from North America, 14% from Latin America, with the rest generated from other regions.

Mondelez is estimated to be the world's second-largest confectionery company by sales, holding a 6% market share, behind Mars with 10%, and closely followed by Ferrero, Hershey, and Nestlé.

Since its spin-off in 2012, Mondelez has maintained an average gross margin of 38%. Its operating margin has grown steadily, increasing from 10% in 2012 to 15% in 2023, while its SG&A expenses have improved from 26% of sales to 22%. During this time, the company consistently allocated about 5% of its revenue to advertising and maintained modest R&D expenditures at slightly over 1% of sales annually.

³²⁵ Our Brands. <https://www.mondelezinternational.com/our-brands/>

³²⁶ 3 Reasons Mondelez's Stock Could Fall. Fox Business. <https://www.foxbusiness.com/markets/3-reasons-mondelezs-stock-could-fall>

Figure 38-1: Mars vs. Mondelez International 2023

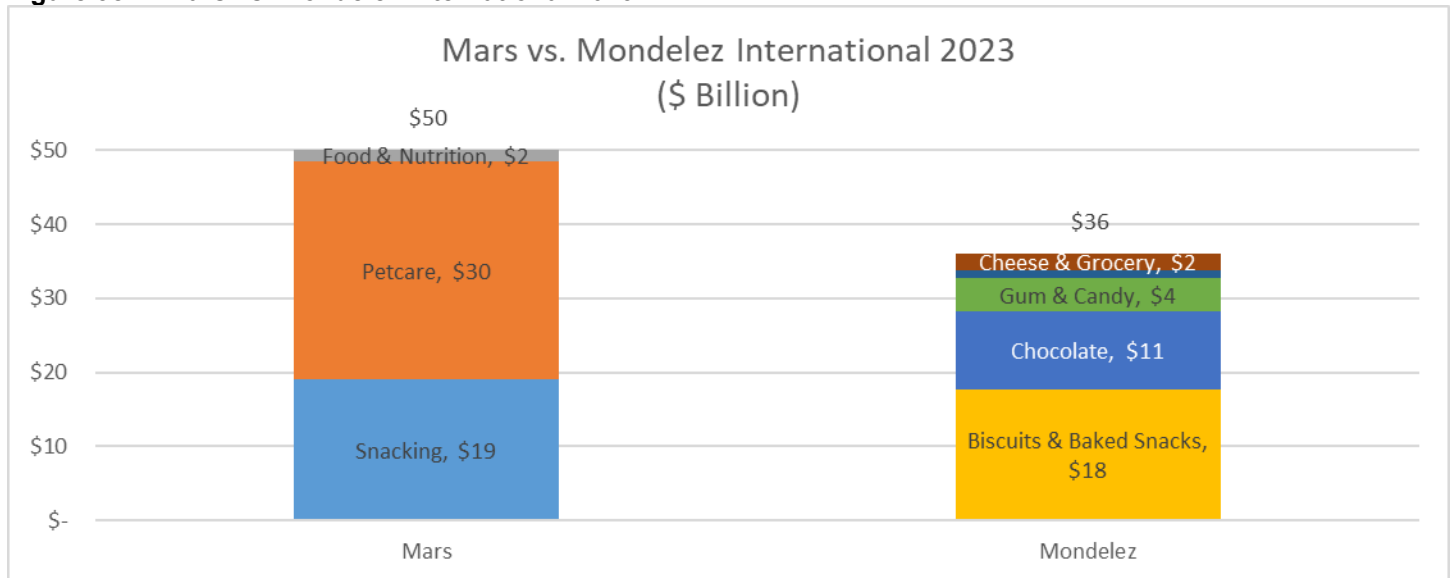
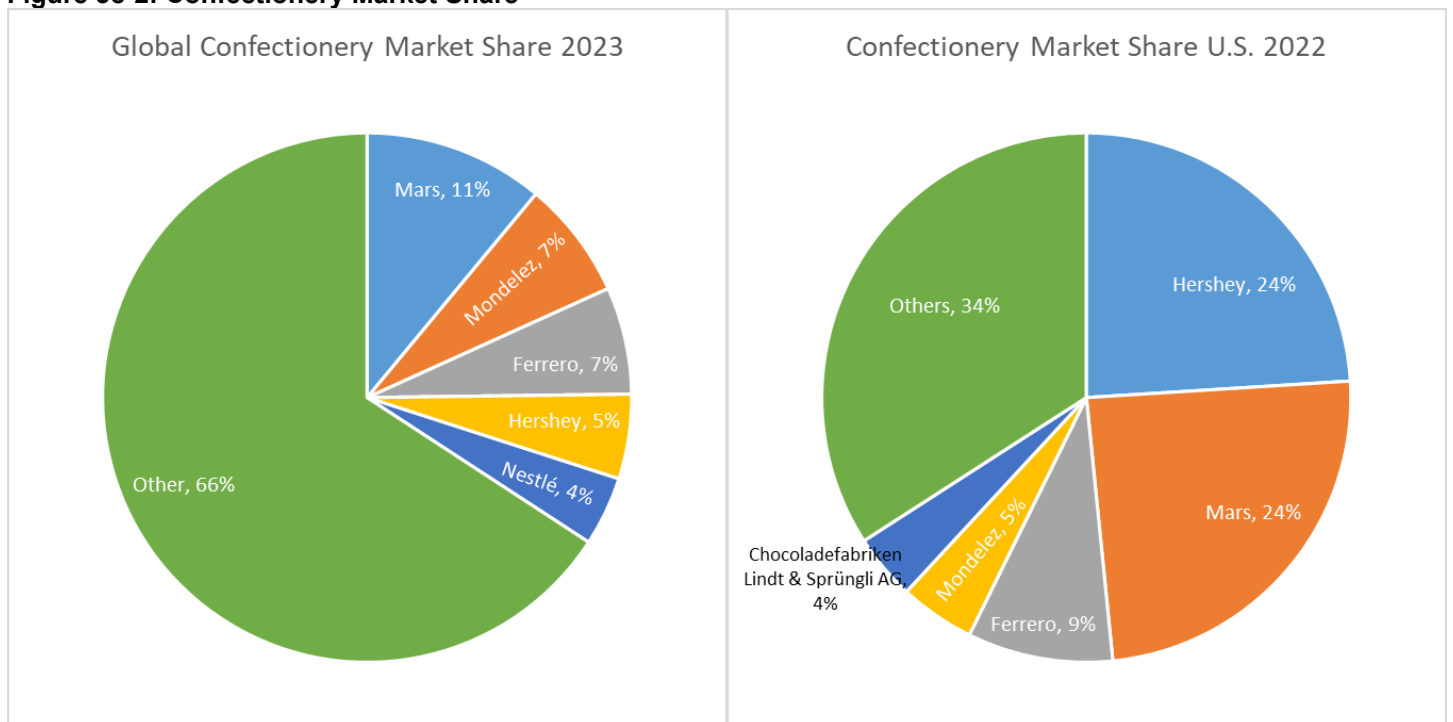


Figure 38-2: Confectionery Market Share³²⁷



Note:

1. The global market share data is estimated by the author based on information collected from different sources.

³²⁷ Sector Trend Analysis – Confectionery Trends in the United States. <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-confectionery-trends-united-states-0#d>

Figure 39-1: Mondelez Sales 2008 – 2023

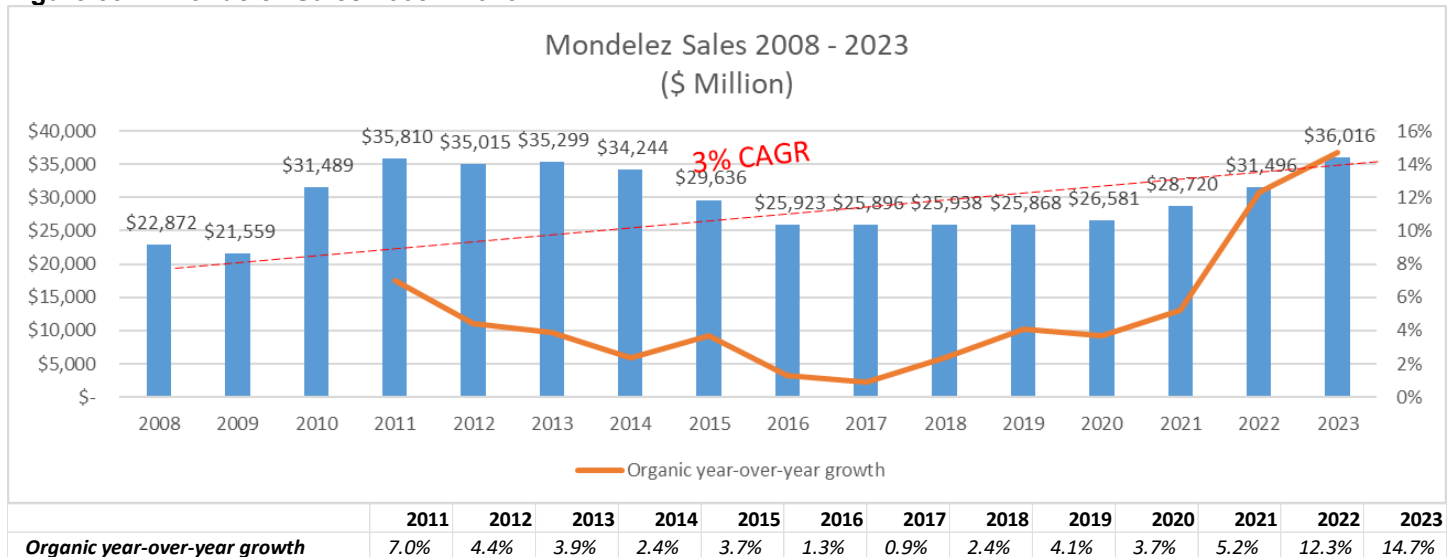
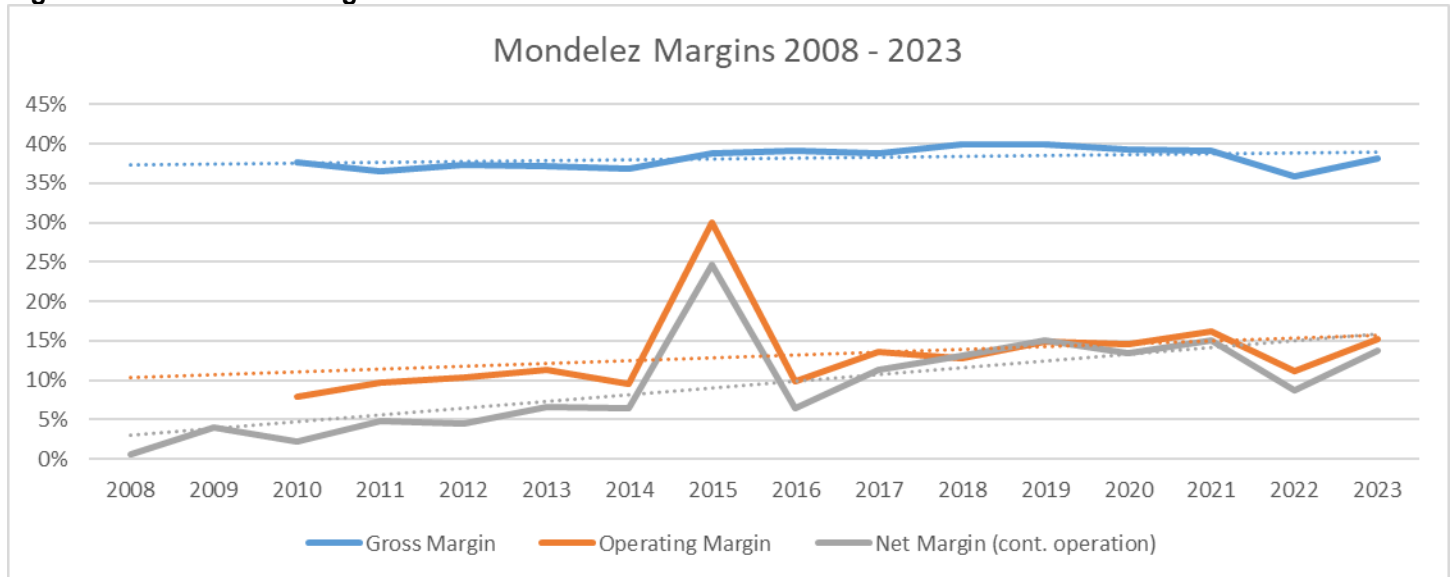


