Cadbury marketing analysis: swot and pest

Cadbury is British company which is the second largest Chocolate producing company in the world (only after Wrigley combined). The head quarter of Cadbury is at the Uxbridge Business Park in Uxbridge, London{R}. It is also listed in the London Stock Exchange. In February 2010, Cadbury was acquired by ‘ Kraft Foods’. The company was an ever present constituent of the FTSE 100 from the index’s 1984 inception until its 2010 take over{R}. The firm was formally known as ‘ Cadbury Schweppes’ from 1969 until May 2008 demerger which was divided by its global business from it U. S beverage unit which had been renamed Dr. Pepper Snapple Group Inc {R}.

Cadbury Schweppes is the world’s leading Confectionery Company. But it is chocolate with which the Cadbury name is indelibly associated in the minds of consumers. Around the world, Cadbury chocolate has never been more ubiquitous than it is today. It has the greatest reach, consumer awareness, and sales presence than at any time in its history. As we have seen, Cadbury has not managed to conquer the entire globe as the definitive brand of chocolate- but then neither has anyone else. There are global product brands, such as mars Bar, but no definitive global chocolate house name.

However, in the markets where Cadbury has been able to successfully take root, they have managed it mostly with spectacular effect. Consumers in Cadbury’s main overseas markets believe that Cadbury is not only the definitive chocolate brand that is indigenous to their own country. In both Australia and New Zealand, Cadbury is regularly voted as being the most trusted brand in the country. In 1997, on the fiftieth anniversary of Cadbury setting up their Indian company, Cadbury was voted by consumers as being the country’s top brand in a major poll run by the Indian Economic Times. No other single chocolate house name has managed to achieve such close bonds with so many consumers around the globe. Cadbury, a brand that originated at the dawn of mass consumerism, is a brand of the masses.

Arnold vetoed the plan as he not wants Cadbury to realize that their strategy had driven his business almost to the brink.

As Cadbury were outselling Rowntree in milk chocolate by over ten to one, Rowntree gamely tried to fight on by developing an even milkier chocolate that would trump Dairy Milk and its “ Glass and a Half claim”. Research showed that a slight taste preference over Dairy Milk, but was not yet at the 65% preference level they felt they needed. Cadbury had taken their advantages of huge scale and efficiency, and simply made it impossible for their main rival even to compete in the milk chocolate market.

Cadbury merged with drinks company Schweppes to form Cadbury Schweppes in 1969. Cadbury Schweppes went on to acquire Sunkist, Canada Dry, Typhoo Tea and more. In the US, Schweppes Beverages was created and the manufactures of Cadbury confectionery brands were licensed to Hershey’s.

VISION:

Working together to create Brand that people love

Cadbury mission statement- Cadbury means quality. This is our promise. Our reputation is built upon quality; our commitment to continue improvement will insure our promise.

HISTORY:

Cadbury was started in 1824 by John Cadbury in Bull Street, Birmingham in a shop. At initial stages it was a seller of tea, coffee & homemade drinking products with a less emphasis on Chocolate. In those days cocoa & Chocolate products were a luxury & unaffordable for common people. John's excellent marketing technique soon made him a leading trader of Chocolate in Birmingham. John's shop & reputation for Chocolate prospered more & more day by day. Due to its increasing popularity John moved into manufacturing of drinking Chocolate & cocoa. By 1840, John & his brother started a factory in Bridge Street with a partnership. During 1850, the government reduced the high import taxes on cocoa due to which Cadbury's Chocolate rate came down & it was in a reach of common people. In 1854, Cadbury got the ' Royal Warrant' by the Queen of England.

In 1861, after the retirement of John Cadbury, his son took over the business & had a hard time managing it. A new product named Cocoa essence helped the business tremendously. Because of this over whelming success Cadbury shifted their factory from Bridgestone to Bourneville. The factory at Bourneville was much bigger & advance than the previous one.

In 1881, the company got its first Export order from Australia. In the same year the company also started to manufacture the Milk Chocolate. Cause of this new product Cadbury can now match the quality, taste & variety of products made from their competitors in Switzerland & France. Cadburys success was marked due to its new recipes & experimentation on its new innovations. After the death of Richard Cadbury his son George Cadbury headed the company very well. By the end of 1900, the company had about

2500 workers. Cadbury was far more ahead & advance from its time under the leadership of George Cadbury. He also provided with Training & housing for its employees. Pension & health facilities were also given.

