

The international economic slowdown affect cadbury uk marketing essay



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The history of Cadbury starts from a Grocer's shop at Birmingham. In 1824 John Cadbury started this shop as a Quaker. His basic opposition to alcohol makes his focus to stimulation drinks like tea, coffee, cocoa and liquid chocolate. Later he moved to manufacturing chocolate and cocoa leaving his shop closed. In 1831 Cadbury got the royal warrant for supplying chocolate to Queen Victoria. On hunt of growth and quality which can be produced from a clean atmosphere, they moved to outskirts of Birmingham city and built the factory in a garden and named it as Bourneville, the brand released in 1879. In 1905 they launched their iconic brand Dairy Milk which still stands as a leading brand and revenue generator for Cadbury. Early 1920's Cadbury starts overseas manufacturing in Tasmania. Cadbury focussed on the well being of work force. Late 70's Cadbury merged with Schweppes and added the tag name Cadbury Schweppes. Almost two century long history of Cadbury bags more brands in candy and industry and they developed a firm brand name and emerged as a world leader in chocolate and candy market segment. In 2008 demerging process happened to separate the confectionary and drinks operations and they sold Schweppes to Dr Pepper group. The recent hostile atmosphere for acquisition of Cadbury leads to sale of Cadbury to US confectionary giant Kraft. Currently Cadbury and its all range of products are subsidiary of Kraft foods.

Looking closer to the business operations of Cadbury, they operate in 60 countries with 45,000 employees supported by millions of customers. Cadbury owns different brands like Trident, Halls, Heritage on their journey of acquisitions.

The Methodology of the document is designed to answer the question for the report. The information collection is through internet sources and organisation websites. The recent Acquisition By Kraft foods makes some struggle to get the recent information. The unavailability of recent information and future strategies of Cadbury from Kraft foods leads to make a report based on information before acquisition on February 2010.

Mission and vision of Cadbury

The governing objective of Cadburys based on a statement "To deliver superior shareholder returns". The higher end priority shows to capability, growth and efficiency. The focus of organisation process delivered to higher end global and regional brands. The investment in developing new brands and attaining ownership of established products are on the vein. The relentless focus on cost and efficiency with the distinct interest to reconfiguring the distribution and manufacturing is shown up in their operations. The capability to give guarantee to investors and customers are highly projected in organisation objective. Cadbury strengthened them self to a pure-play confectionary business.

Cadbury's business operations are value oriented which focus on performance, quality, respect, integrity, responsibility. The basic business principles of Cadbury and their code of ethics conduct considerate on local and global legal and cultural standards. They are highly considerate about the demographic atmosphere of each country where they are operating on.

Cadbury's leadership imperatives is aggressive aiming competitive domination over competitors and they are highly passionate to be the best.

Leadership imperatives focuses on growing their human resources,
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accountability, living their values , adaptability, forward thinking, motivating and collaborative atmosphere is established to put up the growth of business.

The research and development of Cadbury focuses with innovation through customer insights, trends and foresights. The feedback from millions of customers is reviewed as a input for future innovations. They always realise the commonalties across different operating markets.

In innovation they follow science centred operations. For example centre-filled gum makes sensation over 80 markets around world. The attitude of doubling the development with concentration on science and technology and concentrating on developing a smaller number of innovations that have big impact on paying-off in business world. The adaptation of brand new communication techniques in frontline Medias makes more interaction to consumers with their loved brands. The integration of putting all together in new formats, new recipe utilising new technology are followed in growth. The innovative communication campaigns are conducted to arrange sponsorship and marketing programs.

