

# Marketing strategy of cadbury



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Cadbury India is a food product company dealing in Chocolate Confectionery, Beverages, Candy and Snacks. Cadbury is the market leader in Chocolate Industry with a market share of 70%. Some of their favorite products are Cadbury Dairy Milk, Perk, 5 Star, Celebrations, Eclairs, Gems and Temptations, Bournvita. John Cadbury, the founder of the Cadbury business was born on 12th August 1801. Cadbury was founded 200 years ago when John Cadbury has opened his shop in Birmingham selling chocolate and cocoa with other glossary. Cadbury started its operation in India in 1948 by importing chocolates and distributing in the Indian Market. This project shows some research on current marketing strategy used by Cadbury in Indian market. I have also try to find some of Strength, Weakness, Opportunity and Threats of the Cadbury for Indian chocolate industry.

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## **About Cadbury**

Cadbury was founded 200 years ago. Cadbury is a food product company producing Chocolate products. They are the market leader of this industry holding 70% of the total market share. Some of the well-known products of Cadbury are Dairy Milk, Perk, 5 Star, Eclairs, Celebrations, Temptations, Bournvita and Gems.

John Cadbury, the founder of the Cadbury business was born on 12th August 1801. In 1824, he opened his first grocery shop in Birmingham. He sold cocoa, chocolate products for drinking, which were prepared using pestle and mortar, as well as other products. In 1831, John decided to start manufacturing on large scale. He purchased a warehouse for it. Cadbury is one of the largest companies in the world. In 1840, they introduced chocolate for consumption with very decorative packaging. The most widely known and top grossing product, Dairy Milk, was launched in 1905 to compete with the leading brands of Swiss milk chocolates. By 1913, Dairy Milk had become the company's bestseller. After a few years it gained the recognition as a leading chocolate product. (Cadbury, n. d.)

## **Cadbury in India**

Cadbury India is a fully owned subsidiary of Kraft Foods Inc. In 1948 Cadbury starts its operations in India by importing chocolates, but today it owns five manufacturing companies and 4 sales offices. Its corporate office is in Mumbai.

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The core purpose of Cadbury was to “ make today delicious”. In India, Cadbury operates in four categories i. e. milk food drink, chocolate confectionery, candy and gum. Cadbury is the market leader in chocolate business. The pure taste of Dairy Milk describes the taste of chocolate for Indian consumers. Bournvita is the leading product in milk food drinks and candy halls is the leading product of candies in the country.

Since 1965, Cadbury has also started the farming of cocoa in India. (Cadbury India Ltd., n. d.)

## **Aim & Objective of the Project**

### **Aim:**

To examine the marketing strategies and SWOT analysis of Cadbury’s Dairy Milk.

### **Objectives:**

By conducting research to evaluate marketing strategies and to know the Strength, Weakness, Opportunity and Threats of Cadbury by using proper theories.

## **Comparative Analysis**

The Indian chocolate market is getting bigger and better. On one hand there are imported varieties and on the other companies like Cadbury launch their own products of international standards. In India in early 90’s market share of Cadbury was 80% but after the Nestle enters to Indian Chocolate industry the Cadbury’s share reduce to 70%, 15% share is hold by Nestle, 15% by Amul and other companies. The higher competition is between Cadbury and

Nestle as Nestle is trying to have tough fight with Cadbury. (Indian Mirror, 2011)

### **Nestle India Ltd:**

Nestle was connected with India since 1912. They set up first manufacturing unit in 1961 in India and then they open total 7 manufacturing units in India up to 2006. They were manufacturing Milk Products and Nutrition, Beverages, Cooking Aids. They launched there Premium Milk Chocolate, Milky Bar, Crunch and Bar One in India against the competition of Cadbury Dairy Milk and 5 Star. (Nestle India Ltd., n. d.)

Kit Kat was Launch in India in 1995 and it becomes the world's most popular chocolate within a short time of its launch and it was according to the target of the Nestle. Against the competition of Kit Kat Cadbury launch it's Perk, to safeguard its brand. Kit Kat and Perk was a new product segment in the form of wafer chocolates as anytime snacks.

Kit Kat sells was more than the Perk in the outlets where both were available. There was a neck to neck competition between both the products. It was also said threat it was dangerous for the mother products of Cadbury Dairy Milk.