During 1910 Cadbury Dairy Milk become a familiar name in Europe. Afer the World War 1 the production of the factory increased. In 1919, Cadbury merged with J. S Fry & sons and started a new brand Fry's Chocolate Cream & Fry's Delight which is on sell now also. In 1938, a new brand called as ' Rosses' of Cadbury had placed the company in the top of the chart in the world's Chocolate manufactures. In 1969, Schweppes & Cadbury group merged with a new name ' Cadbury Sweppes Plc' This new company became a leader in confectionary & soft drink in the World. With factories all over the world Cadbury soon become a household brand in many countries like U. K, India, Australia, etc. Description: A glass and a half of milk in every half pound bar of chocolate.

Product Range: As well as the classic Cadbury Dairy Milk, we make Fruit & Nut, Whole Nut, Caramel, Bubbly, Crunchy Bits, Turkish, and Bar of Plenty range.

Brand history:

Cadbury Dairy Milk (CDM) was launched in 1905 and became an instant success. Over 100 years later and the recipe is relatively unchanged and is kept under lock and key in a safe. Cadbury introduced its famous ' Glass and a half of full cream milk in every half pound' slogan in 1928, but the world-famous symbol was only used in advertising. By the mid 1920s, CDM had become the best selling chocolate brand in the UK. Today, CDM remains the

UK’s number one chocolate brand and is worth more than £360 million. More than 65% of the British population will buy CDM at least once a year. It is also an international favourite, enjoyed by millions of people across 30 countries. Cadbury recently announced a commitment to use 100% Fair-trade cocoa in blocks of CDM.

Target audience: 21-29 year old females, but a great deal of interest comes from the 45 years+ consumer as well.

ANALYSIS:

Macro & Micro Analysis:

SWOT Analysis (Micro):

ACADAMIC REVIEW:

Even in the beginning of the 21st century, SWOT is still there and rising as a recommended scaffold in lot of well recognized tactic organization and marketing text.

Hitt et al. (2000); Anderson and Vince (2002).

In addition, combine of SWOT mechanisms have to stick towards “ core logic” so as to take reliability towards calculated assessment.

Lengnick-Hall and Wolf (1999)

STRENGTH:

- Cadbury holds 9. 9% of the global market share
- Largest global confectionery supplier.
- Strong manufacturing competence and innovation, brand name.

- Acquisition (different competitors)
- Strong financial strength & position.

WEAKNESS:

- Dependent on the confectionary & beverage market.
- Lack of understanding of the new emerging markets.

OPPORTUNITIES:

- Growing markets of China, India, & Russia.
- Rise in demand for confectionery market.
- High degree of merger & acquisitioned.
- Innovation.
- Changing demands.
- Healthier Snack with fewer calories.
- Low-fat, organic, & natural confectioneries.

THREATS:

- Increase in cost demands.
- Global supply chain in low cost locations/areas.
- Lack of promotional activities.
- Calories counting and obesity effects the demand of the product.

Strengths

- Cadbury holds 9. 9% of the global market share. It is considered as the largest global confectionery supplier in the world.
- High financial strength (Sales turnover 1997, £7971. 4 million and 9. 4%).

- Cadbury over the years has established itself as an leader in innovation, Brand name & a strong manufacturing competence.
- Recently, Cadbury has grown through its acquisition strategies.
- Cadbury has increased its sales profit by financial strength & position.

Weaknesses

- The company is dependent on the confectionary & beverage market whereas other competitor E. g. Nestle has more variety of product portfolios so that the project generated funds can be utilised or invested in other areas of business and research & development.
- Other competitors have greater international experience as Cadbury has been traditionally strong in Europe & new to the U. S, due to this there is a possible lack of understanding of the new emerging markets compares to competitors.

