

# [Organizational structure of cadbury | cadbury business analysis](https://assignbuster.com/organizational-structure-of-cadbury-cadbury-business-analysis/)

In 1866 when the brothers introduced the process of pressing the cocoa butter out of the cocoa beans. The benefits for the Cadbury brothers was that they could use the butter to make different types of eating chocolate the first of which was the Cadburys dairy milk.

A description of Cadbury’s and their aims and objectives Cadbury is an international company that makes market and sells unique brands chocolate. Cadbury have done this successfully for over 200 years. The reason they are so successful is because they have a clear understanding of the needs of their consumers, customers and other stakeholders. Dunedin is a major centre for Cadbury Schweppes in the region, with the site playing host to ‘ Cadbury World’ and being a major production and distribution centre. (Coursework, 2003)

## Internal Environment:

## Financial analysis-

Cadbury has invested NZ$69 million to turn Dunedin into a specialist factory and secure manufacturing and jobs in New Zealand. Cadbury Confectionery today confirmed that the restructuring of its New Zealand and Australian manufacturing operations into specialized Centers of Manufacturing Excellence is in its final stage. The project, originally announced back in September 2007 (with a further communication in August 2008) has already seen investment of $NZ69 million to improve the productivity, and secure the long-term future, of its New Zealand manufacturing operations. (Cadbury. co. nz, 2012)

## Internal organization and structure-

Cadbury organization is based on a democratic. Management style decisions are made as a result of a consultation process involving various members of the organization (Cadbury). Cadbury Schweppes also have two different structures. The structure that they use for their board of directors has been re-designed to “ clarify accountability and enable swifter diction-making.” (Quote taken from www. cadburyschweppes. com). Looking at the improved organization structure it is clear to see who is in charge of which departments within the business. (123Helpme, 2012)

Looking at Cadburys it is clear to see that the company, over time, has delivered the amount of: Workforce it employees and replaced them with more efficient machines. Outsourcing areas of the company like maintenance and market research. Employees are now multi skilled, thus able to work in more than one area of the business. The company has increased its production and profitability or the restructuring. The Cadbury factories all work independently and the company as a hole is decentralized as each factory uses the resources (E. g. milk) of the country they are in. (123Helpme, 2011)

## Departments-

Inside a business there are many different functional departments all created to help the company in its organizational methods. There are many different departments involved with Cadbury’s, as there are in any business all used for different functions. These are:

* Marketing and Sales
* Finance
* Administration and IT support
* Operations
* Research and Development
* Production
* Customer Services
* Human Resources

Many of these all blend in together on the area of their focus but still all play an important part in the running of the business. The three departments that I will be focusing on are marketing and Sales, Operations and Administration and IT support. (123Helpme, 2011)

## Human Resource-

Each of Cadburys factories have a HR department, which deal with the factories demand for: 1. New staff with a good skill level or possible past factory experience.

2. Train new/current staff to be able to use new equipment correctly and efficiently.

3. Help current employees with any problems they may have in their work place. (123Helpme, 2011)

## 5) Manufacturing/services processes –

Flow chart of Process Analysis at Cadbury

(Source: Slideshare, 2010)

## 6) Management-

Cadbury’s management style is democratic. This is when all members of staff work together as a team. The managers listen to the other employee’s ideas and suggestions before they go ahead with decisions. If ideas are found to be achievable and successful by the senior group, then it is taken forward. Then as a team they reach a decision. The approach of this style is that they care and listen to everyone in the teams view and what they think not just their own. This style can be used in both large and small groups. (Cadbury, 2012). It would work well in large motivated groups because they can come to a decision a lot quicker, but in a smaller group they can fail with coming up with a decision amongst themselves and will need real guidance and direction. If a decision cannot be made then a vote will take place and the outcome will be the one with the most votes. This management style is good for Cadbury because it motivates workers; with having power and decision-making and through this it allows them to be involved in the business. (Cadbury, 2012)

## 7) Research and Development-

The Science & Product Development teams significantly influence the development of strategic plans and initiatives, leading cross functional teams to resolve technical and business challenges. They are relentless champions of continuous improvement, identifying new programs and insights to benefit the business, significantly contributing and influencing the direction of strategic initiatives to leverage us to a sustainable competitive advantage. (Itsyourkindofplace, 2011)

