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Marketing Management Assessment 2

ENVIRONMENTAL MARKETING ANALYSIS OF THE KEY EXTERNAL AND INTERNAL INFLUENCING FACTORS

CADBURY DAIRY MILK

History of Cadbury



Figure 1, Cadbury Dairy Milk (Internet)

“In 1824, John Cadbury began selling tea, coffee or drinking chocolate in Bull Street in Birmingham” (CADBURY UK LIMITED, 2020). In 1847 John Cadbury developed the business with his brother Benjamin, and in 1861 the company was taken over by his sons Richard and George (HELLER, M., 2009). They developed the Bournville mansion, turning it into a model village designed for the company's workers to improve their living conditions. The brothers shifted the focus of the business from tea and coffee to chocolate and increased the quality of their products. The first Easter egg appeared in 1875 (Cadbury history, 2020) and by 1893, Cadbury was marketing 19 different varieties of chocolate Easter eggs. “In 1905, Dairy Milk Chocolate was created, changing the recipe to use more milk than other chocolate makers, and the result was that Dairy Milk became Cadbury's best-selling product in 1914” (CADBURY UK LIMITED, 2020). The company went through two wars. During World War I George Cadbury turned two of the company's buildings into hospitals, and the Factory girls were known as 'The Cadbury Angels', who cared for wounded soldiers (Cadbury history, 2020). The full Dairy milk range became purple and gold in 1920 (Cadbury history, 2020). After that, the business flourished, and the company showed its empathy with the problems of the nation and care for its employees. “Cadbury became part of Kraft Food on the 2nd February 2010” (Cadbury history, 2020).



Figure 2, Micro and Macro Environment (Internet)

Micro environment

The Micro environment refers to the environment which is in direct contact with the company's business and can affect the routine activities of the company. The main elements in the Micro environment can be divided into four directions:

In the company can include mission and vision statement, size of the organisation, employees or HR resource. Vision of the Cadbury is "Be the world's BIGGEST and BEST confectionery company" (Cadbury, 2008), "as Rhymer Rigby(1998) says, it is better to define yourselves in terms of what you are, not what you aren't" (Gill, R., 2011, p.119) and the Company mission "By being globally strong across all three confectionery categories we are building competitive advantage – creating the right range, to be available everywhere, and for everyone" (Cadbury, 2008).

Suppliers create and maintain good relationships, sign short-term or long-term contracts with companies, develop their supply network. The company is oriented towards long-term contracts with its suppliers and takes care of promoting and solving their problems. "Cadbury works very closely with its dairy farmers: Selkley Vale farmers provide Cadbury UK with over 50% of our milk requirements" (Cadbury World, 2020).

Thanks to the marketing concept skilfully tailored to the wants and needs of the customers, the company manages to gain a competitive advantage over its competitors. "Consumers absolutely want quality products, things that taste good, look good and are good value. We always have to be sure our products are high quality and good value. Consumers want to know that the way in which we manufacture, procure and create our products is sustainable and we make sure this is the case and consumers increasingly are looking for naturalness" (Stitzer, T., 2008). The growing trend for healthy living, well-being and environmental cleanliness is also changing Cadbury's marketing concept and replace a lot of the artificial colours and flavours in products with natural ones. "If we can't stay in tune with people, how can we expect people to stay in love with our brands? It's our business to get to know you and your fellow six billion+ human beings" (Cadbury, 2008).

The relationship with distributors creates contracts and good cooperation. Cadbury maintains an extremely good relationship with their distributors by offering them research for clearer knowledge of the markets. “The retail industry around the world is consolidating We need to help our customers find the way to market and sell our products in their retail environments, in a thoughtful and profit-making way for them. We undertake a lot of research to help them have sharper insights” (Stitzer, T., 2008).

The publicity of the company includes the media in all its channels TV, internet, magazines, newspapers, social media. Also, of great importance is the internal publicity of the employees, good image and reputation of the shareholders, paying attention to the activist groups dealing with public issues. The internal publicity of the employees for Cadbury is very important “Integrity, above all, is crucial – what you say, you have to do. Respect for other people, taking responsibility, winning as a team – all these things are core values for everybody. That’s why I think people love to work at Cadbury” (Stitzer, T., 2008).



Figure 3, PESTLE analysis diagram (Internet)

PESTLE analysis

“A PESTLE analysis is a framework or tool used to analyse and monitor the macro-environmental factors that may have a profound impact on an organisation’s performance” (business-to-you, 2016).

