

# Strategic corporate development history of cadbury marketing essay



Strategic management is the dynamic process of formulation, implementation, evaluation and control of strategies to realize the organization's strategic intent. Strategic management is a dynamic process. In this particular course work of strategic planning module the company which I have selected is Cadbury India, a company with a great marketing structure, strategic planning and with a strong value among the customers all over the globe.

### **Company History – Cadbury India**

The Company was incorporated on 19th July 1948, as a private limited company under the name of Cadbury-Fry (India) Private Limited and commences business soon thereafter. Gradually the Company undertook at its own cost and responsibility the development of cocoa growing in the country. A specialist cocoa advisory service was created. A cocoa research centre was also created together with seeding nurseries and distribution centers. Through its subsidiary, Induri Farm Ltd., the Company had set up facilities near Pune to breed cattle that would give improved yield of milk at economic feeding costs.

### **Strategic Corporate Development History of Cadbury Inc .**

1919 undertook a merger with J. S. Fry & Sons, another chocolate manufacturer which saw the integration of well-known brands such as Fry's Chocolate Cream and Fry's Turkish Delight

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.

Triarc sold Snapple, Mystic and Stewart's (formerly Cable Car Beverage) to Cadbury Schweppes in 2000 for \$1.45 billion. In October of that same year, Cadbury Schweppes purchased Royal Crown from Triarc.

In March 2007, it was revealed that Cadbury Schweppes was planning to split its business into two separate entities: one focusing on its main chocolate and confectionery market; the other on its US drinks business. The demerger took effect on 2 May 2008, with the drinks business becoming Dr. Pepper Snapple Group Inc. In December 2008 it was announced that Cadbury was to sell its Australian beverage unit to Asahi Breweries.

In 2008 Monkhill Confectionery, the Own Label trading division of Cadbury Trebor Bassett was sold to Tangerine Confectionery for £58million cash. This sale included factories at Pontefract, Cleckheaton and York and a distribution centre near Chesterfield, and the transfer of around 800 employees.

On 19 January 2010, it was announced that Cadbury and Kraft Foods had reached a deal and that Kraft would purchase Cadbury for £8.40 per share, valuing Cadbury at £11.5bn (US\$18.9bn). Kraft, which issued a statement stating that the deal will create a "global confectionery leader", had to borrow £7 billion (US\$11.5bn) in order to finance the takeover.

These are the main strategic developments, which took place within Cadbury Inc. till now. Cadbury Inc has taken major strategic decision throughout their

operations but at the end it is being taken over by Krafts. Above-mentioned are the strategic developments of Cadbury Inc. Cadbury India has applied both Corporate-Level Strategies as well as Business-Level Strategies.

## **Corporate-Level Strategies and business-Level Strategies of Cadbury India**

### **Introduction of new product-line named Star and Gems' chocolates in 1967 and 1968 respectively.**

After the conversion of Cadbury India from private limited company to public limited company on 11th June in 1977, an agreement was entered into with Cadbury Overseas Ltd., (COL) U. K., on 3rd May 1977, for technical services concerning new products and processes.

Cadbury India entered into an agreement with CSOL for the grant of a license for continued use of the word `Cadbury' as part of the Company's corporate name.

Industrial license for the apple juice project was received and the project was commissioned on 16th September, 1980.

On 17th December 1982, the name of the Company was changed from Cadbury India Ltd. to Hindustan Cocoa Products Ltd., consequent to 60% of its shares being held by the Indian public.

**In 1985, Cadbury India explored the possibilities of entering into the business of software export.**

**In 1987, in chocolate group, the Company launched new products such as `Crackle`, `Orange`, `Strawberry Krisp`, `Mello`, and `Wildlife bar`. In the foods drinks, the Cadbury India launched `Choc O Cheer.**

**In 1988, the Chocolate division introduced some more new products to upper and lower ends of the market. In the food drinks area, a higher protein drink under the brand name `Enriche` was successfully introduced. The Company diversified into ice-cream market and a product under the Brand name `Dollops`.**

With effect from 18th July 1993, the Company's Ice Cream business comprising manufacturing arrangements with two well known brands Dollops & Lopstop was transferred to Brooke Bond India Ltd. for a consideration of Rs 1062. 65 lakhs and an assurance from the company to Brooke Bond that they would not make or sell Ice creams for a period of 8 years.

In 1994, The Company undertook a modernization and rationalization programme at its Malanpur factory at a cost of Rs 40 crores.

In 1995, Perk' was launched from its Malanpur plant. Towards the end of 1996, the Company has launched a new range of sugar confectionery, `Googly`, a tangy, fizzy fruit flavored candy in Chennai under the brand name `Trebor`.