Figure 39-2: Mondelez Margins 2008 - 2023



Note:

1. The rise in operating margin in 2015 was primarily driven by a \$6.82 billion gain from the divestiture of the company's coffee business. After adjusting for this, the operating margin would be 7%, consistent with the company's previous levels.³²⁸

Figure 39-3: Mondelez SG&A, Advertising, R&D Expense as Percentage of Sales 2010 – 2023

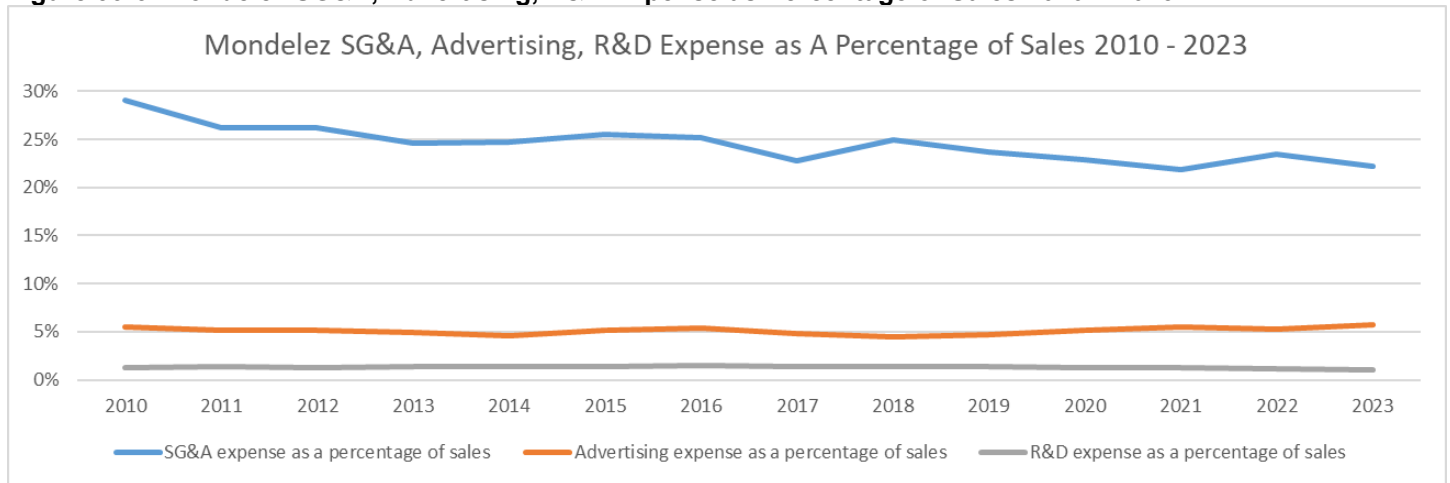


Figure 39-4: Mondelez Segment Sales 2010 vs. 2023

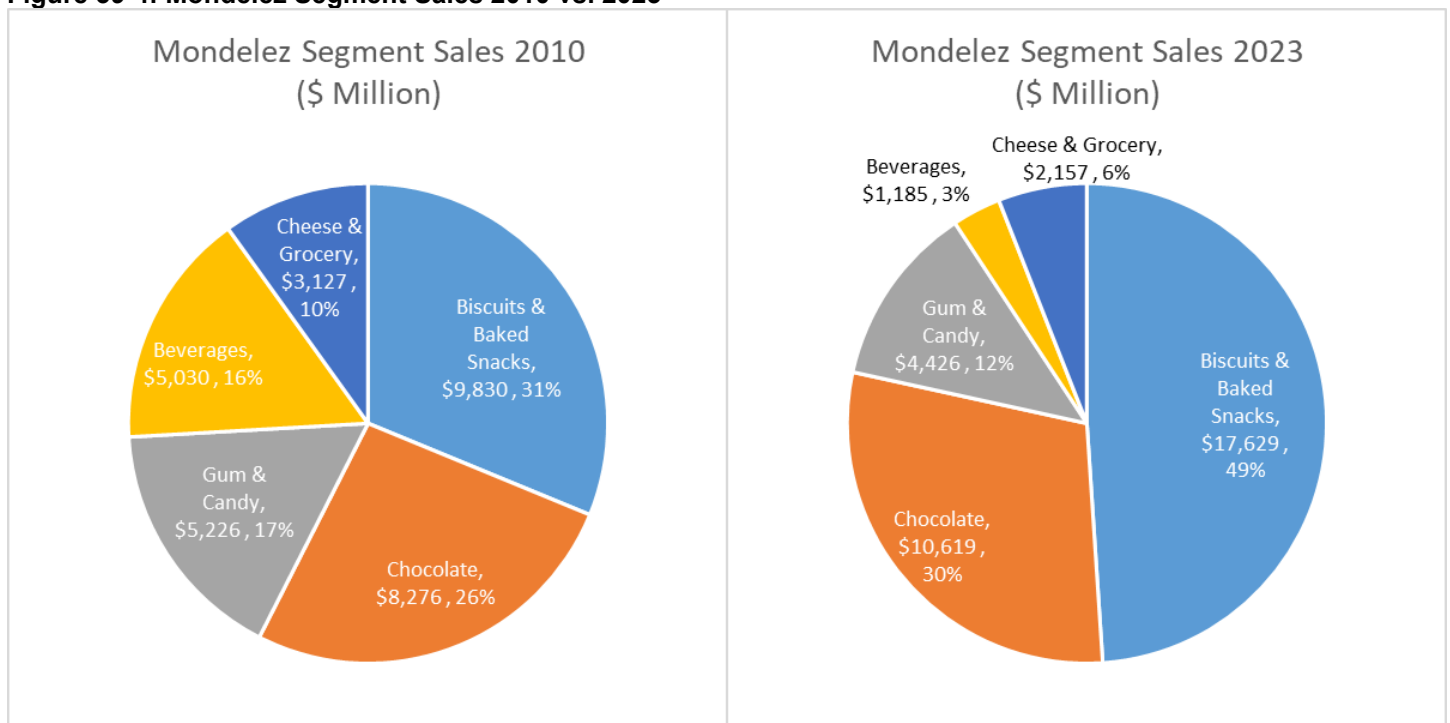


Figure 39-5: Mondelez Regional Sales 2010 vs. 2023

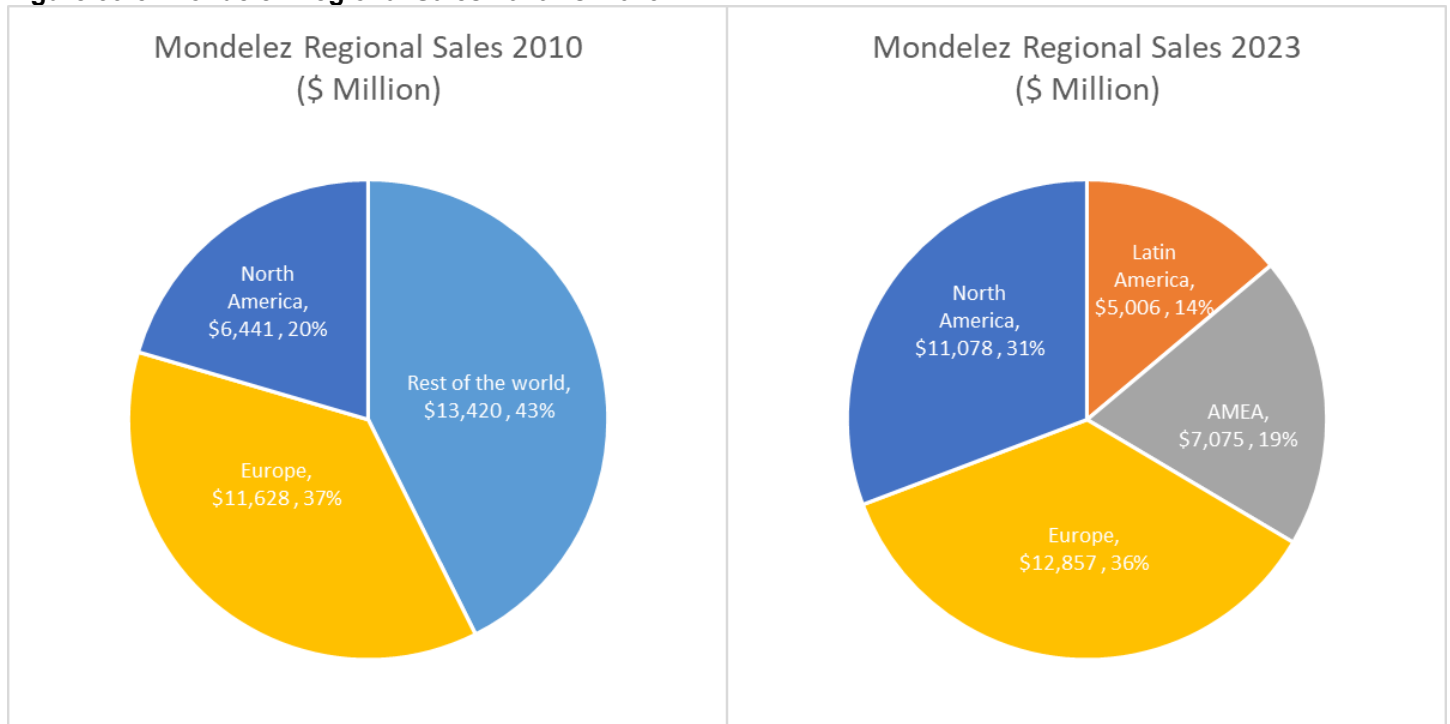
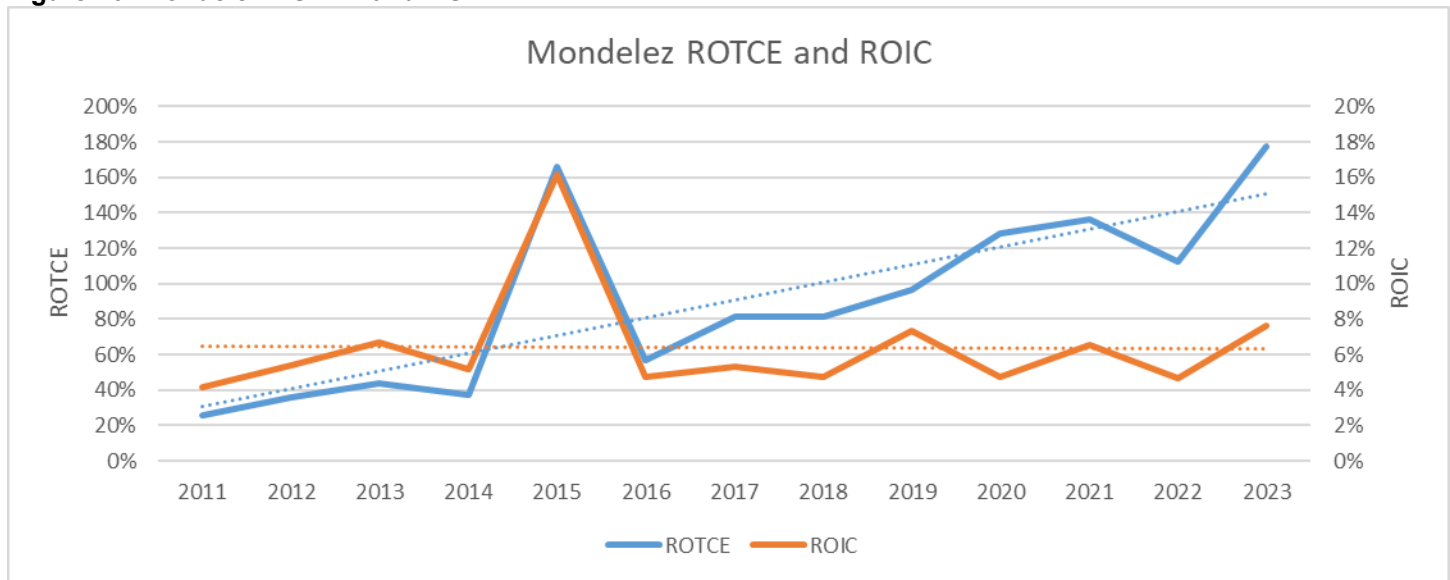


Figure 40: Mondelez ROTCE and ROIC



Note:

- The increase in 2015 returns was driven by gains from the divestiture of the company's coffee business, which contributed \$6.82 billion to operating profit. After adjustment, the ROTCE and ROIC would be 38% and 4%, respectively, similar to the previous levels.³²⁹

³²⁹ Mondelez International Annual Report 2015.

Nestlé

Nestlé, a Swiss multinational food and beverage conglomerate, was founded in 1866. The company offers a wide range of products, including coffee and tea, confectionery, bottled water, infant formula and baby food, dairy products and ice cream, frozen foods, breakfast cereals, dry packaged foods and snacks, pet foods, and medical nutrition.

With a portfolio of over 2,000 brands,³³⁰ Nestlé provides household staples that cater to all age groups and family members, from infants to adults, as well as pets. Some of its well-known brands include Nestlé Pure Life, Perrier, KitKat, Nescafé, Nespresso, and Purina.

Figure 41: Nestlé Brands³³¹



