

**AO6: Competing in Business**

In all types of business, there is some sort of element of competition. As consumers, this is the perfect situation for us because there is a wider variety of products and services. For some businesses, competition is not beneficial and potentially disastrous for the business. Because of all this competition, businesses are required to identify new strategies in order to compete and win over the consumers. They also have to work hard to bring in new business.

In terms of mastering this art, there is no company better at doing this than my selected business, Cadburys. Cadbury’s is a confectionary giant, dominating not only the UK market, but is renowned worldwide. Via great marketing strategies and many other ideas, Cadbury’s have been market leaders since 1993 (Source: BBC News) Cadbury’s have to compete in the following categories in order to become the cream of the crop:

- Ⓢ Price
- Ⓢ Products
- Ⓢ Marketing
- Ⓢ Promotion
- Ⓢ Customer Services

**How does Cadbury’s discover potential competitors?**

Cadbury’s do this by carrying out a competitor audit. The competitor audit is just a basic analysis of the market. There are usually obvious competitors, who offer the same service/ product. However, there are many that may be a business advertising an alternative to the products Cadbury’s sells. Here is a completed customer audit for Cadbury’s:

<b>Name of Competitor</b>	<b>How does the competitor compete on product?</b>	<b>How does the competitor compete on price?</b>	<b>How does the competitor market and promote their products?</b>	<b>How does the competitor compete on customer service?</b>
	i.e. What products do they sell? Are they of a better/poorer quality?	i.e. Are their products cheaper, dearer, better value for money?	I.e. Are their methods more effective? Do they cost more?	i.e. What services do they offer their customers? How different are these services from those offered by your selected business?

**AO6: Competing in Business**

<p>Nestle</p>	<p>Because of the different boundaries Cadbury's cut into, Cadbury's have to be really competitive in order to drive forward in the field. Again, Cadbury's take on Nestle for the major share of the chocolate market. However this time Cadbury's is far and away the best in the business because it has so many products that have succeeded in the market e.g. Dairy Milk, Crunchie, Bournville, Flake to name a few. Nestle struggles for this category because they only have one significant success, Galaxy. The main reason to the success of Cadbury's in this category is the fact that they have been in the market for decades, and know what we, the consumers, want to buy.</p>	<p>Nestle. The prices are fairly similar, with Cadbury's Dairy Milk bar; attracting newsagent prices of around 50p a bar. The same goes for the Nestle creation, Galaxy.</p>	<p>Cadbury's eclipses Nestle because of the number of advertisements they make for TV. On the chewing gum side of the business, Trident Soft is being marketed and receiving heavy promotion because it is a new product and this just entices the customers more into buying the product. In terms of the prices that Cadbury's pay for the extensive advertisement, it is totally justified by the raise in market share they receive.</p>	<p>Very similar because most people have to perform well in order to gain repeat business. Perform as public expect and offer public value for money.</p>
<p>Thornton</p>	<p>Both Cadbury's and Thornton's both sell chocolate. Because of Thornton's prestige in the market, their single items sell better than their multiple items. Their most popular item, Continental is priced £8.99 a box.</p>	<p>More expensive because of the quality of the product and the reputation has received. A general bar of Thornton's cappuccino chocolate costs £1.22,</p>	<p>Advertise on TV regularly to attract customers, similar time spans to Cadbury's.</p>	<p>Very similar because most people have to perform well in order to gain repeat business.</p>

**AO6: Competing in Business**

		more expensive than Cadbury's £0.54.		
Cadburys	Good quality, sell loads of different products e.g. Dairy Milk, Wispa, Crunchie etc.	Similar prices as Nestle but quality of chocolate is better. 54p for a bar of Dairy Milk regular sized.	Heavily via TV, radio and magazines. Best business for this. Most notable Gorilla advert, won lots of awards.	Very similar because most people have to perform well in order to gain repeat business.
Mars	Doesn't sell as many products, same quality as Cadbury's. Most famous product is the Mars bar, one of the most famous chocolate bars to date.	Priced similar to Cadbury's but less chocolate, only 47p for a little slab of chocolate.	Not much to do in this field, because product sells on its own.	Very similar because most people have to perform well in order to gain repeat business.

**How does Cadbury's compete on price?**

Many people believe that price is the main place in which competition in the market takes place. In some aspects, they would be right. The most popular way of offering products on this market is to offer these at a lower price than the competitors. There are two consequences of taking this route. The most probable action to occur is one of increasing market share within the business and increase a hold on the confectionary market. However, if rival businesses also lower the price on a product, the action is known as a PRICE WAR. This is an effective strategy in driving smaller companies out of business. As well as one less competitor, the business would incur a larger market share.