Opportunities

- Cadbury has a large opportunity in the growing markets of China, India, and Russia where there is a huge population with consumer wealth and demand for confectionery market is increasing.
- The confectionery market is characterised by a high degree of merger and acquisitioned activities in recent years. Opportunities exist to increase share through targeted acquisitions.
- The key for Cadbury’s growth is Innovation. It is to meet the change in the consumer demands . Snack which is healthier and less in calories need to be developed. A detailed Research and Development has helped Cadbury led to sugar free and centre filled chewing gum

varieties. A strong demand of low-fat, organic and natural confectionaries also appear to be in the market.

Threats

- Worldwide – there is an increasingly demanding cost environment, particularly for energy, transport, packaging and sugar. Global supply chain in low cost locations.
- Competition from other brands (global and national) economy prise and aggressive promotional activities by competitors.
- Due to social awareness of the consumers by rise calories counting and obesity. Due to healthier lifestyle of consumer is affecting the demand of Cadbury products.

PEST Analysis (Macro):

ACADEMIC REVIEW:

Proof put forward that a mass of association have only badly developed environmental examination systems, something which is shown in a report by (Wilson and Gilligan. 1997, pp 245-6). Fifield, P and Gilligan, C (1999, pp. 60)

POLITICAL:

Increase tax.

Law ≤gislation.

Increase in the rate of obesity.

ECONOMIC:

Vat.

Debts affect the choice of the buyers.

Minimum wages.

SOCIAL:

Concept of eating on the “ GO”.

Enjoyed &loved by all the age groups.

Increasing awareness among the people/consumers.

Health & eating habits.

TECHNOLOGICAL:

Market survey.

Improve the Quality of product.

Maintain trade mark and standards in the market.

Increase in productivity.

Installation of high technologies & machinery.

More investment.

Periodic maintenance of the equipments.

Political:

Cadbury dairy milk can be affected by political issues if tax increases this will affect the number of consumers along with the fall in sales of stocks.

The judiciary system can also effect Cadbury dairy milks production as any law passed, for example, restricting the working hours of factory for labours as it will restrict the working time of workers at the factory this effects the product efficiency.

The main concern of government today is increasing obesity. As a result of a survey major heart problems are caused per year mainly due to Cadbury's products.

Economic:

The rate of interest can also effect the production of Cadbury dairy milk as if a high rate of interest is being charged to Cadbury dairy milk the company would not prefer to borrow money to expand itself.

That applies to consumers as well if they are under the burden of loan they would have less share of their income to buy luxury products.

Cadbury dairy milk can make more money only if manages to bring down the minimum wages but this could also result in decrease in the consumer sale

Social:

The latest trend that has been setup in snacking-as more and more people are now into concept of eating on the ' go'. All the members of the family or no age limit is preferred for Cadbury's product. It's a product which is enjoyed and loved by all the age groups.

The money that is brought in by the people visiting the Cadbury world would not only benefit Cadbury but will also be beneficial for the local residents who have small business near Cadbury world.

People are being more and more conscious about their health and their eating habits. As the consumer today are well aware about their rights & benefits they have developed this habit to read the ingredient content to make sure that the product is as per their requirement.

Technological:

To meet the increasing demand and also to maintain in this competitive market Cadbury dairy milk has to take some important measures to meet the day to day requirement like market survey & etc.

Such as increase in production (volume), improve the quality of the product & Etc for this it is important to install/buy better equipment so that Cadbury dairy milk can maintain its statue, standard as a trade mark in the market.

As the competition increases day by day the company should quit old methods and machineries & should switch to new and better (advance) technology i. e., machineries such as high productivity & capacity which can help in enhancing the quality of the product, etc.

To install such high tech & advance machinery will require more capital such as to export machinery, install, and training programme for employee, land, etc. Company has invest alot of money in it.

The company is also supposed to look after the machineries periodic performance & maintenance.

ASSESMENTS:

FACTORS

ASSESMENTS

Category size

Confectionary market is the largest market in the ion of world with over $150 billion retail sale in 2008. It ranked fourth in packed food segments with a global market worth an estimation of $1800 billion.

Category growth

The rate of growth of chocolate market is about 5% per year. Growth total in developed market which represents around 60% of total by value has been at around 3% per annum. Whereas, growth in emerging markets this is around 10% per annum.

