

Company on cadbury



As a result of our report, we have come to discover that there are various forces that affect the environment that is Cadbury and Freddo Frog, including political, economical, socio-cultural, technological and legal. We have also discovered that there are many levels of competition which include generic competition, product competition and brand competition, as well as the situational and group influences and individual characteristics of consumers. Various market segmentation approaches were explored, and involved demographic, psychographic and behavioural market segmentation. The ways in which the brand is perceived and positioned was also explored and identified, and were illustrated through the creation of a perceptual and positioning map. Our report also explored the communication tools that were used within Cadbury for its Freddo Frog product, and evaluated the effectiveness of campaigns in reaching the consumers and communicating with the public.

2. 1 Introduction:

Cadbury is a multi-national corporation, which produces essentially chocolate and confectionary products and operates in more than 60 countries.(Callus & Cutler). According to IBISWorld, Kraft's Cadbury products have majority of confectionary market share of 49% (2010), which makes it an interesting company to study. With specific attention to the tween market of children aged 6-13 years old, Cadbury's Freddo was developed and has been a great success as a children's chocolate due to its popular brand identity, taste, and initiatives such as fundraising, interactive computer gaming and the fact that it is packaged as an appealing product. Cadbury's popular brand identity and

market share has such an impact on the Australian chocolate industry making the Cadbury Freddo an interesting topic to study.

Part A will discuss the Cadbury brand environment and its impact on marketing initiatives for the product Freddo. That, political factors, economical forces, socio-cultural factors and legal factors all play a significant role on marketing Freddo.

Part B will observe the generic, product and brand levels of competition that Cadbury has been involved in; the situational, group and individual factors that influence the consumption of the brand; and, the demographic, psychographic and behavioural characteristics of the Freddo product tween target market. This section will observe why people purchase Freddo, brand identity, the role of packaging and the changing demographics of Australian lifestyle to healthy eating choices.

Part C examine how Cadbury wants its product Freddo and its associated brand perceived by its target market and how the target market perceive Freddo and Cadbury. This will include the positioning statement that: Cadbury Freddo is aimed at ‘ pre-teen’ children and their parents who only want to spend a couple of dollars on a small chocolate as an inexpensive treat or reward for good behaviour (Cadbury 2011). This section will show positioning and perception maps for the Freddo target market.

Part D will explain the various tools that Cadbury has used to communicate its desired position to its tween market and will describe a communication campaign with specific reference to this market. This report will observe, as Cadbury’s Australia and New Zealand Managing Director, Mark Callaghan <https://assignbuster.com/company-on-cadbury/>

recognises, that “ Cadbury has been a big part of Aussie’s lives for almost 90 years, and underpinning this relationship has been the unbeatable taste of our chocolate and the affinity people feel for our brands” (Ellis 2010).

3. 1 Part A–Kaitlin Ramsay (3863803)

Cadbury is a multi-national corporation that operates in more than 60 countries, and employ over 46, 000 people (Callus & Cutler, 2010) As such an internationally renowned and utilised company, Cadbury is thus subject to many major forces within the business environment that affect and impact upon their marketing initiatives. These forces political, economic, socio-cultural, technological and legal forces.

The political factors that can affect an organisation and its initiatives are the laws and regulations that the Government can impose, as well as the political stability of a nation, or indeed, the world. (Elliot et al, 2010, pg. 48)

In the case of Cadbury, forces that have affected its environment include the Children’s Television Standards 2009. This meant for Cadbury that there were now advertising restrictions in place that negated them from being able to advertise their product, in any way that may mislead or deceive children, and must be perfectly clear and understandable for a typical child (Australian Government, 2010).

This means that Cadbury and their marketing initiatives of Freddo Frog must adhere to these restrictions, and be careful about that way they promote their product to children. In promoting Freddo Frogs to children, they must also not promote HFSS (High fat, salt and sugar)(Hackford, 2010).

Consequently Cadbury has to focus on sensible and appropriate ways to

market Freddo Frogs to kids, that doesn't infringe upon these impositions. On the other hand, parents can now be more comfortable about the fact that their children are less likely to be targeted in deceptive marketing tactics that encourage kids to consume unhealthy products. This initiative is also helping to contribute to creating a healthier lifestyle for all Australians.

