

Strategic Analysis Report

Cadbury Egypt – Chocolate Market Pricing Optimization

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1. Executive Context

Cadbury Egypt operates in an increasingly competitive chocolate market dominated by three main players:

Cadbury (Mainstream Premium), Galaxy (Premium), and Corona (Value Segment).

This case study focuses on **optimizing pricing strategy** for the 100g chocolate tablet segment, balancing revenue protection, market share defense, and consumer sensitivity to price changes.

2. Analytical Thinking Process

Step 1 – Data Acquisition and Dashboard Development

- **Data Sources:** Internal Data tables for SKU, pricing, elasticity, and cost.
- **Tools Used:** Power BI, Database, Power Query.
- **Core KPIs:** Total Revenue, Total Units, Total Margin, Total Cost.
- **Data Modeling:**
 - Established relationships between Brand, SKU, Channel, and Month.
 - Integrated elasticity and cost data for scenario modeling.
 - Applied DAX to calculate KPI variance vs previous month.

Step 2 – Exploratory Data Analysis (EDA)

- Analyzed **price vs volume correlation** to identify elasticity patterns.
- Assessed **distribution and cost exposure** per channel (Modern vs Traditional).
- Used **scatter plots, clustered charts, and bar comparisons** to detect outliers or weak performers.

Step 3 – Business Insight Extraction

- Found Cadbury's elasticity at **-1.8**, indicating high consumer sensitivity.
- Observed Galaxy's stable volume at higher price, suggesting stronger brand tolerance.
- Identified Corona's dominance in value-driven channels, pressuring Cadbury's lower-end share.

Step 4 – Strategic Interpretation

- Interpreted findings into **business-impact language** for management.
 - Mapped dashboard KPIs to actionable levers (price hold, pack strategy, distribution expansion).
 - Added **variance storytelling** (“+% vs last month”) and **profitability highlighting** (**Margin < Cost**).
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3. Key Stakeholders & Roles

Stakeholder	Role	Contribution to Strategy
Pricing Analyst (You)	Data modeling, elasticity measurement	Converts data into strategic insights
Marketing Director	Oversees price communication & campaigns	Ensures brand perception aligns with pricing
Sales Team	Field execution, feedback loop	Tests and reports consumer responses
Finance Team	Validates cost structures & margins	Monitors profitability impact
Supply Chain / Operations	Manages cost efficiency	Aligns production with SKU profitability
General Manager / Leadership	Strategic approvals	Balances brand, market share, and ROI priorities

4. Identified Gaps in Current Strategy

Gap Area	Description	Business Impact
Reactive Pricing	Prices adjusted only when costs change	Missed opportunities for value-based pricing
Limited Elasticity Integration	Elasticity not part of pricing decisions	Risk of overpricing and share loss
Distribution Bias	Focus on Modern Trade only	Underrepresentation in Traditional channels
Data Collaboration	Teams operate in silos (Sales/Marketing/Pricing)	Slow response to market dynamics
Lack of Predictive Tools	No forecast of price-volume trade-offs	Limits proactive strategy design

5. Strategic Improvement Recommendations

Short-Term (0–3 Months)

- Maintain current Cadbury Dairy Milk 100g price at **EGP 35** (defensive hold).
- Introduce **KPI variance indicators** in dashboards for real-time monthly performance.
- Enhance collaboration between pricing and marketing through **shared reporting dashboards**.
- Highlight unprofitable SKUs in Power BI using **conditional formatting** (**Margin < Cost**).

Medium-Term (3–6 Months)

- Launch **Mini-Pack SKU (5x20g at EGP 30)** to capture value consumers lost to Corona.
- Conduct **pricing elasticity simulations** for EGP 34–36 scenarios.
- Deploy **Price Lock campaign** to reinforce consumer trust during inflationary periods.

Long-Term (6–12 Months)

- Develop a **predictive elasticity model** integrated with monthly demand and cost forecasts.
 - Shift to **value-based pricing strategy**, using consumer willingness-to-pay metrics.
 - Institutionalize **cross-functional pricing committee** for coordinated decisions.
 - Create **automated early-warning dashboards** for competitor pricing and raw material spikes.
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6. Improvement Opportunities for Future Versions

Improvement Area	Opportunity	Expected Outcome
Power BI Enhancements	Add forecasting visuals & parameter sliders	Improve executive decision speed
Data Quality	Integrate retail scanner data	Capture real consumer trends
Elasticity Model	Use regression or ML-based elasticity analysis	Higher prediction accuracy
Performance Tracking Dashboard Communication	Automate monthly KPI variance alerts Embed business narratives per brand	Better accountability Strengthen storytelling for management

7. Business Value of Elasticity in This Case Study

Elasticity acts as the **strategic lens** connecting price, cost, and consumer behavior. In this case, it:

- Quantifies **revenue risk** for each EGP of price change.
- Supports **data-backed pricing stability** decisions.
- Highlights **brand strength** — lower elasticity means higher pricing power.
- Informs **channel-specific tactics** — different elasticity between Modern and Traditional channels signals distinct pricing potential.

Key Insight:

Cadbury's elasticity (-1.8) shows that **volume loss risk outweighs margin gain**, validating the decision to **Maintain current pricing** while exploring **new pack formats**.

8. Summary of Expected Outcomes

Area	Impact
Market Share	Maintain ~47%
Volume	Stabilize at 120K units/month
Margin	Recover +2% through optimized mix
Channel	+3% growth in traditional trade
New SKU	10K incremental units with <15% cannibalization

Strategic Message:

“Elasticity-based pricing transforms reactive decisions into predictive power. Cadbury’s success depends on defending its premium brand value while innovating for affordability.”

9. Conclusion

This strategic analysis integrates **data intelligence**, **market context**, and **brand strategy** into one framework.

By aligning pricing with elasticity, Cadbury can:

- Protect its leadership,
- Regain budget-conscious consumers, and
- Sustain profitability amid cost pressures.

Next Steps:

1. Implement elasticity-driven pricing model.
2. Launch Mini-Pack pilot.
3. Automate variance-based alerts in Power BI.
4. Conduct post-launch elasticity reassessment.