Cadbury vision statement is " Our vision is to be the biggest and the best confectionery company in the world"

Strategic position of Cadbury

Cadbury is a world leader in confectionary among companies operating in peer market. Average international 10 % market share is maintaining in overall operation countries. The 200 year old heritage of Cadbury with

outstanding brand portfolio supports the business. The clear strategy makes <https://assignbuster.com/the-international-economic-slowdown-affect-cadbury-uk-marketing-essay/>

Cadbury a firm position in emerging and broadly spread markets. Cadbury committed on its vision who the biggest and best company be doing confectionary business. Overall global revenue hits £5. 4bn with an operating profit of £638 m from overall 60 countries. Cadbury shows up average growth of 12 % in last 5 years and attain 11% market share in emerging markets. The overall growth percentage ranges on 7% in revenue, 11. 9 % in operating margin and 6 % in dividend growth.

On a strategic highlight business transforms into a category led pure play confectionary company. Cadbury manages the uncertainty in economic global outlook in a serious manner. The issue regarding the cocoa prices and the concentration of competitor challenges are forecasted well. The business model framed by Cadbury got a global footprint, with powerful and respected brands. The passionate and talented management makes a silence in history on ongoing economic downturns. Cadbury management shows the commitment on making further progress based on vision and mission for increased revenue and growth.

The corporate responsibility and integral areas of Cadbury is managed with sustainable business practices. The commitments on sustainability are integrated in the vision ad converting them into action of operations. The corporate mantra of Cadbury fulfils the combined phrase" fewer, faster, bigger, better" which is applied to the customer service relationship operations. Leading edge programs like Cadbury World which makes customer a visit and feel of Cadbury production along with the Cadbury cocoa partners makes the organization responsible and consumption initiative. Cadbury investing in advantaged brands. Cadbury makes more <https://assignbuster.com/the-international-economic-slowdown-affect-cadbury-uk-marketing-essay/>

operational profit from owned brands than from confectionary products.

There portfolio products like Dairy milk, Trident, Halls, flake in addition to confectionary in markets like Green and Blacks, The natural confectionary , crème eggs, Clorets and Bubbalo. The competitive advantage of Cadbury across three confectionary categories of chocolates, gums and candy makes them a globally strong organisation.

The Cadbury operations are widely spread over to 60 countries and the business units are divided as

Britain and Ireland

North America

South America

Europe

Pacific

Asia

Middle East and Africa.

Cadbury got a major strength in Europe and American markets and they got significant strength in Asian and African markets as well. Cadbury's position in emerging markets are represented though the diagram below.

Fig1: Position in emerging Markets(Source : Euromonitor)

Cadbury12%

Mars-Wrigley

Nestle

Kraft

Cadbury ‘ s PESTEL

Porters five forces model puts up a power ful evaluation of competitvie organisations forces for an organisation in Industry in general. It is delvelopes bu Michael porter in 1979. The five forces under consideration in this model is

The existing competition in the industry

The threat from potential new entrants

The advantage/ threat on power of suppliers

The advantage/ threat from power of customers.

Threat of substitute products similar to own product

PESTEL. jpg

In this context cadbury’s PESTEL analysis is revievd here on the basis of UK home market. The political, economical , social, technological, environmental and legal issues regarding Cadbury plc in UK is mentioned below.

Political

The change of governing party form labour to conservatives in coalition with Liberal democrats may affect Cadbury in either positive or negative way. The

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high end restrictions on skilled workers entry from external Europe and imposing of taxes will affect future investment scenario and share holder dividend payments. From October 2010 the increase in VAT from 17.5 to 20% affect the prices of Cadbury products as well. The purchasing interest of customers are de-motivated though this higher tax decisions. May the effect of tax increase make the government to revise the taxation in next financial quarter?

Legal

Legal actions can also make significant changes in Cadbury's operation. The recent acquisition to Kraft foods makes big hassle with stake holders and a higher refusal from government sector. Cadbury, one of the prestigious chocolate brands is slipped from British Ownerships. The legal notices for employee working hours are another issue which delimits the working hours and extra performance of skilled employees. The legal actions to cut short factory hours may affect Cadbury in a adverse manner.