As of 2023, Nestlé reported a revenue of CHF 93 billion, approximately \$102 billion. The largest source of revenue comes from powdered and liquid beverages, contributing 27%, followed by pet nutrition products at 20%, nutrition and health science at 16%, prepared dishes and cooking aids at 13%, milk products and ice cream at 12%, confectionery at 9%, and water at 4%. Geographically, 35% of sales are generated in North America, 24% in Europe, 21% in Asia, Oceania, and Africa, 14% in Latin America, and 6% in the Greater China region.

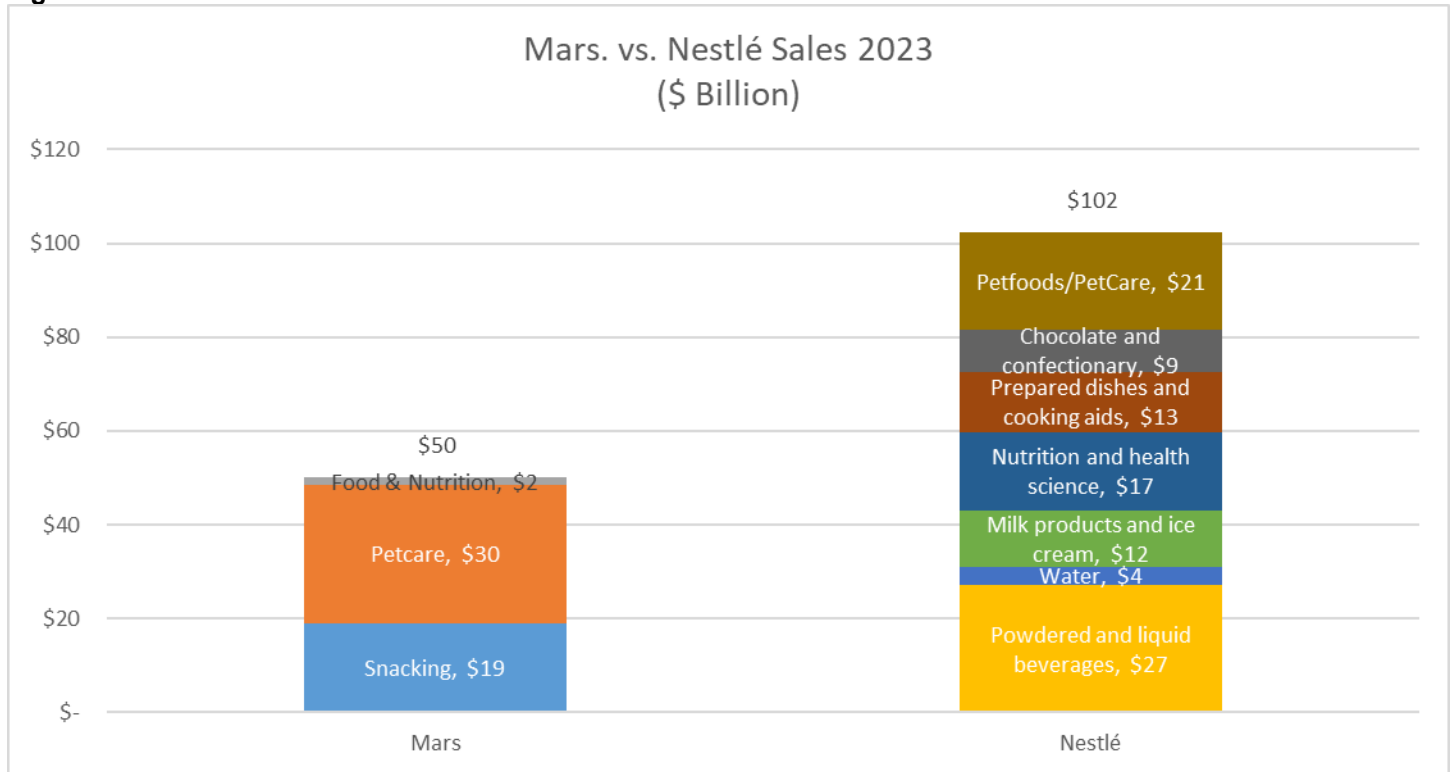
³³⁰ Our Portfolio of Brands. <https://www.nestle.com/brands>

³³¹ Understanding the Brand Architecture of Nestlé. <https://thebrandhopper.com/2023/05/13/understanding-the-brand-architecture-of-nestle/>

Widely regarded as the world's largest food and beverage company,³³² Nestlé is also estimated to be the fifth-largest confectionery company globally, holding a 4% market share. This places it behind Mars, which commands a 10% share, and in close competition with Mondelez, Ferrero, and Hershey.

Between 1986 and 2023, Nestlé's gross margin increased steadily from 35% to 46%, while its operating margin grew from 10% to 15%. During the same period, the company's marketing and administrative expenses improved significantly, decreasing from 28% of sales to less than 20%. In 2023, Nestlé allocated 7.7% of its sales to advertising and marketing (earlier years not reported). Over the past four decades, the company has consistently and modestly invested in research and development, with spending gradually rising from 1.2% of sales in the early 1990s to 1.8% in recent years, maintaining an average of around 1.5%.

