

Marketing concepts – cadbury flashcard



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We have chosen the Cadbury Limited as our business organisation; the report will reflect on how issues such as the design and manipulation of its marketing mix and positioning: environmental factors, added value, customer purchasing behaviour, segmentation requirements, competitive and strategic considerations affect Cadbury. This is a vast market both nationally and internationally. The report covers the national aspect of the market. Cadbury Report Cadbury is a multi million pound company which specializes in the production of chocolate. It opened its first shop in 1924, selling teas, coffee and chocolate drinks.

In 1897 Cadbury introduced their first chocolate bar and now the name has become synonymous with chocolate manufacturing. By the year 1997 more than 250 million bars of Cadbury's Dairy Milk were being produced each year. (Appendices 1) Cadbury need to examine the macro forces that influence its operation. " These include political, legal regulatory, societal/green issues, technological, economical and competitive forces" as cited in Dibb (2001). An example of this is: rising fuel costs, (BBC News 2004).

Any increase in the cost of fuel taxes has an impact on all manufacturing and production costs. The weather has an impact on sales, a wet summer can have a profound effect on the sales of ice cream, however Cadbury turned this to their advantage a couple of years ago, when experiencing hot weather, informed customers to chill their chocolate bars. Then went onto produce frozen chocolate bars, e. g.

Cadbury Dairy Milk ice cream. In this instance Cadbury have turned a macro factor to its advantage to increase sales. Micro factors include Suppliers, Dibb et al (2001) buyers and competitors, Dibb et al (2001) and the general public, whose buying patterns change from season to season. All of the above are inter-linked and need to be continually monitored for changes. As a result of this, the customer is at the fore-front for Cadbury in its marketing plan, but the company are very much dependant upon outside factors, Dibb et al (2001), e. g.

environmental/societal/green issues. Cadbury need to decide whether they are going to use a “ push” or “ pull” policy in marketing. By examining their advertising and promotional strategies, it is suggested that they use a combination of both, by aiming at the consumer with sponsorship of events, creating awareness through advertising, using promotions such as money off coupons or discounts (e. g. buy one get one free) regularly seen to get ahead of the competition; and also the company’s use of trade advertising, sales promotions and having personal staff “ dressing” and advising stores of their confectionary layout.

With Sales promotion and advertising e. g. Cadbury’s decision to sponsor the popular television soap, “ Coronation Street”. They spend 10 million pounds on this project, this gives Cadbury access to an audience of 15 million households, four times a week. This type of sponsorship does not just cover the company brand name but the individual name as well, Brassington et al (2003).; It can be seen from the above graphs that Cadbury held the lead in this period.

To maintain this lead, Cadbury need to look at the change in the market, the ageing population, different life styles and eating habits together with “pester power” from the children and more/less disposable income available. Purchasing of chocolate confectionery, by gender, socio-economic group, region and ACORN category, September 2004 It can be seen from the above graph that there appears to be very little difference in the amount of chocolate that is bought by different classes of people, and that chocolate is a “class-less” product appealing to all. Cadbury need to identify buyer behaviour and project their sales towards customer needs. The last few years have seen a change in eating habits with less formal meals and more snacks.

The Top six Companies in the Snack Market, sales of snacking Products 1995 and 1997 It can be seen from the above graph that although the sales of snack foods are on the increase, it can be deduced that this market is being taken by “own label” goods. The British have the sweet-tooth of Europe, with the population spending more than £5.5 billion pound on sweets each year. This is equivalent to the population having a bar of chocolate every day. Cadburys use their own marketing strategies and research on their market segmentation, this allows them to decide what stock and how to merchandise the different brands at different retailers.

Cadburys have identified five main markets,* Immediate consumption – approximately 35% of the market. o Home Stock – bought as part of the weekly shop to eat at leisure – approximately 25% of the market.* Kids – celebrations – after school treats – parties – approximately 17% of the market* Seasonal – Easter – Christmas – approximately 9% of the market*

Gift – special celebration – after night parties – approximately 15% of the market (Mintel (2002) graph 5) The above graph shows the sales figures for multipacks from 1996 – 2000 and the percentage change over this period of time. These are the sort of figures Cadbury need to be looking at and analysing. Using Ansoff's theory (see appendices 6) of Product-Market Strategies (growth) DIBB et al (2001) Cadbury initially look to be in the “ safe” box with existing customers and existing products, they need to continually strive to aim for the “ diversification” box, aiming to either invent or reinvent new products and also to aim these lines at new as well as existing customers.

As each product reaches its peak in its, “ Product Life Cycle” (see appendices 7) it needs to finance new and innovative ideas for new products. The base line appears to be Cadbury Dairy Milk with its unmistakable purple wrapping and logo which has hardly changed over the years. Its wrapping and design leave no doubt in the customers mind as to who has produced the product and what sort of quality they will be getting. Nestle have recently been reported as saying that they will be producing a “ crunchie” like product called “ Golden Crumb” cited in Mintel (2002) Grocer (2004), with this information Cadbury need to evaluate the market and need to move into the “ differentiation – focus” mode, as described by Porter's Generic Strategy (appendices 8) DIBB et al (2001), thus ensuring that they produce unique items at a premium price, together with specialised items (such as mothers day gifts) It can be argued that Cadbury are also “ stuck in the middle” with their base lines but as stated previously these do finance new lines.

The endorsed approach entails the company brand name being given a consistent profile against individual product, e. g. Cadbury's Dairy Milk. All Cadbury products are given individual product names, set in a prominent place. This brand naming gives Cadbury a family image.

Branding in this way demands the ability to control the product, but if the product fails, this could damage the company name, but it can also make the new product more successful, especially when a new product is not in their normal product line Giles (1994). Recent issues have arisen concerning the growing obesity of children and health issues within the nation. This has affected the confectionary industry with criticisms being made about the size of the chocolate bars being produced. There has been a big debate recently in the media on the king size chocolate bar; suggestions on this production of the chocolate bars could be reduced, Mintel (2002), however, it has been suggested that the chocolate bars have never been meant to be marketed for one person to eat, but to be shared.

Mintel (2002). The sports and leisure industry is reported to say that the king size bars of chocolate are an ideal product for athletics, predominately men aged 20 - 24 years, Mintel (2002) due to the amount of glucose that needs to be replaced in such a short time after training. Cadbury need to be aware that by listening to one group of the market and responding to them they could in fact be ignoring another group. Low carb foods are becoming one of the health food fads, since the introductions of diets such as the Atkins diet. Nestle have produced a low carb Kit Kat, which could be the way for the future for the chocolate industry, having the luxury of eating a chocolate bars and knowing it will lower your carbohydrates at the same time. Reports

suggest that Cadbury Trebor Basset might introduce on their products a health message to encourage the consumer of a more balanced diet, as cited in Mintel (2002) Source marketing (2003) The chocolate industry is turning the king size market around to bite size products, thus capitalizing on consumer wants, as cited in Mintel (2002) Marketing Week (2003).

It has also been reported that the food industry is in touch with the changing needs of the market with Cadbury launching Boost with Guarana. Mintel (2002)