Another legal issue is concerning with the healthcare of customers and peoples using chocolate products in common. The obesity problems and subsequent fewer are mostly reported to National health service (NHS). Most heart problems caused due to usage of cocoa products are discussed in legal scenario as well. If there any legal regulation for usage of contents inchocolate is imposed , it may affect Cadbury in an inverse manner.

Economic

The international economic slowdown affect Cadbury UK business operation and international operations as well. The cost cutting nature of customers

and limited expenditure budget affect Cadbury sales to down flow. The regulation in interest rates may affect the expansion projects of Cadbury. the short of disposable income in customers and stake holders make them stand back on purchasing more sweet product s or rather investing in Cadbury. The Acquisition of Cadbury to Kraft food makes a good value to share holders, mean while the dependency of organisation to economic circumstance may decide the future value of Cadbury shares. The national minimum wage will be also dependent to economic situation affecting Cadbury, if it is brought down, the operational cost may come down in employee payments , but it will affect inversely in sales figures.

Social Issues

The social trend to crisp industry and snacking is increasing. Based on the study from recent years, UK population mostly prone to snacks and crisps rather than chocolates , candy and gums. This drastic change affects Cadbury in sales figures. The introduction od Cadbury world makes a great experience to visitors and exploring the Cadbury manufacturing process. The lip to lip advertisement is mostly focussed on Cadbury world programme. Direct and indirect advantages will be earned to local community around the Cadbury world locality. The customer consciousness about health and contents used in products may affect sales figure. This may make Positive or negative impact on Cadbury' business segment. The public releases and bans on ingredients used in Cadbury's in addition to advice from dieticians are more threat to sales.

Technological Issues

The technological issues make more sense in development of Cadbury in research and development section. The implementation of new brew machines to blend coffee and cocoa gains vital importance in future growth of Cadbury. The cost of machinery, maintenance of new machinery and implementation of new technology in production streams makes overhead expenses to Cadbury future plans. The takeover by Kraft food may intervene more technological advance in production line. The cost cutting measure and implementation of Lean system in production line with Kaizen model is planned to reduce the production cost.

Cadbury's Swot

SWOT analysis is a strategic planning method used by organisation to analyse their strengths, weakness, threats and opportunities. SWOT analysis may be incorporated with strategic planning model of organisation. It makes a realisation of

Strengths: Attribute supporting to attain the objectives of organisation

Weakness: Points which are harmful to attain objectives of organisation

Threats: External attributes which may affect to damage organisations existence and operations.

Opportunities: : External trends and conditions which may help to make a better fortune of organisation

swot_img2. gif

Cadbury's SWOT analysis shows its strategic planning positions in market

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Strengths

Cadbury's strong leadership position in confectionary business is the main strength of organisation. It has 9.2 % share in international confectionary market, which is driven by strong positions in regional markets. An International competitor Mars have only market share of 9% in confectionary goods. Cadbury have a slide number two position in market with leading 23 positions including chocolate and gum. The strong experience gained through 200 years of manufacturing and the brand name added with strong brands like Dairy milk, Bourneville and flake re great strength to Cadbury. Highly strengthen innovative teams are another strength of Cadbury. The unique analysis of customer requirements which is totally focussed on chocolate, candy and chewing gum makes domination in these segments. The successful growth of Cadbury through acquisition of great brands enables Cadbury to expand its market presence to wider commodities and regional markets.

Weakness

The higher level of dependency to confectionary goods and the diversified operations through acquired brands make the key point on Cadbury's weakness. The international experience short in certain regions compared to other competitors like nestle makes a weakness. The lack of domination in business regions except Europe and America makes another area of weakness. The misunderstanding in emerging markets lead to wrong market strategies . the misconceptions made by other brands regarding Cadbury also affecting its sales and marketing operation in some regional markets.