In 1997, Cadbury India Ltd has launched Truffle - flavored soft centre moulded chocolate bar. The product was launched in Calcutta, Mumbai and New Delhi during October with subsequent launches planned in Bangalore, <https://assignbuster.com/strategic-corporate-development-history-of-cadbury-marketing-essay/>

Chennai, Hyderabad and other mini-metros in a phased-manner in November.

In 1997, Cadbury India launched its well-known beverage Bournvita in sachets.

In 1999, Cadbury India Ltd has launched a new product, `Nice Cream`, under its sugar confectioner business. The sugar candy has been launched only in Mumbai.

In 2000, Cadbury's has introduced Perk Slims, a slimmer version of the wafer. The Company has re-launched Perk, its chocolate-coated wafer; it has four new layers covered in Cadbury Dairy Milk Chocolate. Cadbury India Ltd. has launched a range of gift packs for Diwali. The Company had entered into a Memorandum of understanding on July 5th, to sell its immovable property at Colaba, Mumbai.

Cadbury Schweppes Plc acquires 39.34% stake in its Indian subsidiary Cadbury India Ltd. Cadbury Schweppes Pcl developed a new phenomenon allowing its consumers to define its brand profile. Cadbury India tapping unconventional marketing channels like non-retail chains to drive their market expansion.

In 2002, Cadbury's buy out of Pfizer's confectionary brand is expected to set a strong base in the oral gratification category.

In 2003, Cadbury has roped in advertising firm called Lemon to handle creative for its products temptation and milt treat. Cadbury India has

dropped Carat India and roped in Madison Media for the media planning and buying. Cadbury India tied up with BPL Mobile for SMS vending services.

Thus, we can see from above almost all the corporate -level as well as Business-Level Strategies are adopted by Cadbury India to expand as well as to avoid mishaps. Cadbury India Cadbury India has used different strategies at different situation. They have under gone mergers and acquisition, buyouts, demergers, tie-ups, etc.

## **Current Strategic Situation**

Cadbury India is a fully owned subsidiary of Kraft Foods Inc. The combination of Kraft Foods and Cadbury creates a global powerhouse in snacks, confectionery and quick meals. Cadbury India is currently the world's No. 1 confectionery and biscuit company. Cadbury India is the world's second-largest food company with sales in approximately 160 countries.

Currently, Cadbury India operates in four categories viz. Chocolate Confectionery, Milk Food Drinks, Candy and Gum category. In the Chocolate Confectionery business, Cadbury has maintained its undisputed leadership over the years. Some of the key brands in India are Cadbury Dairy Milk, 5 Star, Perk, Éclairs and Celebrations.

In the Milk Food drinks segment Cadbury's main product is Bournvitta - the leading Malted Food Drink (MFD) in the country. Similarly, in the medicated candy category Halls is the undisputed leader. Recently, Cadbury entered the gums category with the launch of our worldwide dominant bubble gum brand 'Bubbaloo'.

Since 1965 Cadbury has also pioneered the development of cocoa cultivation in India. For over two decades, Cadbury have worked with the Kerala Agriculture University to undertake cocoa research and released clones, hybrids that improve the cocoa yield. Cadbury conduct farmers meetings & seminars to educate them on Cocoa cultivation aspects. These efforts have increased cocoa productivity and touched the lives of thousands of farmers.

The strategies, which Cadbury follows, include:

Build a high performing organization

Reframe our categories

Exploit our sales capabilities

Drive down costs ... without compromising quality

Environmental activity of Cadbury:

Cadbury India takes care of the environment and enriches the quality of lives of the communities through a variety of result-oriented programs.

Cadbury aim to look after the health and safety of our people and minimize the environmental impact of our business around the world.

Cadbury India is committed to growing community value around the world. For our employees, this is about making a difference in the community.

Other successful strategies adapted by Cadbury to their brands include:



The interactive campaign for “ Pappu Pass Ho Gaya” bagged a Bronze Lion at the prestigious Cannes Advertising Festival 2006 for ‘ Best use of internet and new media’. The idea involved a tie-up with Reliance India Mobile service, allowed students to check their exam results using their mobile service, and encouraged those who passed their examinations to celebrate with Cadbury Dairy Milk.

Cadbury Bytes is targeted at teens, as they are the largest consuming segment of packaged snack category. They are also the gateway to the family, especially for a new sweet snack.

Cadbury Bytes is positioned as the ‘ only sweet snack’ in the world of salty snacks.

Cadbury introduced Cadbury Bournvitta Quiz Contest, which started airing on April 12th 1972, is India’s longest running national school quiz contest. It was really a good strategy to boost-up the sales.

