

# **Willy Wonka and the Economics Factory**

## **By Rosemary Parravano**

Based on the book *Charlie and the Chocolate Factory* by Roald Dahl, the 1971 film *Willy Wonka & the Chocolate Factory*, starring Gene Wilder in the title role, tells the story of eccentric candy maker Willy Wonka and the mysterious chocolate factory where he produces his famous Wonka confections. A much beloved and admired manufacturer of candy, Willy Wonka concocts unrivaled chocolate and sugary confections with the factory policy of “nobody in, nobody out.” After a fifteen year long hiatus, Wonka secretly begins to operate the factory. With the entire world speculating about him and his company, Wonka announces that five lucky children, accompanied by one parent each, will be treated to a tour of his factory. In order to qualify, the children must find one of the five golden tickets hidden underneath the plain wrappers of five Wonka bars. Through the children’s tour of the factory, Wonka reveals the business practices which afford him unsurpassed success in the candy industry. Wonka competes with just one man, Arthur Slugworth of Slugworth Chocolates Incorporated. Operating in an oligopolistic industry, Wonka’s business practices reflect the economic truths employed by oligopolistic firms with differentiated products in order to ensure maximum profits. Willy Wonka manages to differentiate his product from Slugworth’s through innovative technology, creative marketing, and outsourcing of labor.

Willy Wonka’s company exemplifies innovative technology through the confectioner’s constant search for inventive and seemingly impossible new sweets. As Wonka leads the children and their parents through his endless factory, he reveals to them the inner chambers where he produces his famous sweets. He even has an “inventing room” where he test drives his newest and wildest candy. Although he explains neither

the science behind his machines nor how he builds them, the factory clearly contains technology unique to only Willy Wonka. For example, the factory is the only one in the world to churn its chocolate using a chocolate waterfall. The candy maker capitalizes on its secret technology to become the sole producer of all of his products. In addition, Wonka frequently unveils new candy to the market. As seen in the invention room, Wonka has no plans to stop dreaming up novelties like “Wriggle-Sweets That Wriggle Delightfully in your Tummy after Swallowing.” In an early scene in the film, children in a candy store marvel at the introduction of the “Scrumpdiddleumptious Bar.” This behavior, typical of an oligopolistic competitor, secures his company a steady base of allegiance within the candy market. Although he competes with the nefarious Arthur Slugworth of Slugworth Chocolates Incorporated, Wonka expertly protects his production secrets so that his candy is unrivaled. In doing so, Willy Wonka operates as a monopoly within the candy market. By differentiating his product he ensures that demand for his inventions accrues profits to himself and only himself.

Willy Wonka’s candy company also makes use of creative marketing to differentiate its product in the candy market. After years of top secret, closed-door manufacturing, Wonka promises a factory tour to the lucky finders of five “golden tickets” randomly placed in five chocolate bars. He also includes that a “winner” at the end of the tour will receive a lifetime supply of chocolate. The announcement sparks a worldwide frenzy of Wonka chocolate consumption. It seems from the film that everybody hopes to be one of the few to tour the factory. This competition is a brilliant advertising ploy on Wonka’s part because many people begin to buy his chocolate bars in bulk to increase their odds of winning. Wonka therefore ensures inelastic demand for his

product because the prospect of winning a factory tour adds priceless value to each bar. The parents of one eventual winner, Veruca Salt, shut down production in their nut packaging plant so that each employee can spend all day opening Wonka chocolate bars. The golden ticket competition even convinces consumers of other products to begin purchasing Wonka's products. Violet Beauregarde, one of the five children who find tickets, replaces her fanatical gum chewing habit with nonstop consumption of chocolate bars. Another winner, Mike Teavee, hates chocolate but buys the bars anyway in hope of winning. The golden ticket competition illustrates the benefits of advertising to an oligopolistic competitor because it creates worldwide publicity. This concept is shown even before the competition through Wonka's creative marketing of his candy. Instead of producing chocolate bars or jawbreakers, Wonka markets his products as "Invisible Chocolate for Eating in Class" and "Everlasting Gobstoppers." Throughout the film, it seems that children worldwide set Wonka candy apart from other confections, meaning that Wonka successfully differentiates his product.

Finally, Willy Wonka also secures the ability to distinguish his candy through the low cost and recipe security of his outsourced labor. Before they tour the factory, Charlie Bucket's grandfather, Uncle Joe, recounts how Wonka once employed local men and women in his factory. He explains that the factory closed when spies sold Wonka's recipes to other manufacturers who were then able to mimic his products. Later, after secretly reopening the factory fifteen years later, Wonka's source of labor remains a mystery to everyone in the town. It is not until the tour that the candy maker reveals his workforce: Oompa Loompas. Waist-high men with orange faces and green hair, Oompa Loompas hail from the fictional Loompaland, an isolated island in the Pacific Ocean.

Wonka claims to have saved the Oompa Loompas from Wangdoodles and Hornswogglers, vicious beasts who terrorized them in Loompaland. The entire population agreed to employment in the factory in exchange for safety, protection, and a salary of cacao beans, their favorite food. Wonka is able to reduce operating costs through his deal with the Oompa Loompas because cacao beans appear to be in ready supply throughout the factory. Also, they guarantee security for Wonka's recipes since they never leave the factory. By outsourcing his labor, Wonka can spend more in other areas, most likely technology and marketing. This increased spending allows him to continue the practices which set his products apart from his competitor's.

In conclusion, it is clear that nonprice competition allows Willy Wonka to operate his chocolate factory as a monopoly within the candy industry. Even though price competition is often an important aspect of an oligopolistic market, Wonka and Slugworth never mention prices so it can be assumed that they choose instead to compete based on product development and advertising. Wonka's ability to distinguish his product enough that he creates a monopoly within the candy industry truthfully portrays the goal of an oligopolistic firm peddling a differentiated product. Just as companies in today's business world choose to outsource their labor in search of lower costs, Wonka finds that foreign markets can provide more cost effective labor. Wonka's leadership of the factory would most likely maximize profits and minimize operating costs, showing that his decisions are based on economics. After the other four children are disqualified through greed or dishonesty, Wonka eventually chooses Charlie Bucket to receive the lifetime supply of chocolate at the end of the tour. Although this prize might not seem very economically wise for Wonka, it ensures the perpetuation of the chocolate factory

because the lifetime supply is accompanied by another privilege: running the factory upon Wonka's retirement. After having tested Charlie's honesty through a series of trials, the candy maker knows that the integrity of his company and the secrets within the factory's walls will remain a mystery to outsiders. Through nonprice competition such of technology and creative marketing combined with outsourcing of labor, Willy Wonka differentiates his product from his main competitor in order to operate his company as a monopoly within the candy industry. Through economically sound business practices the most famous candy maker of all time delights the imaginations and taste buds of audiences in the film *Willy Wonka and the Chocolate Factory*.

## **Works Cited**

Charlie and the Chocolate Factory. Dir. Mel Stuart. Perf. Gene Wilder. 1971. DVD. Warner Bros. Home Video Inc.