### **Amul:**

Amul Milk Chocolate, Badam Bar, Crunch and Fruit N Nuts were launch by Gujarat Cooperative Milk Marketing Federation (GCMMF) in 1974. But due to lack of its focus on international market and it was not able to raise its market shares. (Gujarat Co-Operative Milk Marketing Federation, 2000-2001)

## **Marketing Mix of Cadbury**

After segmenting the market and positioning itself to outdo their competitors, it needs to come up with different strategies. The 4 P's used by Cadbury are:

**Product:** The Company should design and manufacture its products so as to improve the customer experience.

### **Product Success**

The meaning of Product is anything tangible or intangible that can be offered to the customers for the proposed market segments either in the domestic or international market. It includes packaging, guarantee, quality etc.

Every company will compete for customers by satisfying their expectation constantly. But the best company will go beyond the expectations by delivering additional benefits, which they would have never imagined.

Cadbury offers a wide variety of products which include:

I. Chocolates: Fruit & Nut, Dairy Milk, Perk, 5 Star, Eclairs, Gems, Temptation, Nutties, Milk Treat.

II. Beverages: Drinking Chocolate, Bournvita and Cocoa.

III. Snacks: Bytes

IV. Candy: Halls

V. Gums: Bubbaloo

Place: The place means to identify the physical distribution of the product where the product should be available for the customer at the right place, time and quantity. It also consists of roles of channel for distribution.

For the success of any product in the Indian market, the product should be introduced to the retail shelves. Buyers play an important role for its success rather than brand and market shares. With the increase in technology and competitive pressure, it is difficult to retain a unique product for a long period. The brand that gets the greatest number of customers, sells the most products. Proper channels of distribution also play an important role. If the product reaches the market at the right time, only then will the consumer will have access to the products. Increases in distribution and channel cost go together. Marketing cost of Cadbury is 18% of its total cost which is higher as compared to Nestle and Parry.

Price: Pricing is the most important part of a marketing mix as it is the only area by which revenue is generated for the company. Price includes the catalog prices, discounts available and different options available for financing etc. Before deciding the price strategy the feasible reactions of the competitors are also have to be taken into consideration. The pricing of the product must consider the appropriate demand-supply equation.

The strategy used by Cadbury for satisfying the value that all the customers buy the product is using the expectation they have about how much the production is worth to them.

Cadbury has introduced various products for different customer segments so that every customer segment has different expectations of price from the

product. Therefore maximizing the returns includes maintaining right price level for each segment and then increasing moving through them.

Promotion: Where and when can you get across your marketing message to your target market?

Effective advertising attracts and generates supporting feelings for any business. To reach out to the consumers, communication plays an important. For the marketing of any product, advertisement and promotions are the best means of communication about the product to the end user. Cadbury does its promotions through Televisions, consumer contact activity, etc.

Some of the most famous marketing campaigns of Cadbury are:

“ Khane Walon Ko Khane Ka Bahana Chahiye” for Cadbury Dairy Milk

“ Thodi Si Pet Pooja – Kabhi Bhi Kahin Bhi” for Perk

Cadbury gives special promotional offers during festivals like Diwali, Holi, etc. and special occasions like Valentines Day. It continuously introduces new products to maintain its brand and to expand its market share.

## **Current Marketing Strategies used by Cadbury and Market Segments**

### **Current Marketing Strategy used by Cadbury:**

To encourage the consumers Cadbury uses many strategies. Some of them are as follows:

On Every Hand Everywhere: The customers demand flawless services from the salesmen and they have to deliver that to the customers. Cadbury is the

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market leader in confectionery and chocolates. Their sales team plays an important role in the success. They regularly conduct surveys of consumer's choice and requirements. They deliver the products not only in the super markets but also in the small shops, so that every segment of the customers can easily get their products. They also provide selling techniques.

Growing with Emerging Markets: Revenue of the company grows with the emerging markets. They continuously modify the products to fulfill the requirement of all segments of consumers. This strategy leads them to a growth of above 20% annually for the past three years.

A strong foundation: Since 1948, Cadbury is serving their products in India and they have created a very strong tradition and leadership position. They are the number one chocolate brand with a share of about 70%. Today only one third of the population buys the chocolate so Cadbury is challenged to introduce the pleasure of Cadbury to many peoples.

