

An investigation of
the current marketing
mix and strategies of
cadbury's essay s...



I will get the information required from various sources. Mainly I will use textbooks, the Internet and through some primary research (visiting supermarkets and shops). I got some pricing information from the local Sainsbury's supermarket. I looked on the Cadbury's website for additional information on Cadbury's.

Product

Product Type

Cadbury's offers a wide range of products for many different people. Cadbury's has chocolate aimed at children, 16-25year old, 25+, males and females. The products offered by Cadbury's come in many different sizes, the sizes are dependent on the market they are aimed at. Children usually have small appetites so most children's chocolate comes in small packs. A good example of this is the Cadbury's Buttons range. This range started out with just small bags for children and then the bags got even smaller for children. Then Cadbury's released giant buttons and buttons in big bags. This was not only to provide for the whole of the market but to increase sales as well. Giant buttons were aimed at older children and adults, as well as children with very large appetites.

Product Life Cycle

The product life cycle shows the sales of a product over time. When the product is launched, sales tend to be slow. If the product succeeds the sales will then grow, until at some point they begin to stabilise. This could be for one of a number of reasons. A rival company could have introduced a similar

product or because the market has saturated. Sales will eventually decline because a company will release a new product type. For example when Cadbury's released the 'Fuse' bar it was for people to eat between meals. It was also new because it was the first bar not to use caramel to fuse the ingredients together; instead it used chocolate to fuse the ingredients.

Introduction - slow sales to begin with.

Growth - Rapid growth

Maturity - The market becomes saturated

Decline - new products from different company

Extension Strategies

There are various ways in which we can extend the life of a product.

Changing one of the 4P's is the method often chosen, with the promotion of the product being first to be changed to increase slow sales. Releasing the new advert will often boost the sales, but the other methods include aiming the same product at a different area of the market. For example aiming the product at adults by bringing out larger bags. The company could also try putting competitions on the packaging of the product this will encourage people to pick the chocolate bar up and buy it. Cadbury's took Buttons which was struggling and brought out Giant Buttons.

New Product

A product launched by Cadbury's was the 'Fuse' bar. It was released as the first bar to be eaten between meals. The adverts were messed up, to resemble the life of 16-25year old. The bar was aimed at that area of the market. The fuse bar had a slightly male bias. The product started out with group discussions, which is where, people in a room talk about the bar. The bar then went through to the marketing strategies and the advertising agency was told to come up with some ideas for the bar. The fuse bar was then released on Fuse day.

Price

The main factors that influence the price charged by the company are the costs of they have to pay for advertising, promotion and the market research. The main influencing factors though are the price of the competitors. If the company wants to increase their percentage share of the market, they will have to have competitive prices. It would be no good having the Cadbury's Dairy Milk bar priced at 50p when the Galaxy is only 30p, because the consumers are just going to buy the Galaxy because it's so much cheaper. The price is dependant also on whether the company wants to maximise profits or sales. A company wanting to maximise profits would use the cutthroat business of pricing their products at high prices and hoping the consumer buys their product.

The price is also dependant on demand. If the product is easily accessible the prices will be very competitive, whereas if the product is difficult to get hold of the prices will be a lot higher. This is same for competition if there is a lot of competition in one-area prices is going to be priced competitively. If

there is no competition the prices will be higher. The products tend to be sold where there is demand for them if there is no demand the prices are not going to be very high. The Cadbury's SnowFlake was very difficult to get hold once it was released. This reflected the price it was released at 30p but due to demand the price rose to 38p.

Place

The products are available everywhere. There is a widely available mass market. After Cadbury's has manufactured the product it is then distributed to wholesalers and supermarket depots. The wholesalers then sell the products to independent retailers and the depots then transport the products to your local supermarkets.