Seasonality

According to a detail trade and research show that about 40% of sales of chocolate take place i the first quarter of the year, which can be alienated into ester & spring occasions such as mother’s day and valentine’s day. Sales and marketing receives more prominent in holiday seasons in year round.

Economic of scales

There are lot of entry barrier for chocolate and cocoa industry because there are a lot of large company that already exists and has a large manufacturing product at lower cost. If a new organisation wants to enter into this market then that company should produce more chocolate and cocoa at the same price as their competitors. They should be able to meet the large quantity of product along with the cost as compared to their competitors in order to survive. Due to economy of sales in this industry small organisation have a threat to enter in to this market.

MARKETING MIX:

Product

Cadbury dairy milk is made from real chocolate. Its ingredients include cocoa butter and there is a glass and half full cream dairy milk in every 200 grams of Cadbury dairy milk chocolate, Cadbury buys 65 million litres of fresh milk each year to make Cadbury dairy milk chocolate.

Price

Price is an important element of the marketing mix. 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. Price is also affected by factors such as the state of the economy, what competitors are charging, the stage reached in the products life cycle and above all what price the market will bear. From the marketing point of view this is what matters.

Place

Cadbury dairy milk is produced at the chocolate factory in Bourneville in Birmingham. After the chocolate is produced and has undergone all the quality checks it is transported to the stockrooms. After this Cadbury sells it products to shops

that deal with beverages and confectionery e. g. corner shops, super stores such as Iceland, Sainsbury, Kwik save, Tesco, Asda, Safeway and petrol station. These businesses are usually visited by customers on a daily basis.

They then sell it to the general public. Cadbury produces chocolate for more than 200 countries so that they have a chance to enjoy it as well and make profit. This gives them a wide range of consumers around the world. Cadbury Schweppes therefore makes sure that the cultures of these different people are kept. They can do this by producing products, which are eaten in that particular country without upsetting religious or cultural practises.

Product are distributed through varies retailers in the diverse part of the countries because Cadbury being a global brand and is sold worldwide. Cadbury emphasis lot in packing and display of its product attracting the customer thus making sales

Promotion

The purpose of promotion is to communicate directly with potential or existing customers, in order to encourage them to purchase dairy milk and recommend it to others. The main promotional tools are sales promotions, public relations and advertising.

BCG MATRIX:

ACADAMIC REVIEW:

Categorization of consumers into centre, leading light and subsidiary goes past tradition segmentation since it method of payment and revenues in support of groups of clients, thus confiding their financial significance in the track of the business.

Bradley, F (2003, pp. 57)

Star

Boost

Celebration

?

Low fat bar

Cash Cow

Dairy Milk

5 Star

Fruit and nut.

Dog

None

Cash Cow: Since the day the company commenced its production the Cadbury dairy milk have been their major and infant product. The company manufactures this product in a very high quantity, the product being the oldest still is in demand. You can see from the table above that how the company reaps and benefits from this very product. Contributing greatly in the Net Profit and Gross sales.

Star: After reaping/ milking all the profits from the Cadbury dairy milk the company invests its money in the new product according to the demand of the market, forecasting the growth of sales and product. The new product launched by the company is the boost, celebration etc this product is introduced and has been added to the product range by the company due to the growing demand of the market, & costumers. This product is in its growth stage of product life cycle and earning the company good sales and revenues. It can be seen from the table above that company had high gross sales.

Question Mark: The question mark always are uncertain product , a company risks its business by introducing a new product not knowing which course in the BCG will it go. Question arises such as; will it be a dog? Will it be a star? The company is also introducing low fat bar seeing the opportunity of being the best quality in the local market to introduce it.

DOG: According to my study for the Cadbury company they don’t have a dog product.

PRODUCT LIFE CYCLE:

As from the above figure we can conclude that Cadbury Dairy Milk is now its maturity stage. The product has been launched in the market from more 100 years but still it’s one of the major company incomes. The taste and packing of the dairy milk haven’t changed much since it was launched but still it attracts as much consumer as any other chocolate bar. In the first 5 years of its launch (1910-1911) Cadbury Dairy Milk becomes one of most the selling products of the company.