Opportunities

The opportunities leading to expand Cadbury's business operation make the key. The finding of market presence in new markets and increase of market share in emerging markets like, china, India, Brazil are key opportunities. These countries higher population can be utilised to increase the market share. The emerging markets are focusing on consumer wealth and the increasing demand of confectionary goods can be utilised. The scope of merger operations in emerging markets with the existing confectionery manufactures may deliver more advantage to Cadbury's. Adequate evaluation of markets and targeted acquisitions may help to increase the market share of organisation.

Another range of opportunity resides with the manufacturing cost and distribution. The increased efficiency may deliver effective product supply and manufacturing system. Cadbury's effort to increase the cost efficiency is fuelled by technological support and implementation of advanced technology. The shift of production units to low cost economies is another scope which can reduce production cost. The shift of production to countries cultivating cocoa, chocolate and coffee may reduce logistics cost of Cadbury. Reduction of internal costs in supply chain management, procurement, and outsourcing to appropriate business partners make a wise opportunity to Cadbury. The opportunity reside in the innovation is another key which making of new products according to user demands. Products which are healthier and should deliver lower calories may hit the market. Sugar free products market is also too wide to operate and innovate. The lower fat,

sugars free which are organic and natural products in confectionery makes a strong demand in market.

The takeover of Cadbury by Kraft foods lead to utilise more business techniques and market options in future for Cadbury products.

Threats

The increased demand of worldwide greenery maintenance and value to environment is a challenging factor for Cadbury and its manufacturing units. The new manufacturing standards in business regions may impose more input to production and there by investments led to reduced operational margin. The environment care in energy usage, transportation, sugar and coffee along with packaging materials make a challenging posture in financial figure and technology hiring. The shift to new systems may pull back exiting techniques and methods which should be replaced with new systems and machineries. The shift of supply chain to low cost economies make hassle sin existing manufacturing regions and even may face ban to Cadbury products. The threats from competitors and other regional brands makes Cadbury operations more competitive. Aggressive promotion events from competitors and price wars are highly affected for Cadbury products in certain emerging markets. Increased health consciousness in developing economies will affect Cadbury in health problems like obesity, diabetic fevers. The misconceptions and advertisement from health organisation may reduce the market demand of Cadbury products in these markets. Demand for more nutritious and healthier food may demand substitute products from Cadbury or it may be taken by some competitor in future. Here also threats are getting g along with Kraft foods. the bad will of any of the Kraft products

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may inversely affect Cadbury products as well . The acceptance level of Kraft in certain regions will affect eh marketing operations of Cadbury products.

Risk Management of Cadbury

Cadbury's risk management process identifying risk is set by the management board. The day by day operations are monitored by compliance committee which is chaired by CEO and CLO. The operational and strategic risks are identifies through this operations. The audit team of organisation make an independent reassurance for standard risk assessment. Risk evolved in short term period is evaluated by this group, which is generated from small business units. The external risks which are from competition with global, regional and local players are sorted with competitive strategies based on price and profits. The consolidation inside industry makes a gain to competitors, so preferred supplier status is reviewed on product basis and superior industry. The risk associated with market volatility and economic conditions are also reviewed. This risk may effect through poor predictability and negative impact of profit generation. Appropriate hedging methods will be used to avoid these risks and find ways to diligent about efficiency and costs. Internal risks, strategic risks and environment control is managed with care.

IS/IT STRATEGY

For an individual to complete his duties and also perform his job in a proper way he needs to be trained properly and also needs the skills and attributes required for that particular job. Training helps a lot in getting the skills right and also helps in learning more that that what is given in the books. It helps

in honing some specific skills required. Cadbury is working very hard in <https://assignbuster.com/the-international-economic-slowdown-affect-cadbury-uk-marketing-essay/>

imparting the required training and the knowledge required to the particular individual and also keeps him updated with the latest technology in order to win orders in the future and also to make competitive products. The training which is provided should be systematic in a way that it does not hamper the day to day operations of the organisation. The procedure might be divided in steps as follows

Analysis of work place requirements

Analysis of t training essential training type required for employees

Usage of experienced employed in manufacturing line and their contribution in training

Adequate framing and implementation of training process.