Growing with the market: To attract the broader range of consumers is the main target the Cadbury. They created a base range of their acceptable chocolate brands at more reasonable and affordable price. They also introduced the gift range products for the customers segments with high-income group.

Functional advantage: Cadbury Bournvita was launched in India in 1948 and it always required providing nutrition that helps in the development and growth. Today the natural goodness of milk, chocolate and malt is prepared with vitamins A, B1, B3, B6, B12 and C, plus protein, iron, calcium, manganese, zinc, and folic acid. It is also known as “ a cup of confidence”.

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Affordable luxury: Cadbury has increased their presence in the candy in the form of halls and Cadbury dairy milk Eclairs. Eclairs became more popular in the markets with a hotter climate. The consumers find the delicious taste of chocolate in the middle that easily melts in the mouth and not in the hot climate. It is also an affordable chocolate for everyone. The new Eclairs Crunch is with more crispy caramel shell for hot climatic conditions.

## **Market Segments**

Market place includes different segments of customers having different needs and wants. It can be classified as:

**Geographic Segmentation:** It is to divide the market on the basis of its location, regions, towns, city or country.

**Demographic Segmentation:** It is most common basis of market segmentation. This factor is directly related to the demand of the product and it is easy to measure. It can be classified as age group of consumers, gender, Life style, income of family etc.

**Psycho graphic Segmentation:** it divides the consumer on the basis of social class, lifestyle of consumers or personality. This helps the company to examine the quality that how a person thinks, feels, and behaves.

**Behavioral Segmentation:** It divides consumer on the basis of their attitudes, knowledge, response or uses to a product.

Considering all the above factors, Cadbury has targeted different segments within the market as:

Break segment – some products are consumed during short breaks with coffee and tea, for example snack range and Perk.

Desire segment – under this segment products are purchase on desire, for example Cadbury's Dairy Milk, temptation etc.

Take home segment – this segment express the products that are purchased from supermarkets and taken home for consumption, for example Bournvita.

## **SWOT Analysis of Cadbury**

SWOT Analysis is the method to evaluate the Strength, Weakness, Opportunity and Threats involved in an organization. It includes identifying the internal and external factors that are favorable or unfavorable to achieve the objectives of the organization.

### **Strength:**

1. Largest global confectionery supplier.
2. Market leaders in three sectors: Chocolates, Confectionery and food drinks
3. Cost of Production is low due to economic of scale which leads to higher profit and better market penetration.
4. High financial strength.
5. Strong brand name and leader in innovations.

### **Weakness:**

1. Poor technology in India as compared to other nations

2. Limited key products as it is depended only on chocolates and beverage market compared to other competitors.

### **Opportunities:**

1. Growing middle class and growing urban population.
2. Increasing gifts cultures.
3. Substitute to “ Mithais” with higher calories/cholesterol.
4. Increasing concept in departmental stores- desire @ at cash counters.
5. Opportunity increases with increase in market shares by acquisition.
6. Transfer production to low cost countries where labour cost and raw material will be cheap.
7. Introduction of new products with low fats.

### **Threats:**

1. Due to highest brand equity and low cost, it is successful in India.
2. Globalization will bring in better brands for upper end of the market.
3. High fats and calories in the products of Cadbury may reduce the demand of the consumers who are conscious of nutrition and healthier lifestyles.
4. Competitive pressure from other national and global suppliers.

### **Conclusion**

Brand plays an important role for growth in today’s competitive business environment. It helps to maintain profitability in long run by differentiation in

the products and loyalty of customer. Cadbury Dairy Milk brand has developed its Megabrand Product range having its own identity, but now they all comes under the Dairy Milk brand. This proposal is planned to maximize the strength of the Cadbury Dairy Milk brand. The strategy involved a packaging and range refreshment strategy, which has resulted in a unified innovative Dairy Milk brand. Having exceeded initial sales targets by a considerable margin, the strategy can be considered a success!

Branding is also one of the most important parts of any business whether it is small or large, B2B or retail. An effective brand strategy results into the major periphery in increasingly competitive markets. The foundation of the brand is your logo, website, packaging and promotional materials all of which should integrate your logo–communicate your brand.