PORTERS FIVE:

Threats of new Entrant

(Low to Moderate)

It is a taste oriented business.

Capital requirement is high.

High R & D investment & switching cost of suppliers.

Consumer Bargain power

(Low to Moderate)

Switching to anther Product.

Due existing competition.

Supplier Bargain Power (Low)

Large number of Supplier available.

Competitive rivalry

(High)

There are large no. Of companies available in the market.

Availability of substitute makes the market even more intense.

Competitors differentiating in price.

Threats of substitutes

(Moderate)

Confectionary product can’t be stored for a long time.

Cadburys substitute are fruits, alcoholic beverages, etc.

ACADAMIC REVIEW:

The convenience to the new entrants’ with strategic substitute in the market shown the porters five forces set-up speed (1990).

Norgan, S (1994, pp. 69)

Threats of new Entrant:

The threat of new entrants determines the level risk to the company through different scales such as the capital requirements, switching costs, the taste quality benchmark etc. the large capital requirements actually helps the company to create an entry barrier for the new entrants because it requires the company to have a significant source of capital to get started. Apart from the regular expenses a new company would need to spend a large amount of money on advertising and marketing to beat the old runner.

Furthermore, switching cost too creates a hurdle to entry for new companies.

The expenses and network that must be present to obtain access to distribution channels is an entry barrier for new companies. A new company must acquire distribution channels create a network of buyers, which is time and money intensive. Further, the new companies have to compete for shelf space in stores with the larger players in the industry.

To make the situation more tough there are various government regulations that need to be filed before entering the market. Hence it won't be insignificant if we conclude that there is

low threat of new entrants to Cadbury because the existence of its feet grounded in the market of chocolates worldwide.

Supplier Bargain Power:

The bargaining power of suppliers is a vital force that has the strength to almost diminish a firm's profitability. The chances of it to increase may be confronted if the product they supply is differentiated or has switching costs. However with Cadbury the main catch that remains is that they are full of a huge number of suppliers spread out in the market. Further the bargaining power of suppliers is decreased because the brand name associated with the company is an important customer of the supplier group and the supplier does not pose a threat of forward integration. Hence the suppliers are at a low risk to pose a threat.

Consumer Bargain power:

Now what has been noticed through various data available is that the consumer represents a large percentage of the supplier's sales, hence the buyer has more bargaining power over the supplier. As mentioned earlier the backbone of Cadbury remains its taste quotient hence it is expected that the buyer must be willing to accept taste changes in the product, which restricts their bargaining power . A change in the product directly affects the quality and taste of the buyer's end. However, the bargaining power of consumers is low to moderate because of the company's differentiated products, the presence of switching costs, the lack of threat of backward integration and the reliance on the industry's product.

Threats of substitutes:

Flavour and taste being the main ingredient of the company it must still compete with numerous substitute products that can threaten the company's profitability. It constitutes products in the retail arena as well. We are all aware that chocolates are used as gifts during numerous seasons and celebrations including Christmas, Easter, Halloween, Valentine's Day, anniversaries and birthdays. Other types of gifts during these seasons are viewed as substitute products. These products are flowers, fruit, and alcohol. All of these products can be purchased instead of chocolates. Many different cooking flavours, a hugely diverse selection of alternate snacks, and a wide variety of seasonal gifts make the threat of substitute products a little high in the company.

Competitive rivalry:

The competitive rivalry in the market is high because of the numerous brands already getting flourished in the market at the pace of fire. Also the availability of substitutes poses a danger to the level of consumption of the products. Moreover the volatile nature of the consumers taste preference remains as an unending threat along with the cost differentiation. All of these conditions create price wars, advertising battles, new product lines and higher quality of customer service in the market leading to a neck to neck competition.

SHELL MATRIX:

ACADAMIC REVIEW:

Inspiring in a market in a uncertain or growing method is lacking in total grip of an organisation with in the perseverance of funds along with the positive hold of its employees.

Assael, H. (1993, 1990, pp. 727)

GROWTHING

POPULATION.