## 8) Marketing Function-

Cadbury believes that parents and guardians are the most important influence in the development of children. They do not advertise where children under the age of eight years are likely to be the majority of the audience. They also do not believe that it’s appropriate to sell our confectionery products through vending machines in primary schools and we will not do so. Cadbury will only provide vending machines in secondary schools when we’re asked to do so by the education or school authority, and when the products meet nutritional guidelines set by the authority. Cadbury organization is proud of its brands. They provide fun and enjoyment as treats or refreshment, and are valued for their functional benefits. They can be enjoyed as part of a balanced diet and lifestyle. They provide choice by offering variety and through innovation and encourage responsible consumption, as this is central to consumers continuing to enjoy our brands. (Cadbury, 2012)

## Location-

Cadbury is a brand with a long history in New Zealand. Cadbury is a confectionery company owned by Kraft Foods and is the industry’s second-largest globally after Mars, Incorporated. Headquartered London, United Kingdom, the company operates in more than 50 countries worldwide. It has main branches in Australia, England, New Zealand and South Africa. In New Zealand the main factory is in Dunedin. (Wikipedia, 2012)

## External Relationship-

William was the second son of Richard Cadbury, who has strong Quaker traditions which influenced his whole life. William Cadbury established the Trust soon after his two years as Lord Mayor of Birmingham from 1919 to 1921, wishing to give more help to the causes in which he was interested. One such was the building of the Queen Elizabeth Hospital, a medical centre with the space and facilities to bring together the small specialized hospitals scattered throughout Birmingham, giving them the benefit of up to date buildings, shared administration, shared services and hostels for nurses. Through this charity, he also secured several properties for the National Trust. (Bstrust, 2012)

Today trustees are guided by William Cadbury’s concern for the welfare and wellbeing of the inhabitants of Birmingham and the surrounding area, his interest in the work of the Society of Friends at home and abroad and his belief in the continuing need for Penal Reform. (Cadbury, 2012)

The Barrow Cadbury Trust is an independent, charitable foundation, committed to supporting vulnerable and marginalized people in society. The Trust provides grants to grassroots voluntary and community groups working in deprived communities in the UK, with a focus on Birmingham and the Black Country. It also works with researchers, think tanks and government, often in partnership with other grant-makers, seeking to overcome the structural barriers to a more just and equal society. (Bstrust, 2012)

## Competitive Positioning-

Cadbury is the number one company in the chocolate making or production in New Zealand in 1824. The main focus of the Cadbury is quality. Its target market is all age groups. From then onwards Cadbury is doing well and gaining the attractions of the customers.

Cadbury Confectionery Ltd is the most dominant player in chocolate confectionery in New Zealand. The company rebounded from negative media attention in 2009 to reclaim a lost percentage point in value share during 2010, to account for 52%, making it by far the largest player in chocolate confectionery. (Cadbury, 2012). During 2009, the company downsized the size of its chocolate tablets while retaining the same prices. Furthermore, it began to use palm oil in its production of chocolate (as a replacement for cocoa butter), which sparked a huge public outcry. The company therefore reversed the latter decision to protect its local image. In global terms Kraft Foods Inc purchased Cadbury in early 2010. Despite the concern that the Kraft acquisition would mean that New Zealand Cadbury favorites would be in danger, no changes have been made to local Cadbury offerings. Cadbury Confectionery Ltd was consistently the number one ranked company across all chocolate confectionery segments, except chocolate with toys. (Euromonitor, 2011)

Whittaker and Nestle are also great chocolate manufacturing companies and is specialist in making their own products. Nestle is specialist in making white chocolates and Whittaker is topped in the launching dark chocolates. The share value of growth sale of Cadbury, Whittaker and Nestle is given below in the pie chart.

## Ethical Standing-

Cadbury signed with the New Zealand Olympic Committee (NZOC) to sponsor teams in the upcoming Vancouver 2010 Games and the London 2012 Olympics. This followed on from Cadbury committing to Tier Two sponsor status of the London 2010 Olympic and Paralympics Games and also sponsoring the Australian Olympic Committee. (Sportspromedia, 2010)

There sponsorship contributed towards helping New Zealand athletes achieve their dreams and delivered the most successful Olympic campaigns New Zealand had ever seen.