The Economical forces impacting upon the environment of Cadbury and its product, Freddo Frog, include interest rates, income levels, levels of inflation and the level of unemployment (Elliot et al, 2010, pg. 49) One of the foremost impacts upon all companies throughout the world was the Global Financial Crisis. This caused an increase in interest rates, a rise in inflation, high unemployment and a lower income. An increase in interest rates may lead to an increase in prices for consumers; which in turn can negatively affect sales, as people during times of financial difficulty, may be reluctant to spend more money. A rise in interest rates may also cause a change in demand for products—which in this case, would mean a decrease in demand. It also means less capital for Cadbury—which may lead to the possible retrenchment of workers due to the inability of Cadbury to support a high number of employees.

The impact of these economical forces mean Cadbury needs to focus on effectively utilising their resources during times of financial obscurity. This may mean spending less money on marketing, and more on other areas of production, as there is less capital to spread around to all areas of the company. Cadbury may be more productive and efficient in these times as they are forced to consume their resources in a cost-efficient manner.

An interesting fact is that although people are less likely to buy luxury goods during times of hardship, Cadburys sales increased by 2% in 2009 during the GFC, as people bought chocolate as a source of comfort food (Despuez, 2009). Looked at from this perspective, it can be concluded that Cadbury may not have to be as concerned as one would think when people are financially inadequate, as chocolate becomes a popular product during such times.

The Socio-Cultural factors that affect Cadbury and its Freddo Frog include the culture, values, attitudes, beliefs and trends of the public (Elliot et al, 2010, pg. 50). In today's society, there is an increasing trend towards video games and similar technology for younger people, as well as gravitation towards initiatives that are "green" or considered ethically responsible. In addition there is an ever-increasing importance placed on the social aspect of schooling—in terms of acquiring the latest trends in order to "fit in" with the other kids, whether this is with clothing, books, toys, food and drinks. These forces that affect the youth today mean Cadbury must integrate and take into account such factors when establishing their marketing initiatives.

As a result of the increasing use of technology and computers amongst young people, which is now a generational characteristic, Cadbury introduced the Internet game "The Adventures of Freddo Frog"(2010). The exciting and interactive nature of the game enticed younger people to partake in the game, and has made the product increasingly popular for young people.

Modern society values the idea of contributing to a cause or initiative that helps achieve something positive. People also like the idea of being associated with something that is ethically responsible, and Cadbury has achieved this through their Fairtrade Scheme “ Which seeks to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade(Cadbury, 2010) The fact that Cadbury is so invested in their Fairtrade scheme creates a positive image for them and all of their products, including Freddo Frog. There is an element of trust that Parents value and respect, and thus are more likely to buy Cadbury products for their children, due to their belief in the brand and its ethics.

The social aspect of schools also impacts upon the nature of marketing initiatives of Cadbury and their products like Freddo Frogs. The fact that a child may be considered “ cool” if they are associated with a chocolate that has its own representative game (The Adventures of Freddo Frog) means social factors are important for Cadbury. Cadbury’s success in the creation of the game is a result of their marketing initiative in the form of Internet gaming for kids. On the other hand, the fact that importance is placed on what kids bring to school is not exactly a healthy lesson to learn for kids, and the idea that food choices is incorporated into this is also not ideal, as kids may consume more than is necessary to achieve the desired social outcome.

The technological forces that may affect the company environment include whether the technology can be used for innovation, whether distribution or communication can be improved using technology, the accelerating use of technology and the better standard of quality of products due to technology (Elliot et al, 2010, pg. 50). Technology is what has allowed for the creation of

the online games, and is essentially the innovative tool used to create more interaction between children and the Cadbury Freddo Frog brand. The communication improvement between children and Freddo frog is essentially due to the improvement in technology over the years (Cadbury History, 2009). Not only has the increase in computer technology been ideal for Cadbury, but also production technology, as it has allowed for considerable growth and success for Cadbury and thus, Freddo Frog.

The improvement in technology has allowed Cadbury with its Freddo Frog to compete again with Kinder Surprise. For a time, Kinder was dominating the market for children's chocolates, as the toy inside the chocolate was very popular amongst kids. The introduction of the online Freddo Frog game however, allowed Cadbury to take back its reign as the top confectionary company. The fun and interactive nature of the game is contributed to making the product so popular.

The ever increasing use of technology by Generation z (otherwise known as Generation @) means that Cadbury are reaching their target market in the most ideal and popular way. And the more and more children that use the Internet, the larger the chances are they will come across the Freddo Frog Adventure Game, and the likelihood of their buying the product (or their parents for them) increases. Although, on the other hand, kids are now spending more time in the virtual world of computer games, interacting with characters that don't exist, instead of being outside playing games and interacting with real people.