Figure 42-1: Mars vs. Nestlé Sales 2023

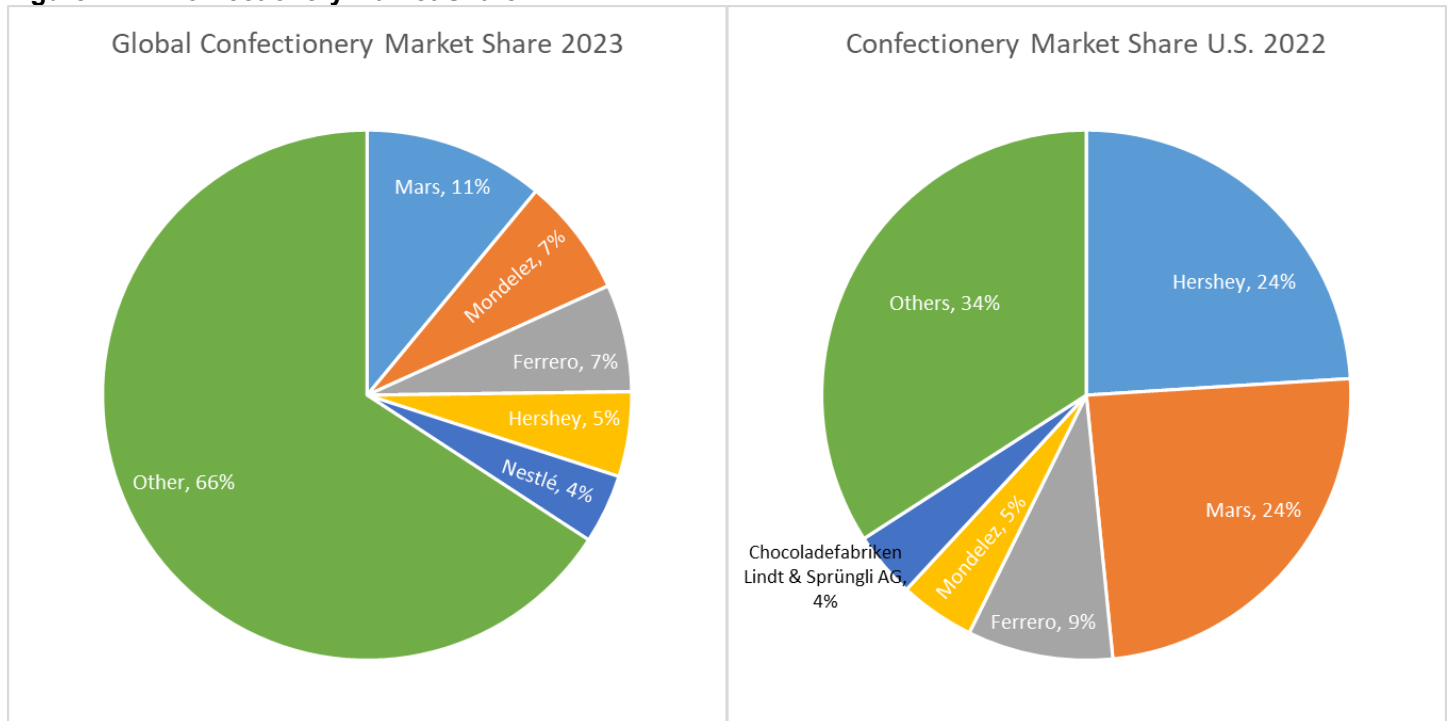


Note:

1. The sales of Nestlé were originally reported in Swiss Francs. For comparison purposes, we converted the sales of each segment at an exchange rate of \$1.10 per Swiss Franc, which is approximately the average rate in 2023.

³³² What's The World's Largest Food Company. Forbes. <https://www.forbes.com/sites/chloesorvino/2023/06/08/whats-the-worlds-largest-food-company/>

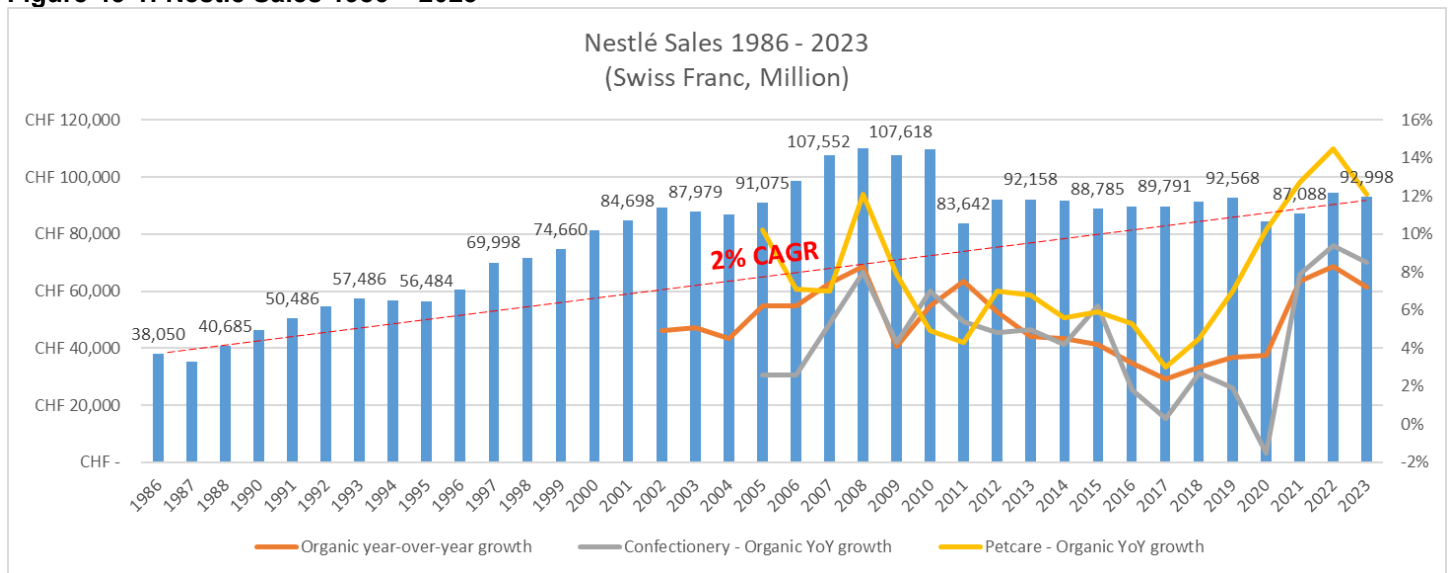
Figure 42-2: Confectionery Market Share³³³



Note:

1. The global market share data is estimated by the author based on information collected from different sources.

Figure 43-1: Nestlé Sales 1986 – 2023



Nestlé	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Organic year-over-year growth	4.9%	5.1%	4.5%	6.2%	6.2%	7.4%	8.3%	4.1%	6.2%	7.5%	5.9%
Confectionery - Organic YoY growth				2.6%	2.6%	5.3%	8.0%	4.3%	7.0%	5.4%	4.8%
Petcare - Organic YoY growth				10.2%	7.1%	7.0%	12.1%	7.9%	4.9%	4.3%	7.0%
Nestlé	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Organic year-over-year growth	4.6%	4.5%	4.2%	3.2%	2.4%	3.0%	3.5%	3.6%	7.5%	8.3%	7.2%
Confectionery - Organic YoY growth	5.0%	4.2%	6.2%	1.8%	0.3%	2.7%	1.9%	-1.5%	7.9%	9.4%	8.5%
Petcare - Organic YoY growth	6.8%	5.6%	5.9%	5.3%	3.0%	4.5%	7.0%	10.2%	12.7%	14.5%	12.1%

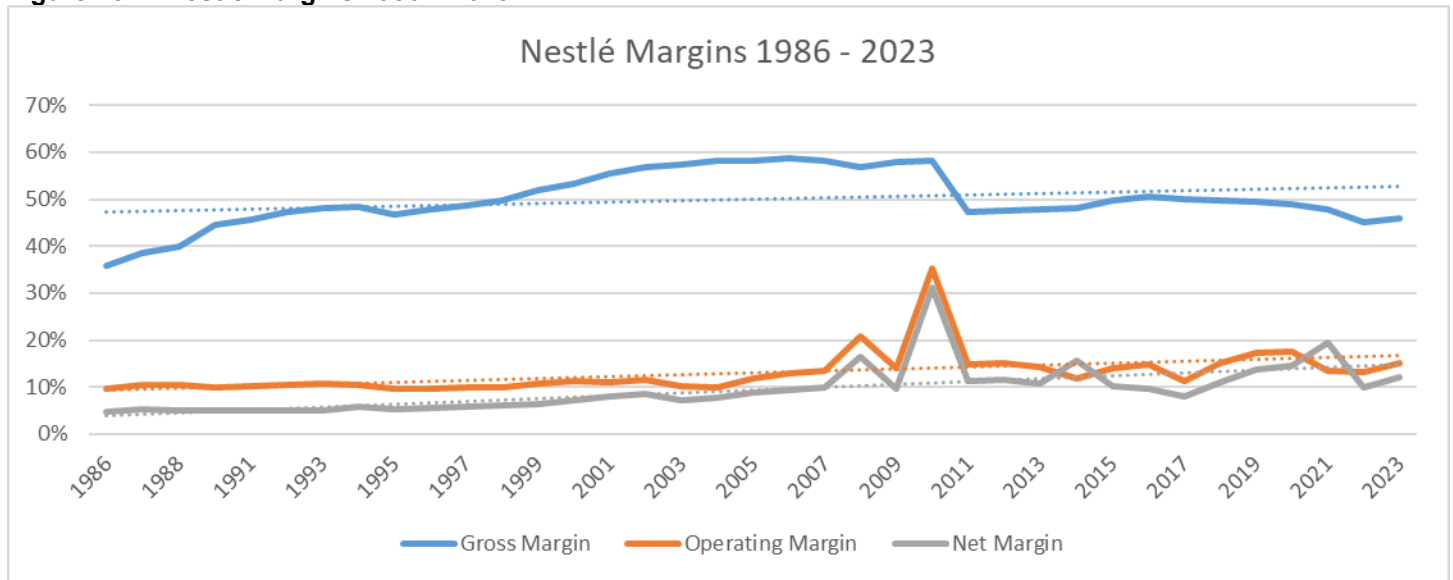
Notes:

1. 1989 annual report was not found.

³³³ Sector Trend Analysis – Confectionery Trends in the United States. <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-confectionery-trends-united-states-0#d>

2. Sales in 2011 declined primarily because of the sale of Alcon to Novartis in 2010. In 2009, Alcon had a revenue of \$6.5 billion³³⁴ (~CHF 6.7 billion in 2009).
3. The company has disclosed organic sales growth since 2002.