Cadbury is committed to growing responsibly. They believe responsible business comes from listening and learning, and having in place a clear CSR vision and strategy. Vision Working together to create brands people love. (Sportspromedia, 2010)

Cadbury is a leading brand in fundraising and provides its partners, The House of Fundraising and Interworld Fundraising, with a range of top selling products from Cadbury. (Cadbury, 2012)

They see CSR as a positive contributor to their competitive strategy. Increasingly they think of it as more about doing responsible things profitably than just doing the profitable things responsibly.

CSR strategy Five Pillars of CSR: marketing, food and consumer trends; ethical sourcing and procurement; environment; quality, health and safety; human rights and employment standards; and community. (Innovation. cadbury, 2012)

## Others

Another very successful TV campaign that Cadbury has launched recently is Moro “ 4th best” which encourages Kiwis to give it a go and celebrates the underdog – as all Kiwis can!

Sales have progressed well for all products launched, demonstrating the strength of Cadbury brand and its heritage of launching successful innovation to market. (Archivesearch, 2009)

## External Environment:

## Demography-

Demography is the main thing if someone is selling the products. Cadbury, from his very beginning, has a same focus on his demography factors. Cadbury focuses on all the people whether it’s a child, youngsters, teenagers or oldies. The story starts with “ Once upon a time in 1948…” when Cadbury entered the Indian market. It originated from a town in the United Kingdom, Bourneville in 1905. (Cadbury, 2012)

As the Cadbury’s official web site suggests, its journey in India has been an eventful one. In the early 1990s, it tried to cater to the sweet tooth of the children. Those days they steered the market and took control over the company’s major market share. However, the strategy changed by letting out the secret that “ Everyone has a child inside “ and thus everyone craves for the taste of chocolate. Cadbury strategies went through a considerable change. It now catered from children to adults. There is some differentiation targeting as a variety of Cadbury products are available to cater for the individual needs of different groups of customers. But nowadays the people are suffering with diabetes. So the diabetic segment people started use of less chocolate or sugar free thing.

Diabetes: Diabetes occurs when there is too much glucose (sugar) in the blood. Over time, this can cause damage to many parts of the body. Diabetes is common – about 170, 000 people in New Zealand have diabetes and rising rapidly as more of us are getting fatter.

Based on the ‘ most likely’ future scenario, the diabetes epidemic is forecast to grow rapidly over the 15 years from 1996 to 2011. (Healthnavigator, 2012)

Forecast increase in number of (diagnosed) diabetics, 1996 to 2011

(Source: Healthnavigator, 2012)

## Economics-

Cadbury Dairy Milk chocolate is the leader chocolate in overall New Zealand. It will now include Fair trade Certified products in its range. Cadbury Dairy Milk chocolate products becoming Fair trade Certified will increase Fair trade chocolate sales 20 fold, and double last year’s total sales of Fair trade Certified products in New Zealand and Australia. The scale of Cadbury Dairy Milk chocolate going Fair trade is massive with more than 5. 7 million Fair trade Certified Cadbury Dairy Milk chocolate blocks in New Zealand and estimated 350 million Fair trade Certified Cadbury Dairy Milk chocolate blocks globally in 2010. (Cadbury, 2012). The move is the result of nearly two years of work with Cadbury’s Fair trade partners globally. It follows more than 100 years of pioneering ethical chocolate production, including the ground-breaking Cadbury Cocoa Partnership where Cadbury is providing NZ$120 million over 10 years to improve the lives of cocoa farmers. (ChocolateCarnival, 2009)

Cadbury has invested NZ$69 million to turn Dunedin into a specialist factory and secure manufacturing and jobs in New Zealand.

- In the wake of rising operating and ingredient costs, Cadbury is reducing manufacturing costs so its products remain affordable at the checkout.

- The Dunedin upgrade into a world class specialist manufacturing facility is almost complete and it will make iconic products such as Cadbury Jaffas, Pascall Pineapple Lumps, Cadbury Chocolate Fish, Cadbury Pinky, and boxed chocolates for Australia and New Zealand as well as chocolate crumb, the base ingredient in Cadbury Dairy Milk chocolate. (Cadburyworld, 2012)

Cadbury Confectionery today confirmed that the restructuring of its New Zealand and Australian manufacturing operations into specialized Centers of Manufacturing Excellence is in its final stage. The project, originally announced back in September 2007 (with a further communication in August 2008) has already seen investment of $NZ69 million to improve the productivity, and secure the long-term future, of its New Zealand manufacturing operations.

