

The business, which i  
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produce a report on,  
is cadbury ltd essay  
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Cadbury Ltd is a wholly owned subsidiary of Cadburys Schweppes plc, as is Trebor Basset Ltd. Although Cadburys Ltd is a private limited company it has all the benefits and constraints of a public company under the name of Cadburys Schweppes plc which is a public limited company.

Cadburys head office is located in Bournville (Birmingham). Its factories are located in Bournville, Somerdale (nr Bristol), Chirk (North Wales) and Marlbrook (Herefordshire). Cadburys also has a number of distribution centres located in Minworth (Birmingham), London, Belfast and Paisley.

Cadburys main activity is making chocolate-based products; this contributes to the secondary sector. The chocolate making market can be segmented into five areas. The five areas are Seasonal, Home Stock, Immediate East, Kids and the Gift Segment. However, aside from making chocolate, Cadburys also has many peripheral activities. One of Cadburys main peripheral activities is the Visitor Centre, Cadbury World at Bournville, which contributes to the tertiary sector. Cadburys have also sponsored a famous television program called Coronation Street, which gives Cadburys the opportunity to advertise during prime-time television. Another of Cadburys peripheral activities that contributes to the tertiary sector is Cafe Cadbury. This is an exciting new arena to which Cadburys has moved into and is basically a Cafe and Retail Shop situated in Bath. Cadburys have also merged with other companies such as “ St Ivel” to produce a range of products such as chocolate mousses; this activity contributes to the secondary sector. Cadburys also has a Website [www. cadbury. co. uk](http://www.cadbury.co.uk), which contributes to the tertiary sector.

Cadburys main competition in the confectionery market is Nestle and Mars who both have a 20% share in the confectionery market compared to Cadburys Trebor Bassett's share of 28%. During 2000 the UK confectionery market continued to grow with consumer sales rising by a further 1%. Of the confectionery market chocolate accounts for 70% of the sales with the remaining 30% being sugar. Cadburys is the leading manufacturer of chocolate, with 70% of consumers saying that Cadburys make the best chocolate. In the list of the top 20 confectionery brands of 2000, Cadburys had 5 in the top 20, including Cadburys Dairy Milk Mega brand, which was, no: 1.

Cadburys is a public limited company. The main advantage of this type of is they have unlimited liability. This means that if the business fails, the shareholders risk losing personal assets and savings. However, Sole traders and partnerships do have their advantages over private and public limited companies in that all profits are paid out to the owners. Whereas in public and private limited companies the money may be kept in the business. Although in some cases the directors may decide to pay out to the shareholders in dividends.

Public and Private limited company's also have the advantage of having more finance than sole traders and partnerships. This means that the business has more finance to expand the business and raise the business profile. Public and Private Limited Company's have more finance because they have more people involved in ownership of the business (shareholders) compared to there just being 2-20 people in a partnership and 1 person as a sole trader. There is however, a downfall to having so many shareholders in <https://assignbuster.com/the-business-which-i-have-chosen-to-produce-a-report-on-is-cadbury-ltd-essay-sample/>

the business and that is that the profits have to be shared with more people. In terms of having control over the business, a sole trader has the most control, as they make all the decisions over how the business is run alone, without any major input from others. However, people involved in a partnership also have reasonable amounts of control unless they are a “sleeping partner” who has just provided finance for the business.

In a private limited company, the shareholders (who can only be family and friends) are usually also Directors and therefore have part control over how the business is run and what decisions about the business are made. In a public limited company, although the shareholders own the company, they do not run it or have any say in the decisions made about the business. Public Limited Company's (where any member of the public can chose to invest in the business and become a shareholder) have directors and managers who do this.

After looking in detail at the advantages and disadvantages of a public limited company, I have come to the conclusion that the advantages of a public limited company do out-weigh the disadvantages. Public Limited ownership is suitable to Cadburys in terms of size, scope and geography, in that it has the finance it needs from the shareholders. The finance provided from the shareholders has enabled Cadburys to expand from having a small business in Bournville to be part of Cadburys Schweppes Plc., which is a global business that manufactures, markets and distributes branded products in over 200 countries.

If Cadburys had continued to trade as a sole trader, then expansion of the business would not have been possible and Cadburys would not be the leader in the UK chocolate market that it is today. Being a public limited company is also suitable to Cadburys in terms of competition, because if it were still a Sole Trader or even a Partnership, it would not be able to compete against big named brands such as Mars and Nestle as it is today. Cadburys progressed from a partnership to a private limited company in 1899 following Richard Cadburys sudden death at the age of 63 years old. George Cadbury became Chairman of the new board and his fellow directors were Barrow and William A Cadbury, sons of Richard Cadbury and two of his own sons Edward and George Cadbury Junior. However, the most important step in the development of the company was the merger with Schweppes in 1969 to form Cadbury Schweppes Plc.,

### Marketing Strategies

The initial research stages (ii) have carried out, will enable me to match my products marketing mix – the combination of products, price, promotion and place, to factors such as the socio-economic class, age, household type, gender, personal values and geographical location of customers. This combined with an analysis of marketing opportunities will help me to determine the most suitable marketing strategy. In order to implement a marketing strategy that meets customer needs, I must pay attention to the basic ingredients of the marketing mix, otherwise known as the four P's.

This involves matching the product to consumer needs, determining the price, deciding where and how the product or service should be placed

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(distributed) in the market and promoting it through publicity, advertising and sales techniques. I will develop a marketing strategy by identifying the most important components of the marketing operation, such as to determine the best marketing mix of the four p's, for its target market. By targeting a specific segment of the market, it is possible for an organisation to develop a marketing mix, which satisfies the needs of a clearly defined set of customers.

