

Cadbury schweppes
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Cadbury Schweppes has transformed itself from a mainly U. K. and British Commonwealth business into an international business with sales of £4. 3 billion in 1999 (see Annual Report 1999 p. 6). It has been able to achieve this through a number of strategic moves that have enabled it to improve its competitive advantage.

The most notable internal strategic success was the restructuring of the Groups' management levels in March 2000 in order to re-deploy skills and experience. This was undertaken as part of the Managing For Value programme introduced in 1997. The restructure has meant that although the Group remains focused on the two separate product streams, a single operational organisation has been created that recognises regional differences between businesses around the world.

This is particularly important in terms of the significant benefits the Group has realised in the way that its business is managed and shareholder value is created, especially following a report in the press that Cadbury Schweppes was not expected to deliver their ambitious shareholder returns policy. (The Times, 17th February 2000, p. 32). This will prove a formidable task in the 21st Century, as the market is becoming more static and the market shares of major competitors are stabilising. Innovation in products and marketing techniques will need to be rigorously employed in order to sustain competitive advantage. Cadbury Schweppes has already made headway in this area through targeting the healthier lifestyle through the introduction of 'Flyte' and by advertising Fry's Turkish Delight as 92% fat free.

The other most significant strategic decision undertaken was to sell off its beverage brands in 160 markets to Coca Cola, enabling Cadbury Schweppes to concentrate on its core products and markets, and further develop its competences. Cadbury Schweppes already benefits from agreements to distribute its products in the U. S., the worlds largest soft drinks market and these sales do not appear to have harmed the Groups' performance.

Cadbury Schweppes has also benefited from the sharing of experience and best practices with its major competitors through its involvement with the Innovation Exchange created by the Marketing Council and London Business School. This form of collaboration with Mars and Nestle enables Cadbury Schweppes to manage its business more effectively without disclosing secrets. If capitalised upon appropriately by management this could prove to be extremely successful in the future. (Financial Times 22nd January 1999).

One of the strategic successes that could be extended is the Dr Pepper / Seven Up bottling group which gave a successful route to market in the US resulting in Dr Pepper / Seven Up gaining over half a point in market share and growing at twice the market rate during 1999.

There are a number of important strategic issues to be addressed by the Board of Directors. The fast changing lifestyles in developed markets and long term growth in consumer spending in emerging markets heavily influence the confectionery market. This has implications for innovation and acquisition strategies in terms of enhancing core competences and the creation of synergy benefits through backwards integration strategies.

Russia's economy is beginning to recover resulting in an anticipated reduction in losses in this market. There are reports that Russia is hoping to join the European Union in 2001 and Cadbury Schweppes must pay close attention to developments here and also to the unstable value of the Euro, which could have an adverse effect on share prices. The introduction and growth of the Euro has had the effect of increased price transparency across the Euro zone. The Group operates in 7 of the 11 participating countries and sells its products in the rest. The internationalisation of confectionery products has resulted in the same products being sold at different prices through the monetary union created by the Euro. The price issue must be resolved in order to minimise the risk to Cadbury Schweppes and to maximise sales. This risk minimisation has already occurred within beverage brands through standardising products in all countries and through international retailers.

In order to take advantage of the technological boom in the last decade Cadbury Schweppes has begun a programme to reduce its cost base through exploitation of IT and the Internet. This involves rationalising and integrating its SAP systems, centralising IT management into three regional centres and the introduction of a global telecommunications system and a world wide knowledge intranet. This will provide a competitive advantage in an expanding global market where the onus is on staff to add value to the Group, maximise their own and the business potential and extend the success of Managing For Value.

Cadbury Schweppes has performed well in the 20th century and occupies the third and fourth positions in the beverage and confectionery markets <https://assignbuster.com/cadbury-schweppes-individual-assessment-essay-sample/>

respectively. There are a number of strategic priorities that must be addressed in order to try and maintain its competitive advantage in the 21st century. The most significant priorities are among those found in Strategic Recommendations and Priorities. The development of the chewing gum market will provide Cadbury Schweppes with an opportunity to improve its sugar confectionery base and expand into new markets, at the same time extending its dominance in China and challenging Wrigley's dominant position. Expansion into new beverage markets is essential to compete successfully against Coca-Cola and PepsiCo.

This can be achieved through extensive development of the Snapple brand and through development of a product for release into the emerging market of energy drinks, possibly through a collaboration with Britvic or SmithKline Beecham, the manufacturers of Lucozade. This would then have increased benefits for Cadbury Schweppes value chain and be strategically feasible. The Russian market is an area to be exploited, already demonstrated by the Group's willingness to redesign their business to align with the changed economic circumstances, which has resulted in the successful development of the world's second largest confectionery market. The key priority for Cadbury Schweppes is to develop its profits by more than single figures each year and enhance its shareholder benefits.

Overall Cadbury Schweppes is a successful company with a positive and global outlook on its operations. It has not always performed as well as today but the benefits derived from the diversity among its Board and their ability to develop and implement suitable strategies for the Group to follow will provide it with future competitive advantage.

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