(Cadbury, 2012)

## Political and legal-

Cadbury food labeling laws are very precise about what can and cannot be called chocolate.

Chocolate is any product made from cocoa nibs, cocoa mass, cocoa, fat-reduced cocoa or any combination of two or more of these ingredients, with or without extracted cocoa butter and sucrose.

Dark Chocolate must not contain less than 35% total dry cocoa solids, of which at least 14% must be dry non-fat cocoa solids.

Milk chocolate must either be 20: 20, with a minimum of 20% dry cocoa solids (of which 2. 5% non-fat cocoa solids) and a minimum of 20% milk solids (minimum 5% milk fat). Dairy Milk is this type of milk chocolate. (Skillsspace, 2012)

14: 25, with a minimum of 25% dry cocoa solids (of which 2. 5% non-fat cocoa solids) and a minimum of 14% milk solids (minimum 3. 5% milk fat). This type of milk chocolate can be called “ European or coating chocolate”. (Skillsspace, 2012)

The Food Standards Agency is responsible for checking that the law is upheld on the safety of materials that come into contact with food (e. g. food processing machinery and packaging) and food labeling. Labels must contain certain information, e. g. the product`s name, the company’s name, a list of ingredients, special storage instructions). Companies have to make sure they know what the law is and that they conform to it. Two important laws are:

Food Safety Act, 1990 Sale and Supply of Goods Act, 1994

Covers four main areas: Goods must:

1. Labeling 1. Be of a satisfactory quality

2. Additives 2. Fit the description given

3. Composition (or content) 3. Be fit for their purpose as made known to the seller

4. Public health and hygiene.

(Source: Skillsspace, 2012)

## Social and culture-

The culture of Cadburys started out being paternalistic as the company was devoted to making its employees feel welcome and valued within the company. Cadburys relied on its staff very heavily as without a vast employee base the company would not be the big corporation it is today. Cadburys built their famous Bourneville site along with accommodation for gaining the attractions of an employee so the workforce would be close to their place of business. Along with this the factory was built in the middle of a garden so when employees had finished work or were on a break they had somewhere to relax as well as socialize with other colleges on a Sunday as the factory was closed.

Today Cadburys have become a company who has a culture, which is interested in keeping its stakeholders happy. Along with this and the advancement in technology Cadburys have now lost its broad employee range and replaced it with machines and now only employ enough staff to keep the machines going. By being stakeholder driven the company has now become controlled by shareholders who are mainly interested in the company making a profit. (123helpme, 2011)

## Technology-

The special taste and texture of Cadbury chocolate is based on long traditions of expertise in chocolate recipe and processing methods unique to Cadbury. In this competitive era and due to advancement in science, technologies are improving and getting more reliable for the people and new technology enables the process to be highly tuned to consumer’s evolving tastes and preferences. Chocolate production is a highly sophisticated, computer controlled process, with much of the new specialist technology and machinery being produced to Cadbury’s own design and specification.

The Dunedin facility employs over 700 personnel and produces in excess of 5, 000t of chocolate crumb every year as well as finished products. (Cadbury, 2012). The factory is the largest chocolate manufacturing plant in New Zealand. It supplies finished products for the domestic markets in New Zealand and Australia and, in addition, exports chocolate crumb to Cadbury finishing plants in Australia, Pakistan and China. Dunedin in New Zealand was chosen by Cadbury because of its excellent infrastructure and a plentiful supply of rich milk for chocolate production. Chocolate crumb is a commodity that is in demand globally as the consumption of chocolate per capita worldwide increases to record levels. (Tourism. net, 2012)

## Economy-

In December 2006 Cadbury Schweppes, the well-known confectionery manufacturer, announced the expansion of its operation in New Zealand on the South Island in the city of Dunedin. The expansion project required a total investment of NZ$69m (€39m). (Cadburyworld, 2012). In August 2008, an additional investment was announced taking the total amount of investment in the project to NZ$69m. Part of the investment was contributed through the Investment New Zealand Strategic Investment Fund. This amount was around NZ$2m and was granted ostensibly for Cadbury to establish an international chocolate crumb research and product development centre at the Dunedin site. (Tourism, 2012)

