**Report on Production Cost and Marketing Analysis of Cadbury India Ltd.**

**Introduction**

Cadbury is a global company, and Cadbury Dairy Milk (CDM) is one of the world’s largest confectionery companies. They make chocolate, gum, and candy brands. There are nearly 50,000 employees in over 60 countries and sell their products in markets everywhere around the world. Currently, Cadbury produces Dairy Milk with a brand of milk chocolate except in the United States, which is produced by Mondelēz International. France now produces many of the newer Dairy Milk varieties and sells them in the UK. Dairy Milk line is produced with exclusively milk chocolate in every product.

In 1905, Cadbury launched Dairy Milk in the United Kingdom as its first sold product and now consists of several products. In June 1905 in England, Cadbury made its first Dairy Milk bar, with a higher proportion of milk than previous chocolate bars, and it became the company’s best selling product by 1914. George Cadbury Junior, responsible for the development of the bar, has said, “All sorts of names were suggested: Highland Milk, Jersey, and Dairy Maid. However, when a customer’s daughter suggested Dairy Milk, the name stuck.”Fruit and Nut was introduced as part of the Dairy Milk line in 1928, soon followed by Whole Nut in 1933. By this point, Cadbury was the brand leader in the United Kingdom. In 1928, Cadbury introduced the “glass and a half” slogan to accompany the Dairy Milk bar, to advertise the bar’s higher milk content.

In September 2012, Cadbury decided to change the shape of the bar chunks to a more circular shape to reduce the weight. The bar had not seen such a significant change in form since 1905.

Cadbury has always tried to keep a strong association with milk, with slogans such as “a glass and a half of full cream milk in every half pound” and advertisements that feature a glass of milk pouring out and forming the bar. In 2004, Cadbury started a series of television advertisements in the United Kingdom and Ireland featuring a human and an animal (representing the human’s happiness) debating whether to eat one of a range of included bars. In 2014, Dairy Milk was ranked as the best-selling chocolate bar in the UK. The "milk" part of the chocolate comes from Ryan Ross.

**History**

Cadbury was established in Birmingham, England in 1824, by John Cadbury, who sold tea, coffee, and drinking chocolate. Cadbury developed the business with his brother Benjamin, followed by his sons Richard and George. George developed the Bournville estate, a model village designed to give the company's workers improved living conditions. Dairy Milk chocolate, introduced in 1905, used a higher proportion of milk within the recipe compared with rival products. By 1914, the chocolate was the company's best-selling product.

Cadbury was granted its first Royal Warrant from Queen Victoria in 1854. It has been a holder of a Royal Warrant from Elizabeth II since 1955. Cadbury merged with J. S. Fry & Sons in 1919, and Schweppes in 1969, known as Cadbury Schweppes until 2008, when the American beverage business was split as Dr. Pepper Snapple Group; the rights owner of the Schweppes brand had already differed between various countries since 2006. Cadbury was a constant constituent of the FTSE 100 on the London Stock Exchange from the index's 1984 inception until Kraft Foods bought the company in 2010.

In January 2017, Cadbury became the official snack partner of the Premier League and sponsored the Premier League Golden Boot and Premier League Golden Glove awards.

**Overall Turnover**

The confectionery industry in India is in its growth stage­. The marketing research data from the trade shows that the industry has been making impressive growth in the Indian economy. The confectionary industry is divided into the following specific industrial sectors: Chocolate, Hard-boiled candies, Eclairs and toffees, Chewing gums, Lollipops, Bubble gums, and Mints and lozenges.

The total confectionary market is valued at about 41 billion Indian Rupees. It has a total turnover of about 223500 tones of confectionery produced every year. Most of the confectionary is consumed in urban areas. The urban market constitutes roughly 73 percent of the total market. This is a skewed market share compared to the rural market, which accounts for about 7% of the overall market.

This market data shows that the firm has not well considered the rural market. With more than 50 percent of the Indians living in rural areas, it means that there is a high potential in the rural market. 0n the product share of the market, hard-boiled candy accounts for about 18% of the market, Eclairs and Toffees has about 16% of the market share, while gums and mints and lozenges are at par accounting for 1 percent of the market share each.

Cadbury is also a leading player in the milk beverage segment, which is valued at 16.1 billion Rupees. This segment has an annual turnover of about 63,000 tones and has been growing at a rate of 10.1 percent. Here, Cadbury is the leading player with Cadbury Bournvita and Cadbury Bournvita 5 Star Magic.