Monitoring the training process to get into better production level.

The solutions company which is providing the external consultancy to the company is also ensuring that the proper training programs are given to the company individuals and the staff so that they can act with high productivity and also with less failure. It is also checking that the communication level in the company is also at a highest level so that the information flow is not affected. The goal of the training and the education that was being provided ensures that the managers and also the top management are properly educated.

. The on the job training provided to the workers and the staff the system has committed in the technology and the management in the field. This

technology and the management of change that is provided by the solutions company has helped Cadbury in reaching the goals and objectives set by the organisation.

Cadbury's Business Strategy in change management

Category Simplicity

The focus on category simplicity and scale to help revenue growth is managed under the structure of managing each confectionary category on international basis. Cadbury focus on resources in generous markets on each confectionary product which innovative products are introduced first. The strategy is chosen on changing innovation methods from smaller advantage innovations to larger advantage innovations which can deliver a competitive advantage. For this kind of innovations increased resources are applied to attain the result.

The focus on consumer preference and products which consumers more like will be put as drive advantage products. These products will increase trade volume on key markets. Rationalisation will be taken for smaller products with less than 5 % market share in individual markets. This rationalisation process were implemented in a preferred time plan.

The growth of focus brands mainly will be accounted to 50 % confectionary revenue. The strongest potential brands like Dairy milk, Trident, Halls may five more focus in marketing level. The rest of the main brands crème egg, Hollywood, Dentyne, Clorets are promoted widely in Emerging markets. The focuses on markets are also considered per scale of growth. Major market share countries like US, UK, Mexico, Japan, Turkey and France will be

accelerated with gum products and increase the market strength.

Elaboration opportunities in remaining countries like South Africa and Australia are clustered around regional offices to lead markets into affinity markets.

The re-launching of Wispa with wispa Gold along with old brand is planned.

The production unit at Bourneville will manufacture this new product sufficing less market share products. New variants of Tridents gums are planned to release in upcoming year , innovation activities are almost finished for these products . Release formalities are on the vein. The opportunity through National confectionary . co to enter small variety foods will be utilised. These small variety goods will help to strengthen new categories of confectionary goods. The market domination in three confectionary categories is revived along with pull out strategy for low market share less profit brands. The market potential will be individually realised and put up new products which were not yet released to those markets.

Customer partnership programs

Customer partnership programs are planned to solve confectionary marketing issues. Through the seven leading business units and three trade channels Cadbury planned to make unique place in customer service to pull up market position. The top retailers are motivated for pumping market oriented products in subsidiary markets. These markets already got strong confectionary positions for Cadbury. Expanding the platforms to strengthen the partnership and enhancing acquisition operations are planned. The

investigation process for finding new market positions and confectionary
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opportunities are developed. As a initial step integration process is going on with acquired companies in Turkey. Mean time integration of newly acquired organisations in regional markets will be linked to major business units.

Cadbury's efficiency is encapsulated to improve ambitious targets and thereby increase operating margins. The age market is another segment of innovation with customer partnerships, which range from teens to old peoples. New products for these range of customers will be introduced in coming future.

Cost management and change

The realisation of customer investment makes lot of changes in our strategic view on input costs. Customer investment s are managed in well manner to increases input costs and thereby improving the profit of the organisation.

The cost reduction process is handling in all departments like supply and general administration. By combining the group operations with the home management of UK Cadbury's , they expect a reduction of cost in upcoming years. The cluster programme to combine the individual operation of different countries linking to major business units are under vein. The enhancement of leveraging and capabilities in Europe is under reorganisation process. The centralised option for decision making will be adapted based on countries and elaborate brand management.