Cadbury contributed a further NZ$17. 5m for new buildings, plant and environmental work. The company provided a further NZ$500, 000 for the R&D centre. (Foodprocessing, 2012). Contractors working for Cadbury Schweppes included Production Logistics NZ for control system integration and software development for the manufacturing control systems. Streak Automation has also worked on the Pack100 Wrapper Automation upgrade that involved the redesign and upgrade of the PLC and servo controls and mechanics for the high-speed wrapping machine, which wraps all of the small-size chocolate at the site. Finally, the manufacturing areas (surfaces, pipes, machinery and ceilings) at Dunedin use a special paint with low volatiles (low odor) to avoid tainting the products. (Foodprocessing-technology, 2011)

## SWOT Analysis-

Strengths:

* Large teeming population of kids and teenagers
* Well established market
* Vast variety of products
* Priced according to Indian mind set
* Easy availability of cocoa in New Zealand

Weakness:

* Large portion of population suffers from diabetes, cholesterol disorders etc
* Dental problems associated with consumption of chocolates.

Opportunities:

* Innovative uncaptured chocolate market in New Zealand – (such as sugar free chocolate sector).
* Large number of occasion celebrations and festivals in which chocs are used as a medium to convey happiness.
* Increasing acceptance of Globalisation and better relationship with foreign companies.

Threats

* Competition- cut throat competition from nestle, Whitakers and international choc brands.
* Negative publicity and contrivances.
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* New entrance and individual players ( rise in sale of homemade chocolates)
* Preference and availability of other substitutes ( sweets and deserts).

## Marketing Objectives:

Market Share- Cadbury Confectionery Ltd is the most dominant player in chocolate confectionery in New Zealand. It has 52 % share in the market. But now its main objective is to increase its market share from 52% to 60%. For this Cadbury will now introduce more products to cater the needs of the different age sectors of the people by serving them with best quality and taste with best prices too.

Growth- Cadbury has many factories for different products. Its main factory in New Zealand is in Dunedin. But nowadays the people are getting health conscious and they are getting less attracted towards the sugar products especially the children and oldies. So to satisfy their need and gain their attentions Cadbury will introduce a sugar free chocolate to resolve their unsatisfactory or unnecessary attentions towards sugar products. So to get this in existence and competition Cadbury will produce or build up new factories for sugar free chocolate at Dunedin. Cadbury will invest NZ$ 70 million to turn Dunedin into a specialist factory and introduce a sugar free chocolate manufacturing plant and secure manufacturing and jobs in New Zealand.

Unit Sales- The staggering 120 million of Chocolate bars are sold every year and out of it 60 million of bars are of Cadbury and it uses 33000 liters of milk is used in the everyday production of chocolate at Dunedin chocolate plant. But now Cadbury`s main aim is to keep the unit up to 100 million every year.

Sales $ %- Cadbury has sale of $120 millions in the last fiscal year. But now It is launching Cadbury Dairy Milk Lite, so its main aim is to take the sale up to $150 millions in the upcoming years.

Profits- Cadbury always been there in market for the customer. So cater the need of all the group ages it’s taking this step and launching sugar free chocolate for the kids sector, middle age sectors and oldies as well. Also it will be beneficial for the diabetic patients and for those who are very health conscious as this sector people are increasing day by day. So Cadbury believes that it’s a possible.

## Marketing Strategies:

Marketing Objectives of the company has a straight focus on the customers demand and cater the need of all age sectors customers and get the company at the top peak of all confectionary companies and remained stand on the first among all the chocolate companies by servicing best quality for which Cadbury is known for.

Target Sector- The main target of Cadbury will be Kids although the other age sectors can eat it.

Children (more Crazy)

Youth (Gift)

Parents (Care of own children)

Older Age (After Having Dinner or Lunch)

Promotions-

Events( Christmas Celebration, Easter Shows, annually)

Magazines( Women`s Weekly, 6 months)

Websites( Facebook, ongoing)

Posters(Retail Outlets, ongoing)

Television( TV 2, Sticky TV -1 Year and TV 3-Saturday Night Movies, 1 Year)

Place-

Major Super Markets( New World, Countdown, Super Value Market, Pak n Save)

Service Stations

Medical Clinics , Rest Homes

Pharmacy

Dairy’s and convenience stores

School Canteens

Price-

Price is an important element of the marketing mix. Initially Cadbury Dairy Milk Lite will come in the Market with an introductory price of 99c . This price will be valid for 3 months. Then the price charged for a chocolate bar can determine whether a consumer will buy it and the level of sales achieved can determine whether or not Cadbury Schweppes will make a profit. At the end of the introductory offer, the new price will be set between $1 and $2 depending on factors such as the economy, what competitors are charging, the stage reaches in the products life cycle and above all what price the market will bear.

