

Report on External Influences affecting CTB

Introduction

In this task, I will describe the external influences of CTB that might be concerned, analyse ways in which CTB might successfully respond to a key external influence and make recommendations on way in which CTB might successfully adapt its activities in light of a key external influence.

External influences

The external influences that affect CTB are political issues, economic variables, social issues, technological issues, Environment issues and legal issues. This is called PESTEL analysis.

Crisis management

The crisis management are making contingency plans in case of disasters and crisis. Some examples of crisis are: computer failure, scandal and terrorist attack.

Below are some plans:

- To minimise the effect of the problem;
- To resume normal operations as quickly as possible;
- To keep the business operational.

Businesses with contingency plans respond quicker and better.

External Influences - Political issues

The political influences at CTB include international relations, elections, changing regimes in foreign countries and fear of war.

How international relations affect CTB?

The international relations can affect by:

- Exporting and importing of products;
- The suppliers of abroad;
- Foreign restrictions.

What Cadbury must do for manage international relations problems?

- Try to make new agreement.

How elections affect CTB?

- At the moment Cadbury is seen as an asset to British business and the government are very proud of it and support it. However, this could change if a new government came into power, they might not support Cadbury' as much.
- The new government can change interest rates.

What Cadbury must do?

- If a new government came into power, Cadbury must speak with the new government about their business and expectations. This will change government views and can give a great deal of support for Cadbury business.

How changing regimes in foreign countries affect Cadbury?

The new regime in foreign country can:

- Restrict Cadbury products imports. The new regime in foreign country may wish to protect uncompetitive industries because they are important to the country. This can give Cadbury more Quotas and Tariffs or can stop importations from Cadbury.

What Cadbury should do?

- For prevent this situation, Cadbury should give products of competitive prices, and make sales promotions.

How fear of war affect CTB?

- CTB workers abroad may be in danger.
- Changes in Economic growth - Business cycle. CTB may reach recessions.

What Cadburys must do?

Cadburys must:

- Plan of evacuation for workers if the war happens.
- Plan for protecting the workers abroad.
- Create solutions to change the economic cycle.

Economic influences

The Economic influences at CTB include economic booms/slumps, tax changes, interest rates, and the consumer confidence

How economic booms/slumps affect Cadburys?

- The booms are periods of high growth. With a boom period Cadbury has a consumer demand strong, healthy sales and is able to make big profits.
- The slumps or recessions are periods of negative growth. With a slump period, Cadbury has a weak consumer demand and is struggle to sell their products. The unemployment increase.

How tax changes affect Cadburys?

- The government might increase the tax on businesses; this is called 'corporation tax' and means Cadburys will have to pay more money to the government.

Interest rates on Cadburys

- The high interest rates are bad for exporters. This makes more expensive for foreign countries to buy goods exported from the UK and cheaper for UK consumers to buy products.

How consumer confidence affects Cadburys?

- The consumer confidence affects Cadburys by the amount of consumers spend. Cadburys must do sales promotions to solve this situation.

Social issues

The social issue at Cadburys includes health concerns.

How health concerns affect Cadburys?

- People might start eating less chocolate due to health concerns and increases in medical problems like obesity and diabetes.

Environment issues

People are becoming more and more concerned about our planet and the effects that business activities are having on the environment. Consumers are changing their buying decisions. More and more people are buying "environmentally friendly" products. In response, many firms like Cadburys are changing their products and packaging to become more environmentally friendly. Taking environment issues seriously can give firms a competitive advantage - a caring "green image" can attract new customers and increase sales.

Technology

Computer technology has had a major impact on the way Cadburys is organised - both in making products and in communicating information.

How using CAD/CAM benefits Cadburys?

- The benefits of CAD/CAM are that design and manufacture can be carried out quickly and with great accuracy - both quality and productivity should improve. Also the problems resulting from human error are minimised - robots are more reliable.

Cadburys can buy new machines, which help them make better chocolate. Advances in technology can lead to less work to people - technological unemployment.

Changing Legislation

The changing legislation includes employment laws and discrimination, health and safety laws and consumer protection. Cadburys employments policies must be regularly updated and the health and safety aspects must be regularly checked. Finally, Cadburys must consider laws protect people when buying goods and services.