The task was to get the youth audience to adopt Cadbury Dairy Milk in the sweet eating or “ muh meetha karna” moments

The campaign of “ Jab Pappu Pass Ho jaye, Kuch Meetha Ho jaye” captured the thought of celebrating a moment of delight with Dairy Milk

A campaign was built around the idea of how “ pappu” celebrated passing his exams with Dairy Milk

A multi-media campaign was launched on TV, Internet, Radio and Outdoor

The key was how do own the moment of "pappu passing his exams" in the media space

An innovative tie-up with Reliance web world was executed, wherein students across 66 examination boards across the country could access their results on Reword through their Reliance mobiles. If they passed a message congratulating them on their moment of delight from Dairy Milk was displayed

We can see that how Cadbury India has managed and implemented their strategies over a period of time. The company has undergone various strategies like digitalization, various innovation were made to improve their products. Apart from that, they have introduced various products with good features and promoted them with the latest mode of promotion activities.

It has been seen that one of the most important strategy at corporate-level was to launch products with innovation and their market strategies like campaigning. It was the trend with Cadbury, which has seen in the past decade.

Moreover, in the present situation the company has underwent a turnaround strategy. It has been acquired by another company in Feb 2010 by Kraft Food. At present, it is fully owned subsidiary of Kraft Food.

The company has made efficient use of internal and external sources their internal and sources are:

**Internal Sources:**

Employees: Employee of Cadbury India were well dedicated to their work and based upon their work only the company has reached to maximum height. In the same way the company has also provided ways and means to satisfy their employees. Employee retrenchment was very low in Cadbury India.

Information System: Cadbury has a very good information system adopted. Later, they introduced digitalisation.

Finance: the products produced by the company were in great demand that it generated large sales to the company, which helped in increased revenue for the firm.

Marketing: The Company adopted various marketing techniques for the promotion of its products like campaigning, conducting contests in schools etc.

Operations: In 1994, the company introduced rationalization and modernisation programmes.

**External Sources:**

Economic : The economic environment of Cadbury India includes the economic conditions like growth of company in India. Cadbury has very efficiently utilized the economic advantages.

Market: The products of Cadbury India have been very efficiently targeted based upon the feature of the product. Cadbury India focused almost all the age group

International: Cadbury has their branches in almost most all the countries. They adopted various international strategies like business alliance, mergers etc. To have international access.

Technology: More and more efforts were being made to have technological advancement in their products. More or less, they have succeeded in delivering quality products like Cadbury milk chocolate, Bournvitta Energy Drink etc.

Social: Cadbury India has undertaken various Corporate Social Responsibility Programmes, which has helped the society. As a part of their social activity, the company has constructed check water dam to store water. Cadbury India is committed to growing community value around the world.

## **Conclusion**

Thus, we can say that Cadbury India has undergone various Corporate and Business-Level strategies to boost up their activities in almost all the spheres, both internal and external. They have strived a lot to attain the best position in the world. They have attained this with the strategies, which they followed in timely basis. They adopted various measures to face the competition. At last, they could not stop the hostile acquisition from Kraft Food Corporation. It was then with mutual understanding and agreement were converted into a mutual takeover by Kraft Food Corporation. At present Cadbury India is a fully owned subsidiary of Kraft Food. Again, the company should think of various other strategies, learning from the past pitfalls made. They should adopt various other strategies both in Corporate -level as well as in Business-Level. They should try to develop their R&D and should come up

with new products with greater level of innovation. Consumers need value to the product. Thus, Cadbury India should strive to attain maximum value to their products with reasonable cost targeting almost the entire community as a whole. The company should develop more and more community welfare programmes to improvise community growth as well. They should undertake programmes to develop the nation of the world. Cadbury India should try to concentrate on their strengths to face the threats and should work on their weaknesses to capture the opportunities that are there in the external environment. For that the first steps is to have a SWOT analysis and move on as per the requirement.

### **Strategic Direction for the future**

In 2006, Cadbury chocolate was linked to a salmonella outbreak, later paying a hefty fine over a leaking factory pipe that contaminated its products. The company suffered a loss of £30 million. There product have been recalled. Cadbury was looking to re-jig its image and make some smart decisions to save money on resources. Green promises may not put to rest consumers' fears of contaminated products.

To face this situation, the company set certain targets that include:

50% reduction of net absolute carbon emissions by 2020 – with a minimum of 30% from in-company actions.

10% reduction in packaging used per tonne of product and 25% in the more highly packaged seasonal and gifting items.

Use more environmentally sustainable forms of packaging - aim for 60% biodegradable, with 100% of secondary packaging being recyclable?

All 'water scarce' sites to have water reduction programmes in place.

The Company worked on these targets efficiently, and to a certain extent, still Cadbury is the market leader in Chocolates and energy drinks like Bournvitta. The company has to go long way to handle this situation.