Products-

Bars and Toffee Milk

Family Packs

Packing and Branding

Square and Blocks

Cadbury will first introduce its Cadbury Dairy Milk Lite in Bars and Toffee Milk for all age sectors people. After the 3 months Cadbury will launch Family Packs or can say Gift Packs so that it can be given as a presents at wedding ceremony, birthday parties and on every happy occasions. Then within six months Square and Blocks will come in existence in new shape of Cadbury with a same packaging and branding.

## Marketing Mix Tactics-

Price:

Price relates to the pricing strategy for your products or services. Pricing should take into consideration how much the market is prepared to pay (market demand pricing) and mark-ups that are needed to cater for overheads, other costs and profit margins. The provision of credit to clients, the range of credit cards accepted, volume discounting and incentives for early payment are other things to consider in your pricing strategy. So Price is the only marketing mix on which the company turnover depends. It can affect the sale percentage of an organization.

As first Cadbury launches its Cadbury Dairy Milk Lite in the bar and toffee milk form. So first the toffee milk will be in pack that is 2 toffee milk in 1 pack of 99c and bar will be of $1. 99 with 50g. As new machinery will be there so it’s easy and comfortable for the production. As mostly the bar chocolate rates are more than expected so it will be beneficial for a Cadbury Market to launch a bar chocolate at reasonable price. For this Cadbury Dairy Milk Lite will come in the Market with an introductory price of 99c . This price will be valid for 3 months. Then the price charged for a chocolate bar can determine whether a consumer will buy it and the level of sales achieved can determine whether or not Cadbury Schweppes will make a profit. At the end of the introductory offer, the new price will be set between $1 and $2 depending on factors such as the economy, what competitors are charging, the stage reaches in the products life cycle and above all what price the market will bear. For Toffee milk as mentioned above the inductor price will be 99 c on 1 pack containing two toffee milk. Then onwards in the next phase of marketing it will remain same on 99c but with some discount like 4 packs for 3 dollars up to December 2012.

In the next 3 months after launching of bars and toffee milk Family pack will come in the market in the size of 350g with price of $4. 99. Then within the 6 months blocks will be in existence in 200g with $2. 99 and get 2 blocks in only $ 4. 99. It lasts for 3 months and then price will be change depending upon the marketing sale.

Place:

Place plays a vital role in the marketing and if it will differs from the objective that is what a company needs to do and how to increase a sale and what`s the target market as well then it can badly affect the organization.

As it is well known that Cadbury is the big and number 1 company in chocolate making and now exists under the Kraft food which has a largest confectionary share in the whole market so it will not be difficult to find a place of its marketing. But as Cadbury Dairy Milk Lite will be there so new place will also be entered in its market that is medical care centre like pharmacy, clinics, school colleges etc. Dunedin is the biggest factory of Cadbury chocolate production. So all the production will occur and maintain here and then it will be distributed to rest of the places like Super Markets like Countdown, New World, Pak n Save, Dairy Shops, Service Stations, School and College Canteens and on Pharmacy as well. It will be openly distributed to all parts and zone of New Zealand.

Product:

Cadbury has many products in his market. All satisfy the need of customer. So every company has a goal to attract a different target sector customer. In other words Demographic factor is an important one if any organization launches a product. So production of the product should depend on this factor.

Cadbury, from his very beginning, has a same focus on his demography factors. Cadbury focuses on all the people whether it’s a child, youngsters, teenagers or oldies. Now Cadbury will be launching Cadbury Dairy Milk Lite which is sugar free chocolate. As the There is some differentiation targeting as a variety of Cadbury products are available to cater for the individual needs of different groups of customers. But nowadays the people are suffering with diabetes. So the diabetic segment people started use of less chocolate or sugar free thing.