Legal forces are a facet of the business environment that always has a large impact upon companies, as they essentially govern and direct the actions of a company, with laws and regulations (Elliot et al, 2010, pg. 51). These come from industry bodies such as the Advertising Standards Bureau and the Australian Competition and Consumer Commission (ACCC). Companies, including Cadbury, must comply with laws and regulations such as the Fair Trading Act 1987 (NSW), the Competition and Consumer Act 2010, and the (Goods and Services Tax) Act 1999. These Acts essentially ensure that Cadbury acts in a fair manner, in relation to trade, production, workplace environment, employee treatment, taxes etc. As well as ensuring they comply with industry regulations to not deceive or mislead, or have the intention to deceive or mislead consumers, or behave in a way that does not adhere to any standards set by these regulatory bodies.

The Australian Competition and Consumer Commission (2011) is responsible for dealing with matters in relation to competition, as well as the enforcement of the Competition and Consumer Act 2010. They are concerned with different areas including dealing with customers, dealing with other businesses, the running of the business in question, industry codes of conduct and professions & competition. The ASB deals with issues including “ use of language, the discriminatory portrayal of people, concern for children, portrayal of violence, sex, sexuality and nudity, and health and safety.” (NSW Government)

There are more Commissions and Boards such as these that businesses have to be concerned about, although these are the most important and recognized. As such Cadbury has to market its product, Freddo Frog, and <https://assignbuster.com/company-on-cadbury/>

conduct business surrounding this product, in such a way that it does not mislead or deceive (neither parents/adults nor children), does not falsely misrepresent the product, and does not infringe upon any of the other aforementioned criteria for business conduct in relation to the Trade Practices Act, or the Fair Trading Act (ACCC, 2011).

This will impact upon Freddo Frog, as they will be a legally responsible and trustworthy company, that can be relied upon by both consumers, suppliers etc. to produce a product that markets itself using only the approved methods. If a company is legally sound, they are generally thought to be an ethically/socially responsible entity as well.

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4. 1 Part B – Madelin Robertson (3665926)

Through effective marketing, Cadbury needs to make sure that they provide their target market with greater value than their opponents on different levels of competition. Cadbury works on the 'Generic competition' level by identifying that its consumers have alternative ways to meet their product needs and that this same want or need can be satisfied by substitution with quite different products (Elliot, G, et al, 2010, p. 46). Today the market is highly competitive and companies are now competing against other segments of the marketplace with products such as snack foods, cakes, cereal and biscuits (IBISWorld 2010). These products are sometimes obtained at a cheaper price or offer more value for money. Cadbury aims to avoid generic competition by effective marketing of Cadbury chocolate and Freddo products to give them a prestigious and trusted image that is reasonably priced. Cadbury promote that the taste of its chocolate is superior to other common chocolate brands, that it is more enjoyable to eat compared to items such as biscuits, and that its price is similar if not reasonably priced compared to other confectionary and sweet products.

'Product competition' describes products that are broadly similar but have different benefits, features and prices that distinguish them from competing products (Elliot, G, et al, 2010, p. 46). Cadbury chocolate and Freddo compete with a wide variety of confectionary products and children confectionary products in the Australian confectionary industry. Many of these products are chocolate or sweet based so they vary in flavour and product type. Some examples of products which Cadbury compete against are: Jelly lollies, hard boiled sweets, chocolate products, fine chocolate

products which could all satisfy a consumer in the confectionary industry. According to IBISWorld in the confectionary industry Kraft's Cadbury products have majority of confectionary market share of 49.1% (2010). Like other confectionary brands, Cadbury need to be innovative and differentiate their products, keep prices low and maintain their popular brand image to sustain consumer consumption through changing consumer tastes and dietary trends, for example, a price rise in chocolate may persuade consumers to switch to sugar-based confectionary instead (IBISWorld 2010). Cadbury contends with 'Brand competition' where many of its products are similar to other chocolate brands that offer the same benefits, features and price to the same target market. Children's chocolate products such as Ferrero's Kindersuprise, Mar's Mars bar, M&M's, and Nestle Smarties all target the pre-teen chocolate market in Australia. To emphasise brand image and acquire market share Cadbury works with initiatives such as supporting and sponsoring community events, fundraising initiatives and sporting groups, where Cadbury products are promoted and recognised within different communities and age groups (Cadbury 2011). Online, Cadbury's Freddo interactive computer game, which children can play, helps to create demand for the product and give it a fun and prestige pre-teen confectionary brand identity over its competitors (Cadbury 2011). Cadbury's Australia and New Zealand Managing Director, Mark Callaghan recognises that " Cadbury has been a big part of Aussie's lives for almost 90 years, and underpinning this relationship has been the unbeatable taste of our chocolate and the affinity people feel for our brands" (Ellis 2010). Cadbury also uses individual branding of its products to give them their own identity and position in the

marketplace, to reach its market segments, and to avoid confusion with other product brands.