Recently Kraft Food has acquired them. Even though they are the subsidiary of Kraft Food, they should try taking necessary steps to have necessary long-term strategies to improve their standard in the market and continue their leadership in the market. They should try to learn from their past, the mistake or the mishaps, which occurred to them and destroyed their reputation in the market.

The first think, which the company should do, is to have a SWOT analysis.

## **Strengths of Cadbury India**

**Global Coverage:** the company has maintained a global level in its operations and have a good market share.

**Quality Products:** The company offers quality products to the consumers which is a strength to the company

**Personnel's:** The Company is having well Hard-Woking staffs with them who are indulged in their work with full enthusiasm.

Information technology: The Company has adopted digitalisation, which will help in networking processes. This can be utilised as strength by the company to improvise their market entry in a new market.

Innovations: The Company has made innovations in their products as well as their process to face competition. They have adopted rationalisation and modernisation in their operations.

Value to customers: The Company is providing value to customers by various ways and means. Cadbury is providing various well-accepted brands.

Cadbury Chocolate: Cadbury is blessed with the brand Cadbury Chocolate. Still it is the best choice among the customers.

Cadbury Bournvitta: In beverage section, Cadbury is blessed with Cadbury Bournvitta, a energy drink mostly liked by kids and moms.

## **Weaknesses of Cadbury India**

Past outbreak of contamination: Cadbury has gone through an outbreak of contamination in their products. It caused a bad reputation among the consumers.

Incurred loss: The Company has incurred loss and lost its stability for the past three years from 2007.

## **Opportunities to Cadbury India**

Cadbury India can enter new markets with the help of proper market research

With the available technology, Cadbury can bring up with new version of the existing products and can grab the opportunities in the market.

Cadbury can adopt various innovations in the products like adding extra flavour etc.

The company can come up with new product-line

## **Threats to Cadbury India**

Competition is the mostly affected threat to Cadbury. Competitors like Nestle are also the largest manufacturers of confectionery items. So, Cadbury has to take appropriate steps to face the competitive situation

Consumers dislike with regard to the past outbreak issues may become a threat in future.

These are the major developmental strategies, which have been adopted by Cadbury India to meet the target for 2011.

3D forming chocolate

increased investment we have made in innovation, marketing and sales

Thermostatic food grade packaging

Methods for producing microscopic aeration in candy to provide new textures and mouth feel.

Healthy additions to hard candy

Alternative ingredients to menthol



Cadbury India has grabbed opportunities in the market by these ways. Apart from these innovative strategies, Cadbury India has to undergo various other international strategies to increase the market share.

Following are the likely ways by which Cadbury can increase their market share:

The company should analyze the competitor's strategies, their capabilities and future goals. By analyzing this, Cadbury will be able to re-think their strategies, their future goals and the capabilities they possess. This will help them to re-frame their strategies, goals with the capabilities they have, if need.

Cadbury India can have niche strategies. They can concentrate on one particular brand and create a niche market with proper innovation and product improvement.

They can have integrative Cost leadership and differentiation strategies. It is possible through providing the product at low cost with the help of technologies that enable differentiation through focus on niche segment.

Cadbury can adopt focus strategy by identifying a narrow target in terms of markets and customers.

The company can have restructuring strategies in certain areas where they feel are weak.

Cadbury India should identify an area where the company is incurring loss. After identifying that particular area or brand, they can adopt divesting strategy to stop completely the area which is causing loss to the company

The company should analyse the internal environment prevailing in the organisation and should find out the loopholes. After identifying the correct problem, proper rehabilitation should be made.

If the company finds that every thing is fine in the organisation and the organisation is ready to go forward with the existing products and plan, then the organisation should adopt No-change strategy.

The company can have tie-ups with companies who can provide better expertise in all respect.

Cadbury as what they have done in the past can have business alliance with other companies to boost up the profits. By have strategic alliances Cadbury can enter new markets, reduce their manufacturing costs, develop new technologies and diffuse them.

Cadbury can have Joint ventures to gain access to new business in order to have advantage like, shared risks, combined expertise and effective utilisation of resources available with in the joint venture. They can reduce the hurdles like import quotas, tariffs, nationalistic-political interests and cultural roadblocks.

Cadbury can either acquire a company, which is in the same line of production to have the advantage of efficient production of products with the available expertise of both the companies, and innovative ideas and <https://assignbuster.com/strategic-corporate-development-history-of-cadbury-marketing-essay/>

improved processes or the company can merge with another company and start a new business having the same products with innovations. In the first case, the company need to have investment and in the second case, the company need not to invest more.

## **Conclusion**

A company can expand their business in corporate level as well as in business level by many ways. The company has to choose the best among the available strategies based on the resources they have and what is their actual need. They have clearly identify what is their need and how are they going to achieve those need keeping in mind the internal and external environment.