The closure programs of manufacturing units as a part of cost reduction will undergo in coming years. The manufacturing units of acquired organisations are mostly come under this section. The aim of improving the operating margin performance is the key in upcoming markets like Nigeria, china and

Russia. The focus on strengthening resources availability to Britain and <https://assignbuster.com/the-international-economic-slowdown-affect-cadbury-uk-marketing-essay/>

Ireland is inevitably changed in coming years. New IT system implementation will be implemented by the end of 2010.

Category led Business

Focussing the operations on profitable opportunities than less profit events. The justification and effective usage of scarce resources are managed in well manner. Improving the working capital of business operation is another area of change. The product rationalisation programmed will be managed with committee to get it for appropriate diminishing products.

Change can be basically defined as the simplified, organised and systematic application of knowledge, tools and resources that helps the organisations with key ideas and processes to achieve their basic business strategy. If the things that are going on in the company are made to go ahead then there will be no future developments in the company and the organisation after a certain stage will definitely fail. The management of change is not an easy process and needs to be properly supervised. Managing the change effectively will help in a proper control and also accelerate the change in a proper way and help in the future achievements.

There are many studies that study the other aspect of the management and that are the human side of the subject. People do not accept change in a positive way and it is more seen when it is when related to the culture and the tradition of the people. In case of Nissan Motor Manufacturing (UK) Limited (NMUK) they should be evaluating the risks that should be covering the current situation in order that a successful change management process is amplified.

Figure – Change Management Model

Identify the Change

Prepare to Change

Sponsor

Target

Change Agent

Culture

History

Resistance

Current

Desired

Implement the Change

Monitor the Change

Delta

Plan the Change

Communication

As per the study of Cole (1997) it can be said that in any particular organisation at a given point of time there will be a number of factors that will act as a driving force and others will be acting as a restraining force. The force field model is as summarised as below

These days there has been a clear showdown in the production and the improvement and also development in all areas of the manufacturing. It is more than evident in the field of automobiles where the recession has played

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a major role and also it has affected a lot in these circumstances. The use of the solutions given by the company has helped a lot in the reduction of the cost of production and has been able to generate some ample revenue for the company.

The change in the organisation has to be kept in mind the different processes of change and also the different modern technology that will help in the success and growth of the company. The effectiveness and the efficiency of the system for which the company has been employed will help them in each and every situation and also help in the reducing of the mistakes and reduction of the defects of the company. It also helps them with the solutions and the full documentation of the provision of the access for the conservation and the stability of the information to include the best practices in the organisation. The system will help the customer's access to the most important data that they require and that too in a very period of time which will help in the reduction of the costs and help in the reduction of the expensive change in the engineering processes.

The most important steps which will help in the control of the change management process and also to implement it without undergoing any other failures which will hamper the progress of the successful implementation of the system are

The managers and the in charge personnel of the department should be clarified in the idea of the change management and should be cleared in their minds about the change in the process that is being going on.

The staff should be given the detailed explanation of why such a change is going on and also be told about the advantages of it.

The development of the future plan will help in the implementation of the system without any disruption.

The preparations for the implementation of the plan will help in the process with the presence of the experts and the specialists that were available for this.

RECOMMENDATIONS

Taking into consideration the above analysis it can be said that in order to bring about a proper change management in the organisation it is required that the leadership should be proper and there should be a proper systematic flow of information from one point to another. Also there should not be any negative leaders which hamper the progress and instead there should be positive leaders which will help in the positive growth of the organisation.

There needs to be more focus and attention should be given on the minute detail that is in the overall change management process. The selection of leaders in such an organisation will play a vital role in the overall process which will ensure the implementation of the change management process.

Knowledge management will play a major role in the exchange of knowledge from the staff to the other workers and this will be taken care by the Training solutions network and solutions provider. The support of the senior

management and the training provided in such a case is also very important and will lead to a better understanding between the other team members.

Above all cadbury's should be focussing on the following points that are mentioned below to tackle future changes and also the overall change mana