

Activity Sheet 3: A Tale of Two Chocolate Companies

Mars, Inc.

It all began in 1911 in the kitchen of Frank and Ethel Mars in Tacoma, Washington, when they began by making and selling a variety of butter-cream candies from their home. In 1920, after visiting a local drugstore with his son Forrest, Frank Mars thought it would be good to produce a version of chocolate, malted milk that could be enjoyed anywhere. The result was the MILKY WAY bar, later known in Europe as the MARS bar. It was an immediate success.

Together the Mars family created their own company that later produced many other world famous brands like SNICKERS and M&M's. These candies became the foundation of what was to become a global snack food business. Their business was further strengthened when, working in Europe during the '30s, Forrest Mars thought it would be a good idea to give chocolate a protective candy coat to stop it from melting. The idea heralded the creation of M&M'S candies; the success of these tiny portable snacks was ensured when they were adopted as a staple ration for US forces. Today, M&M'S are famous the world over.

By the 1970s, the Mars Family Corporation was known for a variety of businesses classified into four distinct areas: snack food, food, pet care, and drinks vending and electronics. As a result, Mars has grown from one kitchen to a multi-billion dollar business. Over the years, Mars has created and marketed a group of products, from M&M'S, TWIX, MARS, and SNICKERS in snack food, to PEDIGREE, WHISKAS, CESAR and SHEBA in pet care, and UNCLE BEN'S in food.

Hershey Foods Corporation

Raised in rural central Pennsylvania, lacking a formal education and nearly bankrupt at age 30, Milton S. Hershey created the company we know today as Hershey Foods.

The company began as a small subsidiary of Milton Hershey's Lancaster Caramel Company. Using chocolate-making equipment purchased at the 1893 Columbian Exposition in Chicago, Milton's company produced baking chocolate, cocoa and sweet chocolate coatings for its parent company's caramels. After building his own milk-processing plant and working day and night for three years, Milton Hershey became the first American to develop a formula for manufacturing milk chocolate. It was affordable, tasted good and remained fresh for a long time. It was an immediate sensation!



Hershey Foods, unlike the private Mars Company, is publicly traded. This means that members of the public can become part owners in the company by purchasing stock.

Hershey, from its humble beginnings in 1893 to today, has also become a multi-billion dollar business. Milton Hershey not only became one of America's wealthiest individuals, but a successful entrepreneur whose products are known the world over. He was a visionary builder of the town which bears his name and, a philanthropist whose open-hearted generosity continues to touch the lives of tens of thousands of people.

Through technology, modernization, and new product development, the Hershey Company has grown spectacularly. Today, the Hershey Company, like its counterpart the Mars Company, is a leading snack food company and the largest North American manufacturer of chocolate and non-chocolate confectionery products, as well as other related grocery products.

Based on the reading above answer the following questions:

Explain what you think it means that Mars is a privately held company and Hershey is a publicly held company.

If the Mars Corporation wanted to raise the money to expand its business, how could they do it?

How can the Hershey Corporation raise funds to expand its business?

Mars is an 18-billion dollar privately owned business; Hershey is only a 9 billion dollar publicly owned business. How could Hershey sell more candy and chocolate than Mars and still be the smaller of the two companies? Discuss and write your answers.

ANSWER KEY

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Based on the reading above answer the following questions:

Explain what you think it means that Mars is a privately held company and Hershey is a publicly held company.

- *Mars is only owned by the family whereas Hershey is owned by a group of stockholders and is run by a Board of Directors. You can buy stock in Hershey, but you can't buy stock in the Mars Company.*

If the Mars Corporation wanted to raise the money to expand its business, how could they do it?

- *The Mars Corporation would have to go to banks or private investors to get funds to raise the money to expand its business.*

How can the Hershey Corporation raise funds to expand its business?

- *The Hershey Corporation can sell more shares of stock since it is a publicly traded company.*

Mars is an 18-billion dollar privately owned business; Hershey is only a 9 billion dollar publicly owned business. How could Hershey sell more candy and chocolate than Mars and still be the smaller of the two companies? Discuss and write your answers.

- *The Hershey Company could give away more of its money to charity and also not develop as many different types of snack foods at the Mars Corporation.*