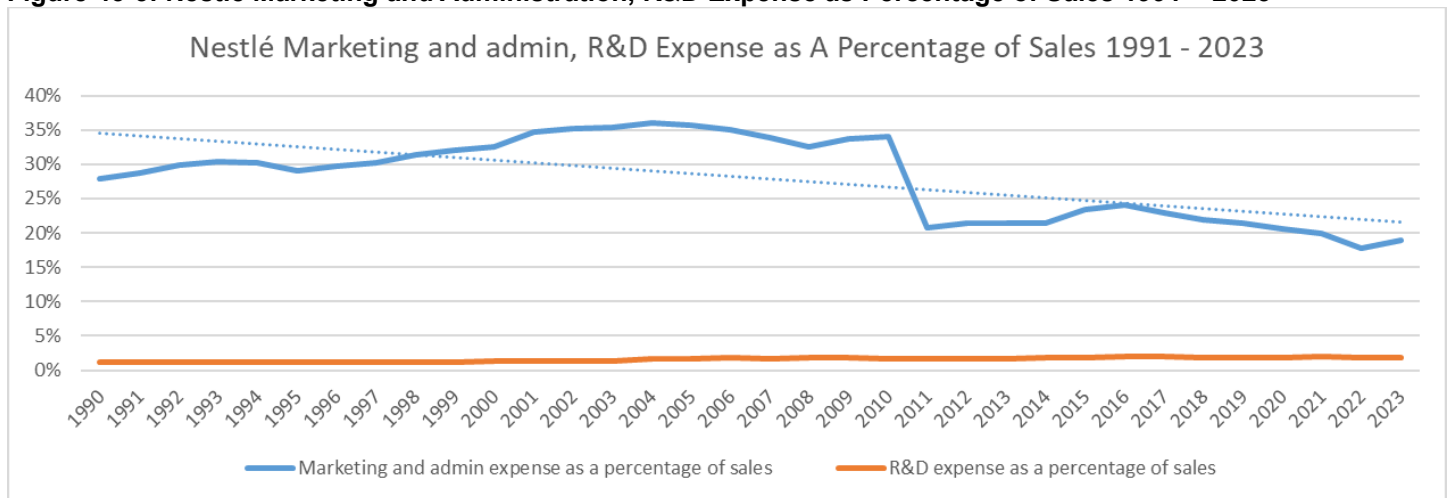
Figure 43-2: Nestlé Margins 1986 – 2023



Notes:

1. 1989 annual report was not found.
2. In 2010, Nestlé sold its Alcon business to Novartis, resulting in a gain of CHF 24,535 million. After adjustment, the operating margin was estimated to be 13%, similar to its typical level.³³⁵ The decline in gross margin in 2011 was mostly due to the sale of Alcon, which was a higher margin business than the Nestlé’s overall business. In 2009, Alcon’s gross margin was estimated at 75% and operating margin 35%.³³⁶
3. In 2021, Nestlé gained CHF 7,184 million net profit from partial disposal of L’Oréal shares. After adjustment, the net margin was estimated to be 11%.³³⁷

Figure 43-3: Nestlé Marketing and Administration, R&D Expense as Percentage of Sales 1991 – 2023



Notes:

³³⁴ Novartis Completes 77% Majority Ownership of Alcon Adding New Growth Platform in Eye Care to Its Leading Healthcare Portfolio. <https://www.fiercepharma.com/pharma/novartis-completes-77-majority-ownership-of-alcon-adding-new-growth-platform-eye-care-to-its>

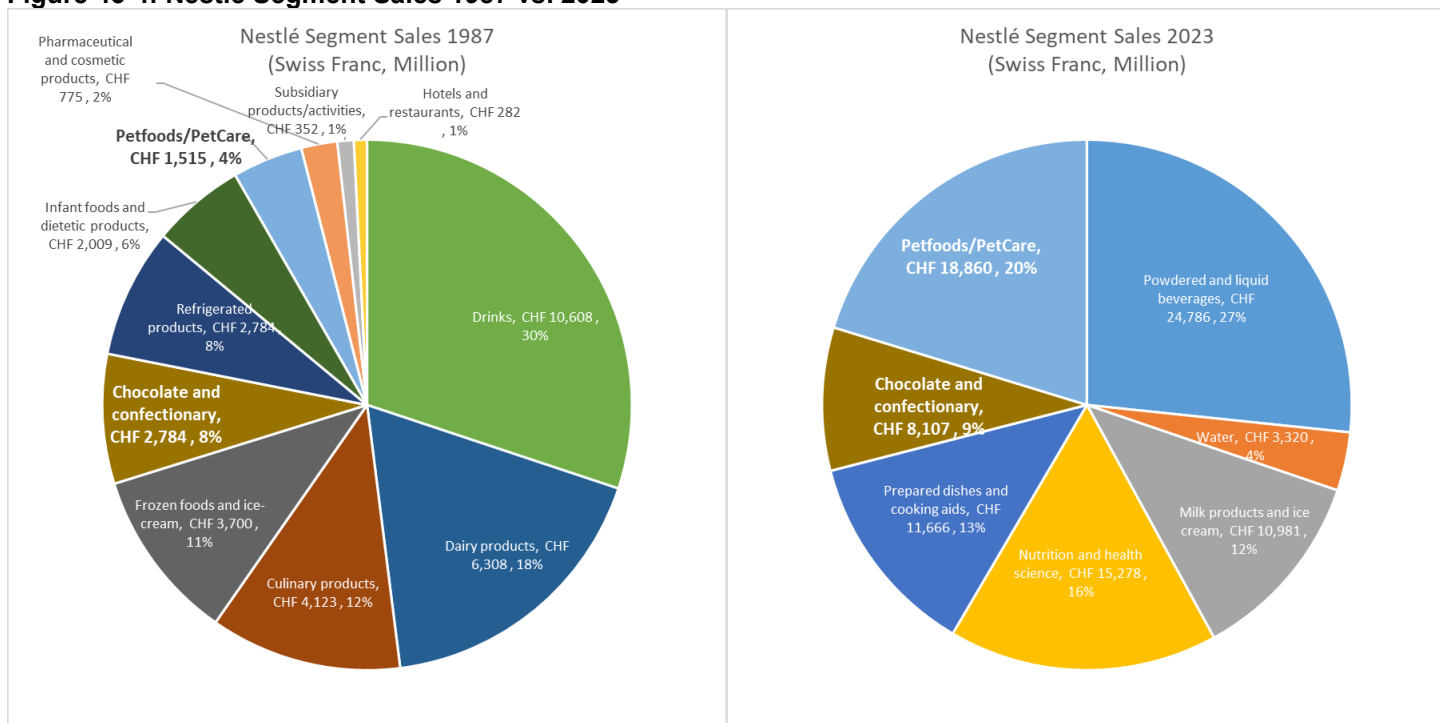
³³⁵ Nestlé Annual Report 2010.

³³⁶ Alcon Financial Statement 2009.

³³⁷ Nestlé Annual Report 2021.

1. The decline in marketing and administration expenses as a percentage of sales in 2011 was primarily due to an accounting change.³³⁸ Specifically, certain allowances and discounts previously reported as marketing and administration expenses were reclassified. Starting January 1, 2011, these allowances and discounts were disclosed as a deduction from sales, in line with common practices in the consumer goods industry. This reclassification led to a reduction in reported marketing and administration expenses, as well as distribution expenses. As part of these changes, CHF 16,616 million was deducted from the marketing and administration expenses of 2010, which had been reported as CHF 37,288 million.
2. Nestlé disclosed that its advertising and marketing expenses were 7.7% of sales in 2023, and 6.9% in 2022.³³⁹

Figure 43-4: Nestlé Segment Sales 1987 vs. 2023



³³⁸ Nestlé Annual Report 2011.

³³⁹ Nestlé Reports Full-Year Results for 2023. <https://www.nestle.com/media/pressreleases/allpressreleases/full-year-results-2023>

Figure 43-5: Nestlé Regional Sales 1987 vs. 2023

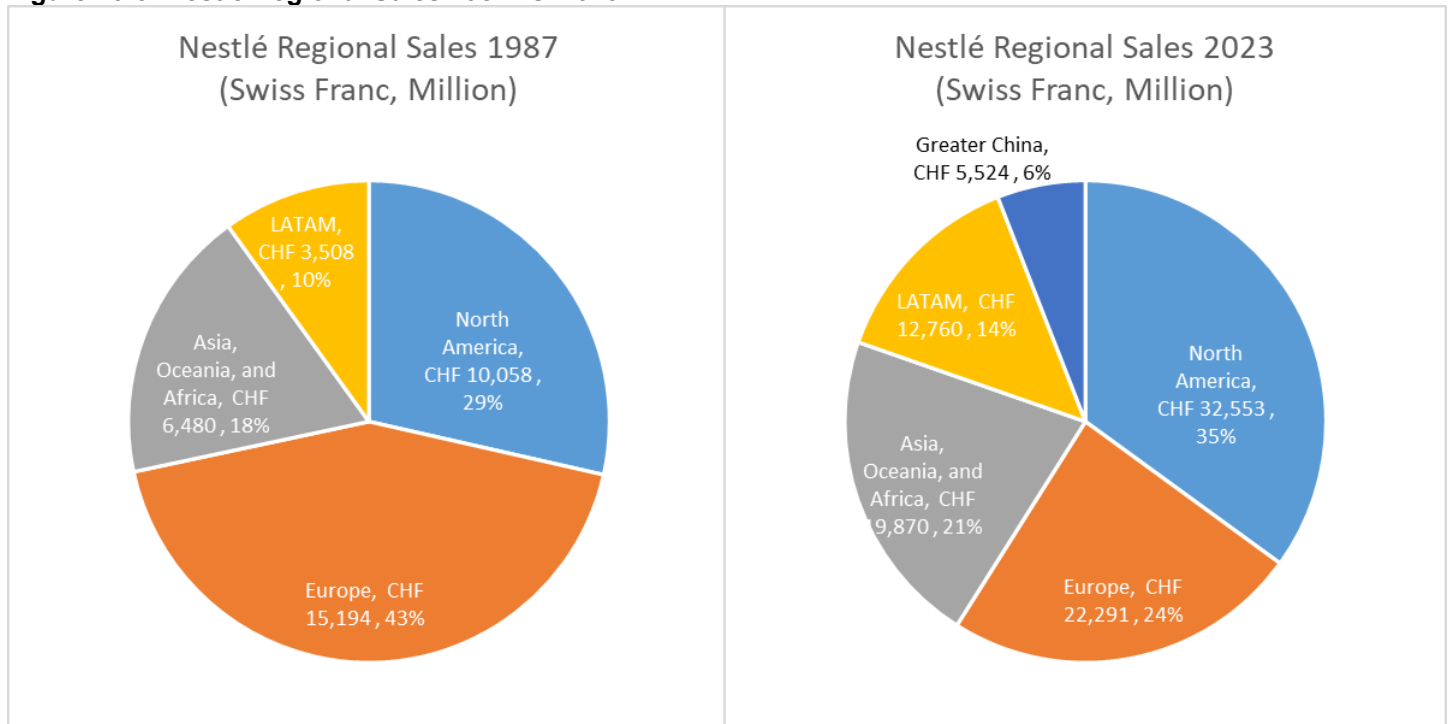
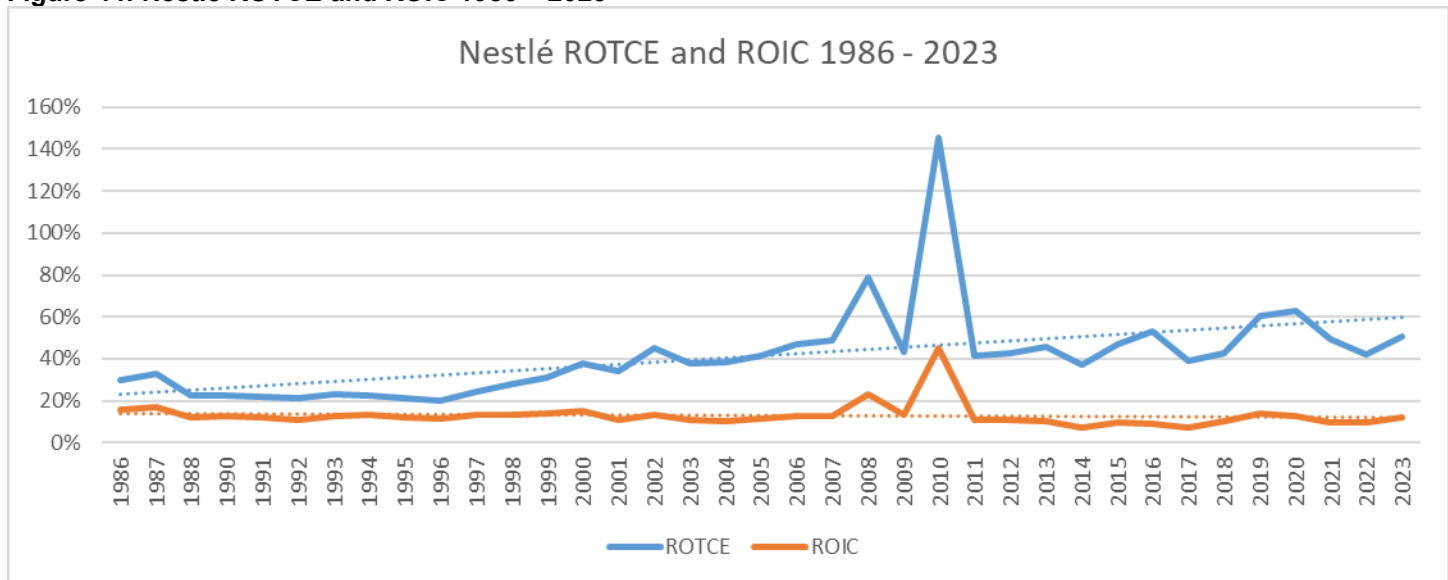


