

Kraft food

[Business](#), [Industries](#)



Strength ? Kraft foods is the world second largest food company since it has the presence in 160 countries with 168 integrated factories, (Geographical presence of Kraft foods) ? It has a heritage of business since 1903 ? The human resource capacity of this company is 97000 which make them the one of largest in the globe, ? Kraft foods carries 40 brands which is in the market over 100 years ? Country led model of the Kraft foods which lead towards making decisions more faster ?

Acquisition of Cadbury & LU biscuits which led the strong presence of Kraft foods in the global market because Cadbury had 45000 employees & the presence of the brand in 60 countries , LU biscuit which has 32 manufacturing facilities with 14000 employees which lead more market share , more value or revenue from the segment categories specially in the European region 1. Weakness ? Kraft Foods 12. 5% (2009) comes from 5 brands portfolio ? Adding the Pan – European centralized management will lead to cultural effect in the organizational structure ?

The acquisition process of Cadbury bought more negative impact on Kraft food since an UK based company was taken over by a foreign based company ? Selling of frozen pizza & post cereal business which effect the convenience foods segments net revenue contribution of 94. 1% & operating income of 8. 8 % as per 2009 figures of Kraft foods north America 2. Opportunities ? Expand penetration in developing markets by the increase of the population Ex: China , India markets 3. Threats ? Holidays & Seasonal Changes effect the demands of the products ?

By presenting in globally Kraft foods Came across competition from retail house brands, generic brands, regional , local, & other multinational brands

Ex: Super Markets like Tesco , Carrefour developing their own brands on FMCG category in Srilanka Cargills, Keells Super has their own brands ? Cost increase of the raw materials & other local political , legal un stabilities of the countries (ingredients & packaging material) Ex: Mad cow disease had stop purchase most of the imported or processed meat from other countries 1. Political Political unrest particularly in the Ivory Coast affecting supply of Cocoa and in other parts of Africa. ? European unions condition for acquisition of Cadbury which led to Kraft foods to sell the Cadbury confectionery operations in Romania & Poland ? Favourable regulations allowing relatively easy acquisition of Cadbury in spite of promises by UK Labour Party to enact a Cadbury Law to maintain the UK ownership. ? Government agricultural policies impacting upon Kraft operations ? Competition and antitrust controls. 1. Legal ? Ban on exports of foodstuffs from CIS a result of poor crops – also environmental factor. Compliance with food regulations in different jurisdictions ? Importance of patent protection with regard to branded organisation like Kraft – problems of enforcement ? Contractual rights in various countries 2. Economic ? Fluctuation in currencies especially the US Dollar impacting particularly on Kraft with its operations in over 160 countries ? Recession has impact on business activity economic activity particularly with regard to the value of the UK pound and the Euro with regard to economic problems in Ireland, Portugal and Greece. Sharp increases in commodity prices – the case highlights the situation with regard to coffee and cocoa, a result of speculation and demand increases as the world population grows. There are also supply issues as a result of weather problems and the changeover from food crops to bio-fuel crops. 3.

Social ? Growth in demand for coffee from growth of organisations such as Starbucks (economic) ? Move towards health consciousness which will impact on processed foods manufacturers such as Kraft and Cadbury leading to negative perceptions of packaged foods like Kraft manufacture ?

Culturally bound markets significance of foods within certain culture? There are problems of rural communities with migration to urban areas especially young people which accentuates the key problem of aging. ? Corporate social responsibility becoming a key issue as initiatives such as Fairtrade gain support from major food producers notably Cadbury with its flagship brand Dairy Milk. ? There have been changes in food habits as a result of the economic crisis leading to phenomenon such as “ stay at home” and growth of consumption of retailer brands and other cheaper brands. .

Environmental ? Global warming causing extremes of weather eg Floods in Pakistan and droughts in CIS leading to disruptions in supplies of raw materials ? Increasing pressure on organisations particularly high profile multinationals such as Kraft, to become greener. The issue of carbon footprint and food miles is critical to global organisations. ? Waste and recycling issues – Kraft uses significant amount of packaging and is also subject to transportation costs. 5. Technology Although technologies are converging globally, there are still wide variations in IT availability across countries and multinational organisations such as Kraft must take account of this. ? There is continuous pressure to develop cheaper production techniques via the application of new technologies to become the low cost producer in order to both maximize profits and to resist pressures from retailers such as Walmart for lower prices. ? Kraft is particularly strong in R &

D ? The growing impact of ITC leading to more e-business and e-procurement. -