Macro environment

Macro environment consists of external forces outside of the company that can create opportunities and/or threats. The factors in Macro environment is Social and cultural forces, legal forces, economic forces, political forces, technological forces and environmental.

The buying power of the target market is very important, it is influenced by the stability of the economy in a country. “In accounts for Cadbury UK, the Birmingham-based chocolate maker's turnover increased from £121.7m to £122.3m and its pre-tax profits increased from £25.3m to £31.7m” (Robinson, J., 2019).

The legal forces include changing laws and regulations as well as protection of the product in the market. In this aspect, Cadbury actively pays attention and is constantly associated with changes in our way of life and environment. Proof of this is their struggle for rights and protection of the production of farmers and cocoa producers. The reduction of sugar in “Dairy Milk bar by 30% less” (Cadbury, 2020).

The political stability is very important for the economy. Brexit, for example will Inevitably have a great impact on both political and economic aspects. Leaving the European Union will affect suppliers and manufacturers, depending on the limits and charges that will be imposed. Price increase can be expected of products and services, in any case we can talk about Brexit in a positive or negative aspect over time, but in the beginning a negative impact is more probable. “Cadbury has said it may have to raise prices or shrink the size of its products after Brexit, but has committed to staying in the UK” (Ruddick, G., 2017). As an opportunity of Brexit could be considered possible development of relations with countries outside the EU.

Technological forces influence the possibility for the information to reach the users faster. Based on digital marketing, databases, websites, email, technologies are in constant exchange and contact with users. This forces can be considered as opportunity.

The changes that are beginning to take place in Cadbury are a change of packaging with recyclable packaging. “In July 2007 Cadbury launched our vision for the year 2020, Purple Goes Green, which is our absolute commitment to action on climate change. This stated our intention to shrink our global environmental footprint and set new targets building on the commitments made in our 2006 CSR report to committed to reduce carbon-based fuels and use 100% recoverable or biodegradable packaging” (Writer, S., 2008).

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2008 Sales	2009 Sales	2010 Sales	2011 Sales	2012 Sales	2013 Sales	2014 Sales	2015 Sales	2016 Sales	2017 Sales	2018 Sales
799,719	948,637	1,253,527	1,237,343	1,240,756	817,110	791,356	809,428	710,417	838,398	768,876
332,576,132	373,909,130	475,237,824	482,039,698	477,827,421	219,256,845	222,434,009	224,476,419	192,744,841	246,074,084	214,915,917
2.40	2.54	2.64	2.57	2.60	3.73	3.56	3.61	3.69	3.41	3.58

Figure 4, “Sweet biscuits, waffles and wafers completely or partially coated or covered with chocolate or other preparations containing cocoa INCLUDING: - count line types” (UK manufacturers sales by product, 2019)

In 2010 Cadbury becomes part of what forms today's Mondelez International (Cadbury Mondelez, 2020). Mondelez International has a long-term strategic vision. Mondelez is working on regional plans for the various brands. A global team takes part in their creation, which collects and researches the different geographic markets and the placement of the products and distributes them to 4 regional teams. The analysis and market research includes the prices of the products and the packages for their offering. Marketing Analytics evaluates advertising and its possible channels for presentation and reaching consumers. The need for Growth analytics that pays attention to whether business strategies are going in the right direction and maintaining and expanding the main business engines.

Porters 5 Forces Model

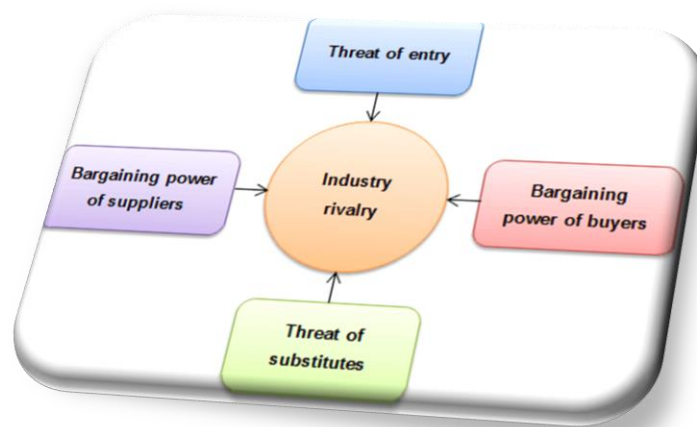


Figure 5, Porters 5 Forces model (Internet)

Porter's five forces model is used to understand the industry/market which the business is operating within. It can be used to:

- (a) it is necessary to understand how profitable an industry is, whether it can easily enter or leave the market.
- (b) by companies operating in the industry to understand the forces influencing the profitability of the industry and to change the way they work to become more profitable.