In terms of relating this to Cadbury's, the price war tactic is rarely used as they are market leaders and any further price wars could result in a fall of market share. Cadbury's main competitor in terms of price has to be confectionary rivals, Nestle. The prices are fairly similar, with Cadbury's Dairy Milk bar; attracting newsagent prices of around 50p a bar. The same goes for the Nestle creation, Galaxy.

Furthermore, in terms of value for money, the products are fairly identical. Using the same products as examples, the smaller versions include six breakable pieces of milk chocolate for the same price.

From a personal note, I feel the gap could be larger between the two companies. This would be achievable by Cadbury's raising their prices to make more money. This is justifiable because Cadbury's are the market leader and lots of people buy their product. However, this may backfire because people may pay the lower prices for Nestlé's Galaxy bar, causing Cadburys' to lose market share and question whether they are still market leaders.

### **How does Cadbury's compete in terms of product?**

Cadbury's has a range of different products within the confectionary market. This includes chocolate (Dairy Milk the most notable), chewing gum (newly produced Trident Soft) and hot drinks (Cadbury's Hot Chocolate). These products are not all either. Cadbury's have an established range of products worldwide, all different to suit every customers needs.

Because of the different boundaries Cadbury's cut into, Cadbury's have to be really competitive in order to drive forward in the field. Again, Cadbury's take on Nestle for the major share of the chocolate market. However this time Cadbury's is far and away the best in the business because it has so many products that have succeeded in the market e.g. Dairy Milk, Crunchie, Bournville, Flake to name a few. Nestle struggles for this category because they only have one significant success, Galaxy. The main reason to the success of Cadbury's in this category is the fact that they have been in the market for decades, and know what we, the consumers, want to buy.

Trident Soft was launched by Cadbury's in 2006. (Source: BBC News) This was to tackle the humongous share of the chewing gum industry held by giants Wrigley. Recent results show that Cadbury's still aren't market leaders, but are catching Wrigley's really quickly. As part of this chase, Cadbury's have constantly added new flavours and new ingredients in order to satisfy customer's needs.

Finally the hot chocolate industry, in which Cadbury's battle it out with fellow hot chocolate makers to lead the market. Cadbury's are newly established in this category, so as of yet the product is not as good as some it's competitors. One reason is the lack of experience Cadbury's have in the field. Another may be the lack of knowledge of both the market and why people buy the product.

### **How do Cadbury's compete using marketing and promotion?**

There are two types of strategies in terms of marketing and promotion. These are called above and below the line promotion. Above the line means to promote the businesses product/service via the media e.g. TV, radio etc. Below the line promotion involves promotional activities in order to sell the product more e.g. BOGOF.

Cadbury's use a very old fashioned strategy with marketing and promotion. This is just a basic developing of their brand name and image. The company spend money on creating a brand name and image. This is the way the public will be able to perceive the company from. The overall desired effect is one of customers being convinced the Cadbury's way is better in some way. Over the years, the brand name Cadbury's has been made to seen as the best confectionary business in the world.

The most effective way of developing the Cadbury's brand name is to use TV endorsements. Usually these adverts say nothing about what Cadbury's sell, but humour the audience for the audience to remember the product/service provided. The perfect example was shown in 2007, when Cadbury's used a gorilla to drum to the legendary song "In The Air Tonight" by Phil Collins. This was particularly effective because Cadbury's used their corporate colours to add identification from the product to the company. It was also very funny and also this makes it very memorable. Cadbury's followed this up via an advert in March 2008, in which trolleys are seen racing down an airfield to the tune of "Don't Stop Me Now" by Queen.

The main competitors of the business are the same as the product and the price side. However, on the chocolate side of business, Cadbury's eclipses Nestle because of the number of advertisements they make for TV. On the chewing gum side of the business, Trident Soft is being marketed and receiving heavy promotion because it is a new product and this just entices the customers more into buying the product. In terms of the prices that Cadbury's pay for the extensive advertisement, it is totally justified by the raise in market share they receive.

### **How does Cadbury's compete in Customer Services?**

It is really tough for Cadbury's to compete in this field, as they are market leaders and they are expected to perform fantastically by the public day and day out. The public have come to expect a good level of customer services for Cadbury's. There has been one notable problem with the products Cadbury's have provided recently, which arose in 2006. This involved a batch of Dairy Milk chocolate that was found to have E-Coli inside.

This type of incident is very rare nowadays, however, due to the business incurring Quality Control checks. This was introduced in 1980 and insured that every product was checked before exiting the production stage. Cadbury's have also got a local and worldwide customer services department to deal with any problems customers may be experiencing. However the company is expected to have a lower number of complaints because they sell a high-quality product.

In terms of competing to be a customer service provider, all businesses have to have an excellent level of customer services or they would get masses of complaints. Remaining the market leader for 15 years running, Cadbury's must be good otherwise people would not buy the product again.