Figure 44: Nestlé ROTCE and ROIC 1986 – 2023

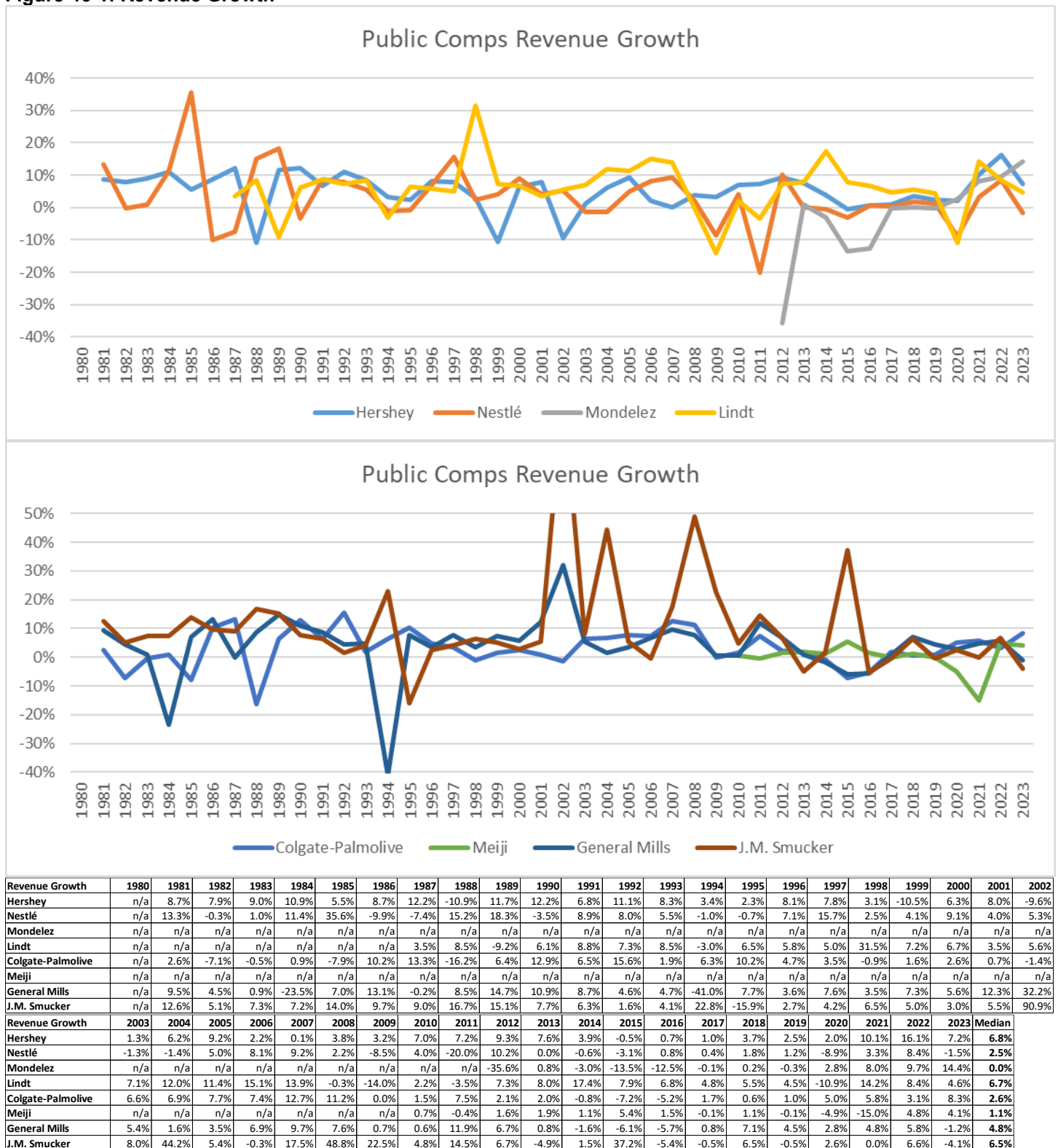


Note:

1. In 2010, Nestlé sold its Alcon business to Novartis, resulting in a gain of CHF 24,535 million. After adjustment, the ROTCE would be estimated to be 53% and 16%.³⁴⁰

³⁴⁰ Nestlé Annual Report 2010.

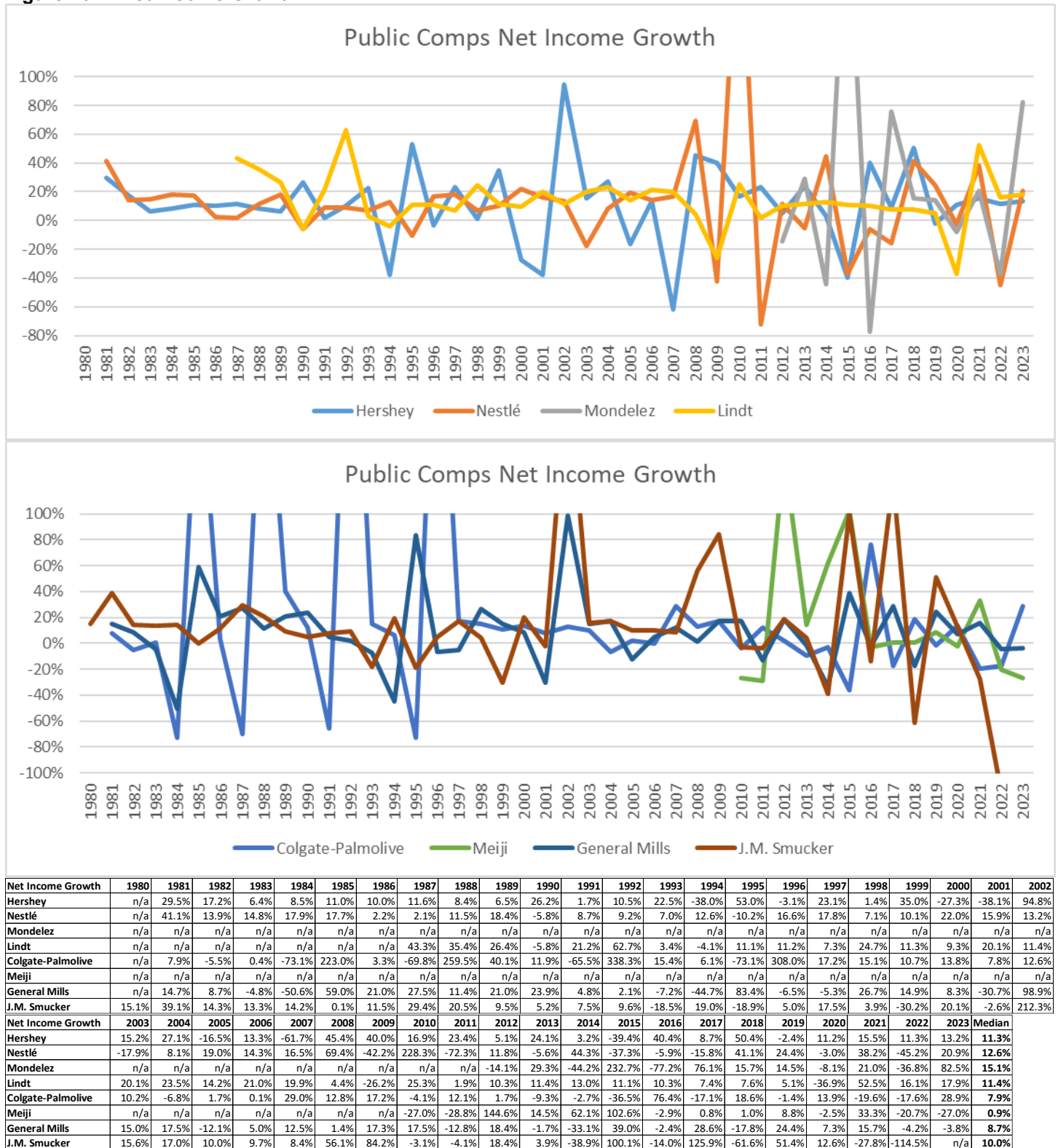
Figure 46-1: Revenue Growth



Notes:

1. Data from FactSet.
2. Data above is cut off in some years in the charts due to it being outlier numbers.
3. "n/a" indicates unavailable or negative values.