**Production Process**

**Primary Production :**

· Cocoa beans are grown in farms

· The Cocoa pods are cut down from trees, and the beans and pulp are extracted from the pod

· The next step is fermentation, and this is done by putting the beans and pulp on a layer of banana tree leaves and adding more leaves on top. This is left for a couple of days until the pulp turns into a liquid and drains away

· The remaining beans are left in the sun to dry. This is done by spreading them out in the sun on dry mats or by using special drying equipment

· The dried beans are then weighed and packed and sent to India to be turned into Cocoa Mass. All of this is mostly done by hand

**Secondary Production** :

· The beans arrive in the factory for further production

· The beans are put on a conveyor belt where hot air is blown onto them

· The next step is called Winnowing which involves cracking the dry beans and separating the shell from the nib by blowing compressed air on them, the shell blows away while the nib stays on the conveyor belt (nibs are the center)

· The nibs are then roasted in special ovens at temperatures between 105 degrees and 120 degrees Celsius

· The next is Grinding, which involves the roasted nibs being ground between metal rollers. This creates a chocolate-colored liquid called Cocoa mass

· The final step is where the Coca mass is pressed by powerful machines to extract the cocoa butter

**Manufacturing :**

· The raw materials of chocolate (Fresh full cream milk, sugar, and cocoa mass) are all mixed to make a chocolate liquid.

· This liquid is then heated so then evaporation occurs which then leaves behind milk chocolate crumb

· The next step is called Conching which involves passing the crumb through a pin mill where it is mixed with Cocoa butter, Cocoa liquor, emulsifiers and flavorings

· The chocolate is then mixed and beaten to develop its flavor.

· This mixture is then tempered through a combination of heating and cooling, and this lets the chocolate to melt in your mouth, not your hand

· The Chocolate is then poured into molds and allowed to cool

· Once cooled the chocolate is wrapped by specialized machines that wrap 700 blocks per minute

· The finished product is then packed out into boxes and shipped out, ready for distribution.

**Marketing Strategies**

The marketing strategy is the means of achieving the corporate objectives. There are three basic marketing strategies which any company can follow :

1. Undifferentiated marketing
2. Differentiated marketing

**Undifferentiated Marketing :**

Here there is a standard, durable product and a standard, consistent marketing effort. This strategy can reduce costs (e.g., marketing, production) but will encounter wastage in promotional activity and possibly in distribution.

**Differentiated Marketing :**

The marketing mix elements will also be modified to suit the requirements of the chosen segments. This strategy is aimed at the exploitation of a limited market area and tends to be used by those companies that have highly specialized products. It is "niche marketing" by another name.

To increase sales, Cadbury needs to undertake a range of marketing activities before deciding upon the best way to encourage the purchase of its product. When identifying the fundamental principles which Cadbury must apply to its marketing will be its primary objective because all business must have goals which allow them to increase sales and make profit. Corporate aims are the long term intentions of a company, whereas corporate objectives are the specific targets required to achieve the purposes.

The aim and objectives of the corporation, such as Cadbury include the following:

1.Survival

2.Profit maximization

3.Diversification- which is the spreading of business risks by reducing dependence on one product.

4.Sales maximization- which is the increase in sales

5. Improving product image-which includes creating a new logo or launching a new brand of product and creating more attractive packaging. For example, Cadbury set out two objectives for the development of their chocolate, Fuse. These were :

1. To grow the market for chocolate confectionery
2. To increase Cadbury's share of the snacking sector

When launching a product, the company has to make sure that any new product in the snaking area must establish points of difference, creating a unique selling proposition that is a product with unique appeal which is not shared by any of its competitors. Referring back to the example of Fuse, Cadbury lost much money testing out the combination of various ingredients, and more than 250 were combined before the recipe of the chocolate was finalized. As the products are developed, Cadbury tests them to ensure that consumers are willing to buy them.

**SWOT ANALYSIS**

**Strengths :**

• The company has an already large established business in the Indian market. Since1824, the company has established itself as a world leader in the confectionery market. Through innovation and strategic marketing, the company has acquired about 2/3 of the total market. Cadbury India was ranked the 5th most respected Indian company b Business world magazine in 2007.

⦁The target market is also quite large. With the female population making more than 56 percent of the Indian population, there is a broad target market for the product. The Indian chocolate market has been recording growth in the recent past, and there are prospects of growth. Therefore the target market is slowly expanding.

**Weakness :**

⦁The target population is quite large, and there are fears that the demand for the product may outdo the capacity of the company to satisfy the requirements of the market. The company will need to increase its production capacity to match the rate of growth of the market. The company has not been able to establish a distribution network in the country that matches the demands of the market due to infrastructural development issues.

⦁Banking on the success of the other brands in the market may have adverse effects on the introduction of the new brand in the market since the products will be targeting different markets.

**Opportunities :**

⦁The company can use a wide range of marketing strategies, which will lead to the overall growth of the product in the market. The Indian advertising market has been growing at a rapid rate, which means there will be many opportunities for the growth of the market.

The company can introduce the product in the market in a unique way. This will launch the product in the market in a unique way. The company can also host other events like sports or engage in corporate social responsibility activities like child education to help the target market identify with the product more.

**Threats :**

**⦁**There is a threat of entry of other products in the market, which will increase the level of competition in the market. Other companies are likely to introduce the same products in the market once the initial product is a success.

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**Presentation**

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