Competitive rivalry

There are many competitors on the market with a wide variety of products with different tastes and attractive packaging, so it is very difficult to enter this market with a new product from a new company. There are many companies that have established themselves as quality, variety and price such as Cadbury, Nestle, Mars, Lindt. Cadbury works closely with Category Strategy, Regional Category team marketing, Global Platform Innovation and Finance teams by Mondelez International. Cadbury's external strategy is open to mergers, partnerships, developing and entering new markets.

Threat of new entrants

At this force, Cadbury is medium because it has built a strong brand name and has its customers, but the launch of a similar product from Mars, for example, at a lower price may reflect on the choice and purchase of the Cadbury product. The market has many barriers for new companies this include patents and the existing competition is at a very high level.

Buyer Power

Buyer power is also described as a product market. When customers have many alternative products on the market, they are distributed among the companies in different shares, through websites and social networks, companies began to promote attractive offers for their products and made it easier for customers, who in turn can easily choose between price and quality depend of their needs. Cadbury has started to offer the service for "personalization of Dairy Milk bar and boxes of chocolate" (Cadbury gift, 2020), which are very effective for all kinds of events, also for every holiday they have attractive offers and a great variety.

Supplier power

This power analyses how powerful the raw material supplier's strength is for the company. The more suppliers of a given raw material, the less power they have and vice versa, when suppliers are few, the company is forced either to reduce quality by using substitutes or buy more expensive ingredients and all this reflects on price and sales of the product. The cost of changing suppliers is high. "The Global Cocoa Market size is expected to reach \$29.5 billion by 2025, rising at a market growth of 3.51% CAGR during the forecast period" (Global cocoa market, 2019).

Substitutes

The market is very rich in chocolate products with different qualities and tastes, so buyers can very easily replace a product of one company with a similar product of another company. For these decisions the buyer can be influenced by the price and advertising.

SWOT analysis

Strengths include strong brand name and good reputation, copyright and patent protection, a large amount of financial resource, a good relationship with suppliers and distributors. In this category, Cadbury Dairy Milk manages to cover everything, one of the main reasons for its stable market presence. "Its turnover increased 2017-2018 from £1.66bn to £1.68bn. In accounts for Cadbury UK, the Birmingham-based chocolate maker's turnover increased from £121.7m to £122.3m and its pre-tax profits increased from £25.3m to £31.7m" (Robinson, J., 2019).

Weaknesses include failure to innovate, and strengths can be reversed and become weaknesses. Another factor is the limited finances of the population.

Opportunities of interested investors, investment in research and development of new ideas and new channels. Threats include changing customer needs and wants. The orientation to reduce sugar and the trend towards healthy foods and vegans, which can affect the company's turnover. New rules and regulations are also part of the threats.

Demographic

There is a wide age group of clients buying Dairy Milk bar, its price is affordable and everyone can buy it whenever they want.

Geographic

Companies divide the market depending on the countries and regions.

Targeting

Cadbury's targeted marketing is aimed at heavy users, brand loyal customers, switch customers, new customers and for non-users they hold promotions for holidays such as Easter, Mother's Day, Father's Day.

Positioning

Creating an image in the mind of customers.

Benefit positioning

Benefit positioning for Cadbury is good visual advertising and proper place and timing related to the client mindset. "Cadbury Dark milk Chocolate with Jason Donovan" (TV Commercial, 2020). Another advantage of Cadbury Dairy Milk is that it has 16,764,628 followers on the social network Facebook, which speaks of its advantageous positioning in society (Facebook, 2020).

User positioning

Cadbury Dairy Milk is aimed at those who actually buy the product based on the traditions and culture of the buyers. Offering them products for special occasions and holidays. The company uses one brand name as the main identifier for the different variety of products, Cadbury use Corporate Umbrella Branding.



Figure 6, Branding Cadbury Dairy Milk (Internet)

Marketing mix 4Ps

The tools used by a marketing manager often known as the 4Ps: Product, Price, Place and Promotion.



Figure 7, Marketing mix 4Ps(Internet)

Product include features and benefits, quality, variety, branding logo. "Contact Cadbury Dairy Milk UK our virtual assistant: Get an instant response from our Virtual Assistant about the

most common types of questions we're asked. Available 24/7, 365 days a year" (Cadbury, 2020).

Price – In this tool Cadbury used Price skimming in "Bournville taste" (Cadbury, 2020). About Penetration pricing a normally low price is maintained, which is consistent with the quality of the product for regular customers. For new customers, Cadbury conducts various holiday promotions.