Situational influences are the circumstances a consumer finds his or herself in when making purchasing decisions. According to Elliot, principal situational influences may be classified as: physical: the characteristics of the location in which the purchase decision is made; social: the interactions with others at the time the purchase decision is made; time: the time available for a purchase decision; motivational: the reasons for the purchase; and mood: the mood of a person at the time of the purchase decision (et al, 2010, p. 104). Confectionary items usually constitute an impulse purchase that is unplanned or spontaneous. The strategic presence of chocolate and confectionary in stores such as at the grocery store checkout or a vending machine signify purchases that may not have been considered or planned (IBISWorld 2010). Due to the nature of impulse buys, customers will not pay high prices for the items they did not originally intend to purchase so products such as Cadbury Freddo is relatively cheap retailing at around \$1. In the current economic climate, high retail prices for children items such as toys may lead parents to buy cheaper items such as Freddo (IBISWorld 2010). When buying chocolate for children it is usually purchased as a reward for good behaviour or celebration. A retail outlet must have pleasant surroundings and be strategically placed to influence consumption.

Group influences “ comprise social factors (the influence of other people) and cultural factors (the influence of the values, beliefs and customs of the person’s community)” (Elliot et al, 2010, p. 106). The culture, subculture and social class of a group of people greatly influence buying behaviour.

Increasing technology and production techniques, marketing techniques (such as interactive computer games) and environmentally friendly packaging, play a role in consumption of products and Freddo (Cadbury 2011). Cadbury has recognised the difference in generation gaps and has moved to consider this. Freddo uses modern pictures, symbols colour, packaging and a fun and happy image of Freddo to create consumer interest and to target its younger market. Cadbury promote its products as a friendly brand that is associated with family whilst being widely recognised and trusted. Freddo is also reasonably priced available to majority of the population. Many children and parents learn from others that Cadbury is a respected chocolate brand and identity that families enjoy and often pass this knowledge directly onto others, or indirectly by others observing use of the product.

Individual factors relate to personal characteristics such as demographic factors, lifestyle and personality, and individual psychological characteristics such as motivation, perception, beliefs and attitudes and learning (Elliot et al, 2010, p. 118). Individual motives such as hunger, to satisfy self with something sweet, or a treat for celebration are seen with the purchase of Freddo, however purchase of the product has been identified to impulse purchase (IBISWorld 2010). Cadbury aim to work on an individuals perception by shelving space (usually low or at eye sight where it is easy to see and reach) and packaging which shows bright and colourful tones, stylistic cartoon image of Freddo (which relates to children), legible writing, and the purple trademark colour of Cadbury which is widely acknowledged and brings consumer awareness. Cadbury ads reflect that its chocolate

simply tastes good and uses this as a key element to marketing their product. The fact that Cadbury Freddo comes in a variety of flavours (strawberry, peppermint, dairy milk, top deck, white chocolate, rice crisp and caramello koala) also targets individual wants and taste and therefore targeting a wide range of people (Cadbury 2011). Although many people carry the belief that chocolate is not a healthy lifestyle choice, the new portion sizing and Freddo sizing is a well thought approach for children in today's lifestyle.

The demographic segmentation of the target market is based on demographic variables related to the vital and social characteristics of populations such as age, education and income (Elliot et al, 2010, p. 177). Cadbury Freddo are focused on the tween market segment (children aged 6-13) Generation Z and the parents of this generation, Generation X, for product consumption. Generation Z, the digital and technologic generation, present an age where children are typically focused on the internet, video games, social networking and mobile phones, hence earning the title digital natives (Elliot et al, 2010, p. 177). The parents of Generation Z, Generation X, are also included in the target marketing of Freddo as these individuals are usually the ones who purchase the product. The economic climate of the Global Recession saw a dramatic fall in spending as unemployment grew, however consumption of chocolate and confectionary sustained according to IBISWorld as “ consumers choose to indulge themselves in inexpensive, ‘ feel good’ luxuries such as candy and chocolate, in an attempt to ease more pressing concerns such as mortgage or loan repayments” (2010). The changing demographic of the average Australian household due to an ageing

population and regulatory constraints are which are increasing in relation to product labelling, food safety and advertising may also put pressure on manufacturers.