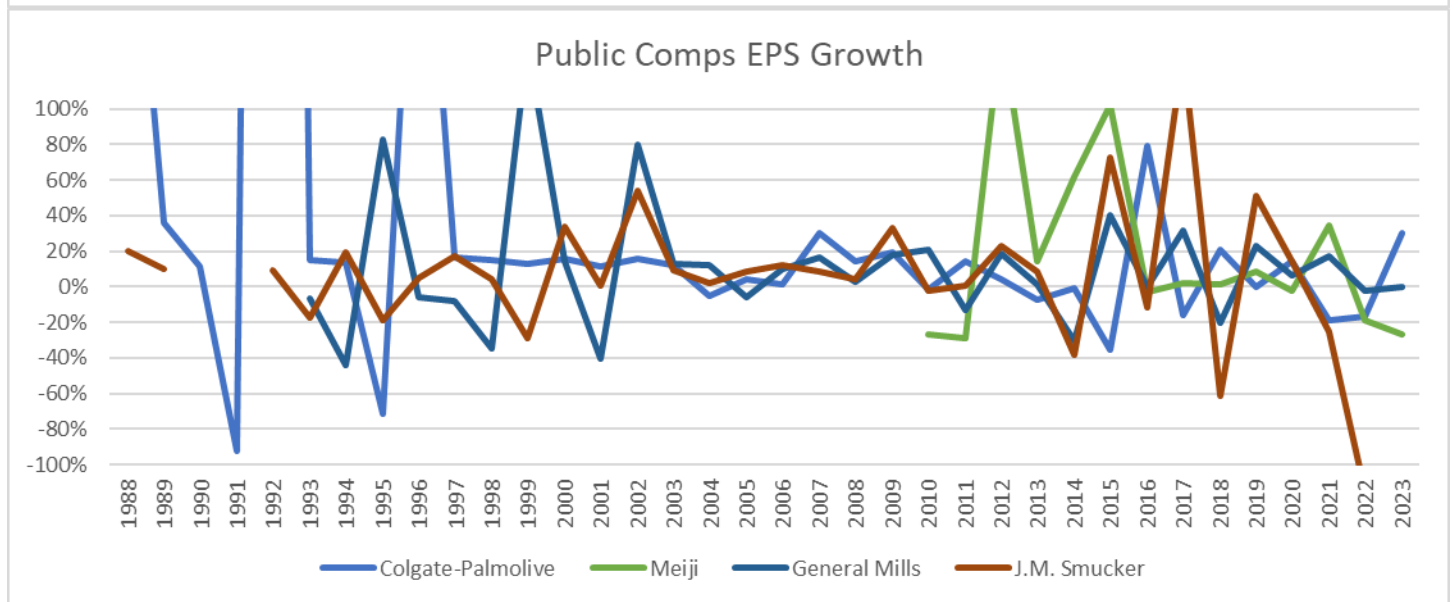
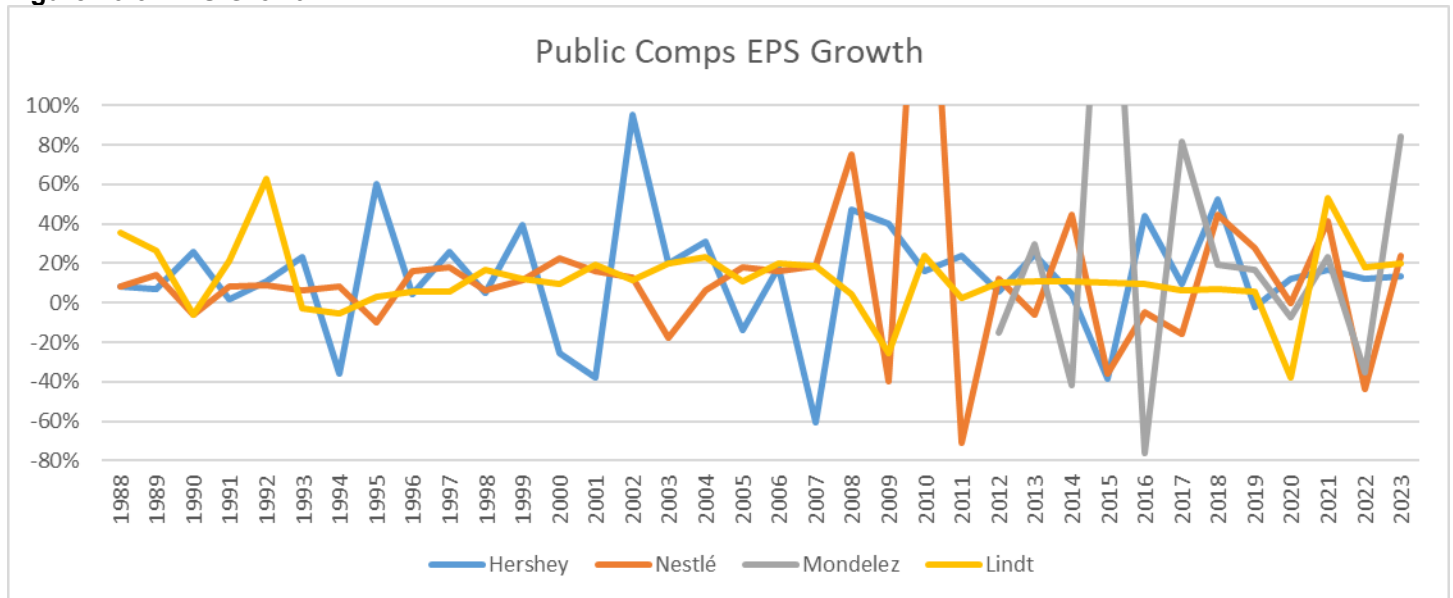
Figure 46-2: Net Income Growth



Notes:

1. Data from FactSet.
2. Data above is cut off in some years in the charts due to it being outlier numbers.
3. "n/a" indicates unavailable or negative values.

Figure 46-3: EPS Growth

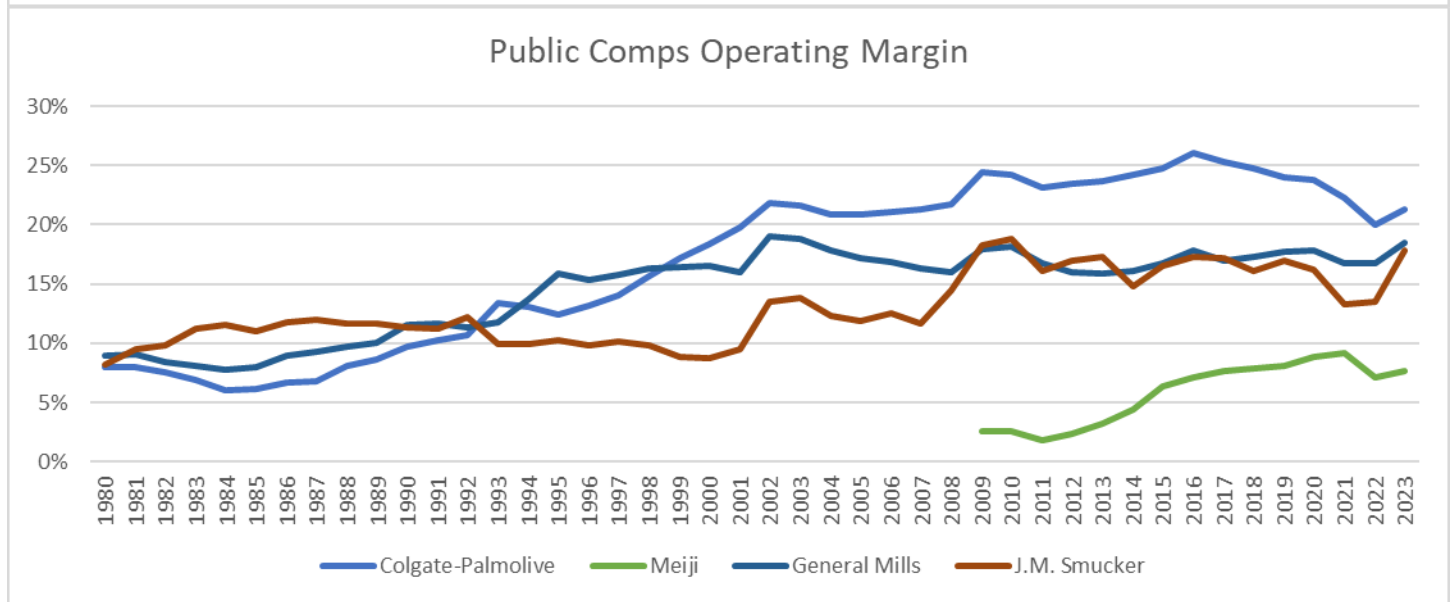
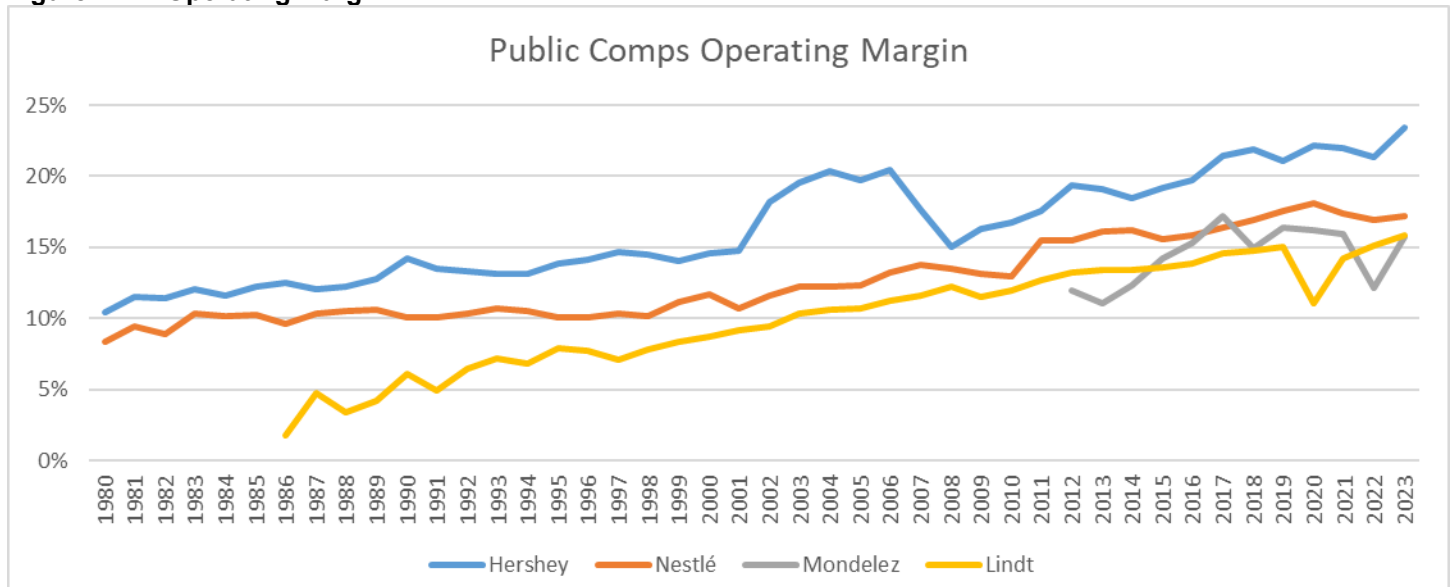