Place – available product to customers. Cadbury use indirect channel of distribution.

Promotion – Cadbury use Advertising, PR, Sales promotion, Digital marketing.

Ansoff Matrix

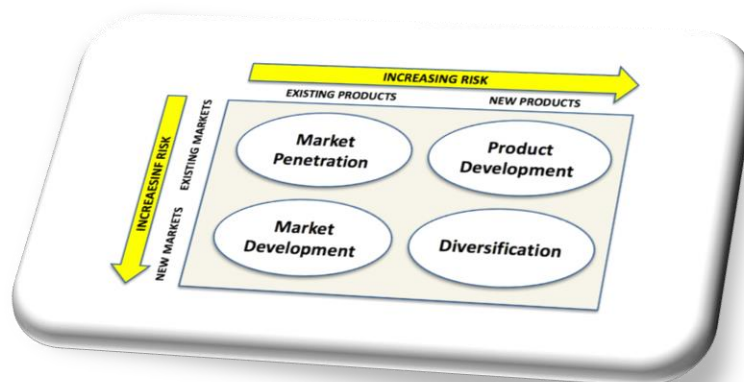


Figure 8, Ansoff Matrix/Internet

The Ansoff Matrix is another planning tool for business. Cadbury use Market Penetration, Product development and Market development. In Product development Cadbury produced four-in-one Unity Bar for India "Hoping to get its Indian customers together, Cadbury's has launched a four-in-one Unity Bar" (BAKAR, F., 2019).

Product Life Cycle Model

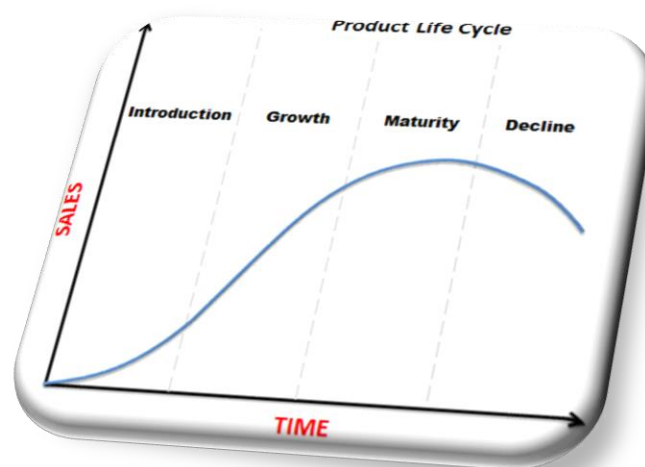


Figure 9, Product Life Cycle Model (Internet)

A product life-cycle has four major stages:

Introduction – Introducing the product into the market.

Dairy Milk Chocolate was created in 1905, and enters the market with quality and benefits like more milk than other competitive products on the market. “They sold it in unwrapped blocks” (Cadbury history, 2020). They used price skimming. Direct channel of distribution. “Early advertising slogans included ‘Bournville Cocoa – for meatless days’, ‘Bournville Cocoa and Cadbury’s Milk Chocolate – both of exceptional food value’ and ‘After all – Bournville Cocoa is still the best’” (Newkey-Burden, C., 2018).

Growth – The profit and sales start to increase very rapidly and the demand for the product is high.

During World War II, production in Bournville stopped because the main ingredients such as milk, butter and sugar were taken over by the Ministry of Food. Cadbury began to use substitutes, but demand and the price of the product increased due to reduced production. "Standardization meant that chocolate was limited to 3 ounces [84 g] per person each week says Foden" (Newkey-Burden, C., 2018).

Maturity – The profits and sales start to stabilise and preference for the product decreases. Over the years, the price of the Cadbury Dairy Milk has been moving in line with the growth of the economy and buying power of customers. Cadbury develops an exceptional variety of their products and an impressive design of their packaging. The provocative advertisement of Cadbury which led to a jump in their profits deserve special attention. “The first ad appeared – the famous Cadbury Flake Girl in 1959” (Cadbury history, 2020).

Decline – The profit and sales start to decrease very rapidly.

Cadbury use brand extension. They produce products with many different flavours, less sugar, boxes of chocolates, packaging and shapes. “The most recent 3p price increase for standard Dairy Milk saw the price of the bar rise by 30 per cent over the last three years.” (Griffin, J., 2010). They use direct marketing through their website and indirect marketing. They make promotions and spectacular advertisements reaching their customers.

We can say that Cadbury Dairy Milk is a ‘megabrand’, popular all over the world.

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