Psychographic segmentation is based on the psychographic variables of lifestyle, motives and personality attributes (Elliot et al, 2010, p. 178).

Increasing health awareness and lifestyle factors today majorly influence consumer consumption, as many people are aware that ‘junk’ foods are contributing to the increasing obesity rate in Australia and around the world. People are aware of the health risks and problems for themselves and their children and so aim to promote a healthy lifestyle through a balanced diet, exercise and health education. Because of the awareness between obesity and heart disease, and concerns about dental health, parents are less likely to buy chocolate products for their children, instead resorting to healthier food options or smaller portions (IBISWorld 2010). The growing popularity of low-fat diets are having an adverse effect on chocolate sales, whilst the opposite is happening for confectionary promoted on a healthy platform such as sugarless candy and gum and healthy substitute products such as snacks, cereals, nuts, yoghurt and fruit have seen a rise in demand (IBISWorld 2010). Organic products and dark chocolate are seen as a healthier option due to antioxidant content. The ethical consumer has influenced the shift towards sustainable methods of production with an emphasis on fair and equitable trading conditions and preferring fair trade chocolate brands.

The behavioural market segmentation is based on actual purchase and/or consumption behaviours towards particular products and their variables, which include benefit expectations, brand loyalty, occasion, price sensitivity

and volume usage (Elliot et al, 2010, p. 181). As well as being the leading chocolate brand, Cadbury has been rated the most popular grocery brand of Australians in the Nielsen's Company Top 100 Brands report (Ellis 2010). Many Australians are loyal to Cadbury products as they are a trusted brand with a popular identity. Parents know they can trust the quality of Cadbury products and that it will meet with their expectations. Typically parents with tweens, and tweens themselves are at the end of the purchase volume for Cadbury Freddo products (Cadbury 2011). It is a cheaper option than more expensive brands such as Lindt or Ferrero products. The seasons, time of day and the scheduling of special events such as Easter, birthdays, and Christmas, influence confectionary consumption. Chocolate sales tend to be higher in cooler months (IBISWorld 2010).

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5. 1) Part C – Tamara Nicol (4067137)

In order for a product to be bought and ultimately perceived, evaluated and repurchased by the customer the business must first position the product so it is made available to the target market. Positioning involves how the brand's name, logo, slogan and design are used to create a perceptual image of the product in the consumers mind. The product must be positioned so that customers who need, want and demand the product can have access to it and hopefully purchase it. Positioning is a very important element of target marketing as it decides how the customers will perceive the product and it requires a close understanding of the product, market and competitors. Positioning will determine whether the customers purchase the product, enjoy the product, if it meets expectations and whether they have a good experience with the product and plan of making a repurchase (Elliot et al, 2010).

Perception is an outcome of the positioning. It is a psychological response to diverse stimuli. It includes the person's sensory experience, that is, smell,

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taste, touch, sight and hearing (Elliot et al, 2010). The consumer's perception of the Cadbury Freddo would involve a variety of senses. People will evaluate this product on the grounds of, most importantly, taste but also smell and looks, if the packaging and actual product is aesthetically pleasing.

Cadbury's official website has the Freddo Frog filed under " Pre-Teen Confectionery" as the product is aimed at younger children, the product must be positioned towards the children as well as the parents or care givers who will most likely buy the product or give the child permission to buy it themselves (Cadbury, 2011).

Cadbury implements positioning strategies in order to influence the consumer's perception of the Freddo Frog. The Freddo Frog is sold in many stores country wide including supermarkets, petrol stations and corner stores (Observation). By doing the Cadbury positions the product as accessible and popular. Cadbury would like the Freddo to be perceived as a treat but also something that can be enjoyed frequently for a low cost. As a Freddo review states, " There are two reasons for cheapness; Number One so that children can afford to buy said treat with their pocket money and Number Two so that when children are harassing their mothers for sweets in the supermarket they can hold up the product and their mothers will give in because it is so cheap. Cadbury has such a product in the form of the Freddo." (Ciao, 2004)

Cadbury wishes for the Freddo Frog to be seen as a snack or treat that encourages children to buy it or pester their parents to buy it for them. As unhealthy products aimed at younger children