Promotion

Cadbury's use two methods of advertising. They use above the line and below advertising. Above the line is what the company has to pay for e. g. Television adverts and newspaper spreads. Below the line is advertising the company does not have to pay for E. g. Point of sale advertising this is advertising where the product is sold, word of mouth, competitions, giving the radio stations free boxes for competitions and asking the DJ's to try one on air and special offers.

Conclusion

From this I have come to the conclusion that the current marketing mix from Cadbury's is working very well and I intend to take some of the good features and use them in my coursework.

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Secondary Research and Primary Research Methods

Secondary Research

Introduction

Secondary research is a method of research carried out by another company or organization. Secondary research is research done by a third party company. The information gained is then analysed and made available for companies such as Cadbury's. The company may have to purchase this data from the third party source. More often than not though the government publishes papers with all the data and these are free for companies to view.

Secondary research is often used because it saves time. It saves time because you do not have to go out and collect the data and then analyse it. It also saves money; fewer people are required to carry out the research. I am using secondary data because it will save time and can prove to be better than collecting the data first hand.

In the market overview of breakfast cereals. The report clearly shows that the market has grown. The most growth in the market is between 1995-1996 where the market grew by 6.0%. The 6.0% growth was well above the compound annual growth rate between 1995-1999. The compound annual growth rate this period was 3.7%.

This research is significant to Cadbury's because it shows the breakfast cereal market has been growing for the past 5 years. The figures also give reason to believe that the market will keep growing for years to come but at a slower rate.

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The research supports the argument that Cadbury's should launch a new breakfast cereal. I have said this because the figures show an increase in growth.

Source 2 - www.keynote.com

In the executive summary of the breakfast cereal market, the market is referred to as being a 'well established grocery sector'. This means it is going to have to be something big to stop growth and induce a steep decline in the breakfast cereal market. The research also shows that breakfast cereal sales account for an estimated 63% this is almost two thirds of the sector. The research says that the breakfast cereal market has become 'static' it gives reasons for this. The main reason being because of intensive price cutting initiatives. The breakfast cereal manufactures have also diversified into other areas of the market, mainly aiming new products at people who skip breakfast or eat their breakfast at their desk in the office.

In the sector that Cadbury's want to launch their breakfast cereal, the main growth has come from niche products. The main breakfast cereal growth has come from organic cereals and adult indulgence products.

Source 3 - Mintel Report

The report states that breakfast cereals have shown a volume growth but have shown a decline in value growth. This means people are buying more cereals but due to lower prices the value has declined. The Mintel report estimates there will be a decline in volume growth over the next few years as well. The Mintel report however does show that there is still a lot of life

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left in the breakfast cereal market in some sectors with the children's varieties and adult indulgence favouring very well. The UK retail sales of these two areas of the market show a growth over the past few years and it is estimated by Mintel that this growth will continue.

The Mintel Report shows that Kellogg lead the way in two areas of market, the share of the manufacturers market and share of the retail market. This means that Kellogg is the top dog in the breakfast cereal market. Kellogg has however seen a decline in their share of the market over the last two years. The Kellogg range leads the way in the breakfast cereal market with the main Kellogg label Corn Flakes taking 9. 0% of the market. This is not the best selling breakfast cereal though. The best selling breakfast cereal is the Cereal Partners Shredded Wheat range. The range takes in 11. 1% of the total retail sales.

The report supports the argument of Cadbury's launching a breakfast cereal as long as it is aimed at the correct segment of the market. That of course is being the children's varieties and adult indulgent. Due to the competition in this area of the market Cadbury's may not enter the market.

Conclusion

The reports to me suggest that Cadbury's should launch a breakfast cereal aimed at the children and adult indulgence sectors of the market.

The main strengths of being able to get this secondary data is that it saved me time, rather than going out collecting the data and then analysing it. The data was already available and gave me more time to analyse.

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The limitations of the secondary data are that it was not engineered to suit all my needs. All the questions that I needed to answer could not be answered because of the lack of data made available. The reports also contained data which was of no use to me.