When a product is developed, a marketing department must identify the three levels of satisfaction and then design a strategy that allows customer satisfaction to be achieved at each level. This included consideration of issues such as branding, packaging, labelling and the development of a range of products to cover all the stages of a product life cycle.

Branding - Branding helps to identify a product and differentiate it from those of competitors. The brand of my product, my product being Flake is under the brand name Cadburys. This is a positive point because Cadburys has already established consumer loyalty. Which, in turn can also convey a feeling of quality and reliability. Because people associate Cadburys with high quality products, they are probably prepared to pay slightly more than they would for non-branded products or less respected brands. Therefore, I feel emphasis would be made about the fact that Flakes are under the brand Cadburys.

Packaging - Packaging can combine with branding to differentiate the product and ultimately make the sale. A more affluent customer is prepared to pay for the convenience, appearance, dependability and prestige that are

communicated through better packaging. Interestingly % of participants who took part in my questionnaire had the opinion that improved packaging would improve the sales of Cadburys Flake. Therefore, I feel this should be of great importance.

Labelling - Labelling contributes to the perceived quality of packaging and ultimately the product. This is because it helps to identify the product type and brand clearly. As detailed above ensuring the brand name is labelled clearly is of great importance as helps to portray quality. Other features which will be labelled are - Ingredients, Weights, Nutritional Information, Graphics and in the interests of providing good customer service, a help line number and address for any queries or complaints which the consumer may have. I also feel it would be beneficial to include a description of the product, so that the consumer has an idea of what they are purchasing, this description should be worded carefully, to ensure it is truthful and the consumer gets what they are expecting.

Price- Pricing is the only aspect of the marketing mix that directly produces revenue; the other aspects all involve costs. Therefore it is extremely important to get the pricing strategy right, as this determines the financial success of a particular product and contributes to the long-term viability of the business. Marketing departments set prices in the context of the total marketing mix. There are four stages involved in pricing which are;

STAGE 1 - Pricing objectives should reflect the organisations overall objectives.

STAGE 2 – Through Market Research, the organisation needs to establish the level of demand for the product at different prices.

STAGE 3 – The organisation needs to identify the costs associated with the product. Ultimately, the price must in the long term, recover the costs of producing, distributing and selling the product and be sufficient to generate a profit.

STAGE 4 – Pricing should be competitive. It is important to analyse competitor's prices and offers.

Now having undertaken these four stages the business can select a pricing method. It should produce a price, which reflects the organisations objectives, the price elasticity of demand for the product, the organisations costs and competitor's prices. It can choose one of the six main approaches to pricing, which are:-

This is a crude method of pricing. It involves establishing the total costs of producing a particular product and adding a standard margin or mark-up to produce the price of the product. I don't feel this is the best method of pricing because it fails to reflect market forces, therefore if the price has been set too low, profits will be sacrificed, if they are set too high, sales will suffer.

Uses breakeven analysis. The price must be set at a level which the firm at least covers its variable costs; otherwise there is no point in continuing production. This breakeven analysis is only useful if it is viewed in the context of demand situation facing the firm. Although Cadburys would be

able to use target profit pricing don't believe it is particularly the best method because Cadburys profits are made from their wide range of products not just Flakes. Also the fact that there is such a wide range of products, means that Cadburys Flake won't have a hugely high demand.

Perceived value pricing relates to the non-price variables in the marketing mix, which help to raise consumers perception of the product and in doing so their willingness to pay a higher price. This method of pricing relies upon accurate research into how people view a particular product and give value to the non-price variables in the marketing mix. The consumer's perception of the value of a product may be lowered if the organisation reduces its price. This is because the consumer may consider a lower price to equate with low quality. I will consider perceived value pricing as a possible method of pricing Flakes, because Cadburys has a reputation of providing high quality goods, so consumers are prepared to pay more for them.

Market Skimming strategies exploit what are usually short-term conditions in the market place. A company with an innovative product may initially face very little competition, and it may be possible to skim the top of the market by selling at a very high price to the relatively few consumers who are willing to pay the price. This method would not be suitable for Cadburys Flake, because Flakes are not particularly an innovative product and there is only so much consumers are prepared to pay for a Cadburys chocolate bar.

Competitor based pricing is often used by smaller firms that lack the sophisticated research techniques to determine their own prices. They simply charge what is considered to be the going rate among competitors.

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Although I will consider competitors prices, it will not be the sole method I will use, because there are many different levels of competitors.

Firms trying to establish themselves in the market often use Market Penetration Pricing. They may set low prices in order to build brand loyalty and gain a share in the market. However, Cadburys already have a large share in the confectionery market and introducing a Cadburys product at a low price could give the product an image of low quality.

The marketing department has to deliver the ' product' to the consumer as and when it is required. The extent to which this is achieved depends upon decisions regarding the location of the production or service organisation, the availability of the product or service and the method by which it is distributed.

Decisions on location should take account of the convenience of access for customers. There is the location of the selling outlet to be considered, but also the location of the product in the selling outlet e. g., children's products at their eye level and within their reach. I could sell my product at a number of locations. Possible locations include Supermarkets, Local Shops, Newsagents, Garages, Pubs, Clubs, and Restaurants and through the use of Vending Machines within the work place, schools, train stations and other public places where convenience is essential. Because Flakes are generally suitable for all ages, it would be able to be sold in all of the above locations.

The place, at which I sell my product, has to have been decided upon with consideration as to the availability of products, so they should be available when the customer needs or wants them, in the quantity they require. This <https://assignbuster.com/the-business-which-i-have-chosen-to-produce-a-report-on-is-cadbury-ltd-essay-sample/>

means the organisation must contribute to the realisation of the consumer's expectations.