EPS Growth	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Hershey	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.5%	6.7%	25.8%	1.7%	10.7%	23.0%	-36.0%	60.4%	4.1%	26.0%	4.9%	39.3%	-25.8%	-38.0%	95.3%	
Nestlé	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.4%	14.4%	-5.8%	8.4%	8.7%	6.2%	8.1%	-10.0%	16.1%	17.8%	6.2%	11.7%	22.5%	16.0%	12.6%	
Mondelez	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Lindt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.4%	26.4%	-5.8%	21.2%	62.7%	-2.5%	-5.1%	3.0%	6.0%	5.9%	16.6%	11.9%	9.5%	19.3%	11.2%	
Colgate-Palmolive	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	262.6%	36.2%	11.6%	-92.8%	1683.9%	15.0%	13.3%	-71.4%	282.4%	16.4%	15.0%	12.6%	15.6%	11.2%	15.9%	
Meiji	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
General Mills	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-6.3%	-44.4%	82.9%	-6.0%	-7.8%	-34.6%	135.3%	14.0%	-40.8%	80.0%
J.M. Smucker	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20.2%	9.9%	n/a	n/a	9.5%	-17.3%	19.0%	-19.2%	4.9%	17.0%	4.0%	-28.7%	33.7%	0.8%	54.0%	
EPS Growth	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Median		
Hershey	20.1%	30.7%	-13.6%	17.7%	-60.4%	47.2%	39.8%	16.3%	23.6%	5.8%	24.8%	4.3%	-38.3%	43.9%	9.5%	52.4%	-2.2%	11.9%	16.5%	12.0%	13.8%	12.9%		
Nestlé	-17.5%	6.5%	17.9%	16.3%	18.8%	75.3%	-39.9%	247.8%	-70.8%	12.2%	-5.7%	44.4%	-36.1%	-4.8%	-15.6%	44.7%	28.0%	-0.1%	41.1%	-43.5%	23.7%	10.2%		
Mondelez	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-15.1%	29.6%	-41.6%	246.9%	-76.4%	81.9%	19.1%	16.7%	-7.1%	23.4%	-35.5%	84.5%	17.9%		
Lindt	20.0%	23.3%	10.9%	19.9%	18.4%	4.5%	-25.4%	24.0%	2.2%	10.1%	10.7%	11.1%	10.4%	9.6%	6.4%	6.8%	5.8%	-37.8%	52.8%	18.2%	19.8%	10.8%		
Colgate-Palmolive	12.3%	-5.3%	4.3%	1.2%	30.1%	14.4%	19.4%	-1.4%	14.6%	4.3%	-7.6%	-0.8%	-35.6%	78.9%	-16.2%	20.6%	0.0%	14.1%	-18.6%	-16.7%	30.3%	13.0%		
Meiji	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-27.1%	-28.7%	144.6%	14.5%	62.1%	102.6%	-2.8%	2.2%	1.1%	8.8%	-2.5%	34.2%	-18.5%	-26.6%	1.6%	
General Mills	13.2%	12.0%	-5.8%	9.7%	16.7%	2.4%	17.9%	20.8%	-13.1%	18.7%	1.4%	-30.4%	40.6%	0.0%	31.4%	-20.3%	22.6%	6.3%	16.9%	-2.4%	-0.1%	6.3%		
J.M. Smucker	9.4%	2.1%	8.7%	12.3%	8.9%	4.0%	33.0%	-2.4%	0.2%	23.2%	8.4%	-38.6%	73.0%	-11.5%	131.1%	-61.6%	51.0%	14.0%	-25.1%	-114.7%	n/a	8.7%		

Notes:

1. Data from FactSet.
2. "n/a" indicates unavailable or negative values.

Figure 47-2: Operating Margin



Operating Margin	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Hershey	10.4%	11.5%	11.5%	12.0%	11.6%	12.3%	12.5%	12.1%	12.3%	12.8%	14.2%	13.5%	13.3%	13.1%	13.2%	13.8%	14.1%	14.6%	14.5%	14.1%	14.6%	14.7%	18.2%
Nestlé	8.4%	9.5%	8.9%	10.3%	10.1%	10.2%	9.6%	10.4%	10.6%	10.6%	10.0%	10.1%	10.3%	10.7%	10.6%	10.0%	10.1%	10.3%	10.2%	11.1%	11.7%	10.7%	11.6%
Mondelez	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lindt	n/a	n/a	n/a	n/a	n/a	n/a	1.8%	4.7%	3.4%	4.2%	6.1%	4.9%	6.5%	7.2%	6.8%	7.9%	7.8%	7.1%	7.8%	8.4%	8.7%	9.2%	9.4%
Colgate-Palmolive	8.0%	8.0%	7.5%	6.9%	6.0%	6.1%	6.7%	6.8%	8.1%	8.6%	9.7%	10.3%	10.7%	13.4%	13.1%	12.4%	13.2%	14.0%	15.6%	17.2%	18.4%	19.7%	21.8%
Meiji	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General Mills	8.9%	9.1%	8.4%	8.1%	7.7%	7.9%	9.0%	9.3%	9.7%	10.0%	11.6%	11.6%	11.3%	11.7%	13.7%	15.9%	15.3%	15.8%	16.3%	16.4%	16.5%	16.0%	19.0%
J.M. Smucker	8.2%	9.4%	9.8%	11.2%	11.6%	11.0%	11.8%	12.0%	11.6%	11.6%	11.3%	11.3%	12.2%	9.9%	9.9%	10.2%	9.8%	10.1%	9.8%	8.8%	8.7%	9.4%	13.5%
Operating Margin	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Median	
Hershey	19.5%	20.4%	19.7%	20.4%	17.6%	15.0%	16.3%	16.8%	17.6%	19.4%	19.0%	18.5%	19.2%	19.7%	21.4%	21.9%	21.1%	22.2%	22.0%	21.4%	23.4%	14.9%	
Nestlé	12.2%	12.2%	12.4%	13.3%	13.7%	13.5%	13.1%	13.0%	15.5%	15.5%	16.1%	16.2%	15.5%	15.9%	16.4%	17.0%	17.6%	18.1%	17.4%	16.9%	17.2%	11.7%	
Mondelez	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12.0%	11.0%	12.4%	14.2%	15.3%	17.2%	14.9%	16.3%	16.2%	15.9%	12.1%	15.7%	15.1%	15.1%	
Lindt	10.3%	10.6%	10.7%	11.2%	11.6%	12.2%	11.5%	12.0%	12.7%	13.3%	13.4%	13.4%	13.6%	13.9%	14.6%	14.8%	15.1%	11.1%	14.2%	15.1%	15.9%	10.6%	
Colgate-Palmolive	21.6%	20.8%	20.8%	21.0%	21.3%	21.7%	24.4%	24.2%	23.1%	23.4%	23.7%	24.2%	24.8%	26.1%	25.3%	24.8%	24.0%	23.7%	22.3%	20.0%	21.2%	19.8%	
Meiji	n/a	n/a	n/a	n/a	n/a	n/a	2.6%	2.6%	1.8%	2.3%	3.2%	4.4%	6.4%	7.1%	7.6%	7.8%	8.1%	8.8%	9.2%	7.1%	7.6%	7.1%	
General Mills	18.8%	17.9%	17.1%	16.9%	16.4%	16.0%	18.0%	18.2%	16.7%	16.0%	15.9%	16.1%	16.7%	17.9%	17.0%	17.3%	17.7%	17.8%	16.7%	16.8%	18.4%	16.1%	
J.M. Smucker	13.8%	12.3%	11.9%	12.5%	11.6%	14.5%	18.3%	18.8%	16.1%	17.0%	17.3%	14.8%	16.5%	17.3%	17.2%	16.1%	16.9%	16.2%	13.2%	13.5%	17.8%	11.9%	

Notes:
 1. Data from FactSet.
 2. "n/a" indicates unavailable or negative values.

Appendix

Valuation, Estimated 1987 vs. 2024

	Valuation (\$ Billion)	EV/EBITDA	MoM	IRR
1987	\$5.3	-		
2024	\$178	~17x	34x from 1987 to 2024	10% from 1987 to 2024

Notes:

1. Mars Inc. has remained a privately held company owned by the Mars family since its founding in 1911. As a result, no publicly available valuation data exists for the company. To estimate the enterprise value of Mars Inc., we used the mean value of EV/Sales ratios of its competitors at two points in time, the end of 1987, when the earliest revenue estimates we could be found for Mars Inc., provided by third-party research in 1991, and the end of 2023.
2. According to FactSet, at the end of 1987, the average EV/Sales ratio for Hershey, Nestlé, Mondelez International, and Chocoladefabriken Lindt & Sprüngli was estimated to be 0.7x. By the end of 2023, this figure had risen to 3.6x.
3. The capital structure of Mars Inc. remains undisclosed to the public. According to Forbes, the net worth of the Mars family was estimated at \$117 billion as of 2/8/2024.³⁴¹
4. S&P Global Ratings estimated that Mars' EBITDA margin for 2021 and 2022 ranged from 18% to 19% and projected it to remain between 18% and 20% in the future.³⁴² Based on the company's revenue of over \$50 billion in 2023, we estimate its EBITDA to be over \$10 billion, assuming the midpoint of the projected range. This results in an estimated EV/EBITDA multiple of 17x, compared to Hershey 14x, Nestlé 16x, Mondelez International 18x, and Chocoladefabriken Lindt & Sprüngli 22x, according to FactSet.

³⁴¹ Mars Family Net Worth. Forbes. <https://www.forbes.com/profile/mars-1/>

³⁴² Mars Inc. Ratings Raised To 'A+' From 'A' On Continued Strong. <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceld/12702663>

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