UNITED STATES OF AMERICA (26. 1%)

INDONESIA (19. 7%)

RUSSIA (11. 9%)

BRANDNAME

QUALITY

CAPITAL

MARKET ATTRACTIVENESSHigh

Low

Medium

High Medium Low

COMPANY’S STRENGTH

The above marketing tool represents a new opportunity and potential market for the company. From the above table () it can be seen that the company can expand themselves and enter a completely new industry because of the growth rate and potentiality of the market. The company’s SBU for the market is their wealth and brand name access as the maximum consumption of Cadbury dairy milk per capita is high in United States of America as per shown in the fig() and the company is situated in United Kingdom and is well recognised and has a good ‘ word of mouth’. The market attractiveness is the growing population and urbanization, and growing trends in Cadbury confectionery. The company can launch new range of product such as soft toys, bakery products etc to expanding their market.

ANSOFF MATRIX:

MARKET PENITRATION:

Advertisement/sponsorship.

Loyalty scheme(dealers).

Gift hampers to loyal customers.

PRODUCT DEVELOPMENT:

Feedback

Adding new flavour to their product range.

Adding to the quality

MARKET DEVELOPMENT:

Manufacturing soft toys.

Amusement parks(Cadbury world)

Entering into new field to widen its market.

DIVERSIFICATION:

Coke

Pastries

Products for Youth-elders group.

MARKET PENETRATION: The Company can penetrate its existing market by paying special attention towards its loyal customers like giving priority to their orders from production till the dispatch. The company could also avail reasonable prices to the loyal customer (dealers) and give them credit taking payments in instalment. They could also strengthen their relation by providing after sales services to the existing customer e. g. taking back the delivery if the order is defected and the dealer is not satisfied, returning of money guarantee, etc.

PRODUCT DEVELOPMENT: The company can use these phase of the Ansoff growth matrix for the development of their new product, they could add new products to their range and widen their range of products and thus making it for the customer to buy everything they need under one roof. By adding new products the company can position themselves in the market, they could take feedback from the customers via websites and customer surveys(questionnaire) and try to improve the quality of the product as per the requirement of the customer. The company could use an effective mode of communication to let know the customer about the new product being added and could capitalize by utilising their brand name. The company could have a celebrity suiting to their brand values and qualities (celebrity endorsements have a sky rocket sales), they could market their product on the newest and the biggest market i. e. internet.

MARKET DEVELOPMENT: They could develop a new market by using different sales channels. Company could offer discounts on the bulk purchase, use another sales promotion such as could hand out gifts on a certain amount of purchase, gift hampers on special occasion, etc. They could widen their market by entering different manufacturing fields and add up more clientele to their profile. For e. g. they can indulge in the production of cakes, pastries, milk and milk products, ice creams and etc , they can enter new manufacturing fields such as soft toys market as it is a highly attractive market. It is considered to be an good market as Cadbury is known as a brand comparatively to any other confectionery product

DIVERSIFICATION:

By launching this new production Cadbury is trying to widen its market and enhances its product range. Cadbury is aiming at the youth and older generation by introducing these products in the market. Thus, breaking the barriers and thus trying to create a new brand image i. e. ‘ not just for kids but for all’.

CONCLUSION

In order for Cadbury to reach the peak of achievement, the company would have to stress on the global growth of the product. It can be a risk to market it in the region France, but with careful study of the target market segments and its economic position, it can be an attainment. Cadbury should also look into other countries like the Asia Pacific in order to market its products popular globally. But then again, careful considerations to look at its major competitors and to obtain the rules and regulations of a certain country are equally important.

RECOMMENDATION:

Cadbury should produce diverse products in which chocolate is a desirable product like frozen cakes, toppings, chilled dessert and ice cream. And they can enter this new market with their existing brand name/ value. [Bradely(2008)(pp. 309)Cadbury purple regin]

Cadbury should re-launch it dog product ‘ Cadbury liquor’ with better promotion, attractive packaging and proper planning. Cadbury should use all form of communication media to promote this product.

Cadbury should launch a virtual game and get in alliance with social networking site facebook and launch a game for example; (a Cadbury factory where people can make/customize their Cadbury according to their will).

Cadbury should offer the customer a factory visit once/twice in every two months and have a look at how the work is done(hygiene) and creating a good image thus creating a strong customer relation and trust