

Unit 1 Criterion 4

Unit 1 - Investigating Business

Criterion 4F

	Cadbury	Rowan	Dartington		
Describe the following external influences for each business				0 - 6 marks	
its main competitors	✓	✓		<table border="1"><tr><td>6</td></tr></table>	6
6					
the main environmental laws affecting the business	✓	✓			
economic conditions	✓	✓			

Criterion 4C

Explain how each business has been affected by the external influences described in 4F				7 - 9 marks	
	✓	✓		<table border="1"><tr><td>3</td></tr></table>	3
3					

Criterion 4A

Suggest and justify ways in which each business could respond to the external influences explored in 4F & 4C				10 – 12 marks	
	✓	✓		<table border="1"><tr><td>3</td></tr></table>	3
3					

Total **12**

Investigating Business

We did a Pest Analysis in class

- Political
- Economic
- Social
- Technological

PEST analysis is very important that encounters four external influences that need to be addressed within a business.

Main competitors of Cadburys

Cadburys is a big successful chocolate company which is known in all civilization, especially in Europe. Cadburys chocolate share is built on regional strengths as is the case for the other top five chocolate groups. Cadburys command strong positions in the UK, Ireland, Australia, New Zealand, South Africa and India. In candy, Cadbury have a number one position. Halls is their largest brand in candy and our position is supported by other significant regional and local brands.

Cadburys number two position in gum is built on strong market shares throughout the Americas, in parts of Europe (including France, Spain and Turkey), and in Japan, Thailand and South Africa.

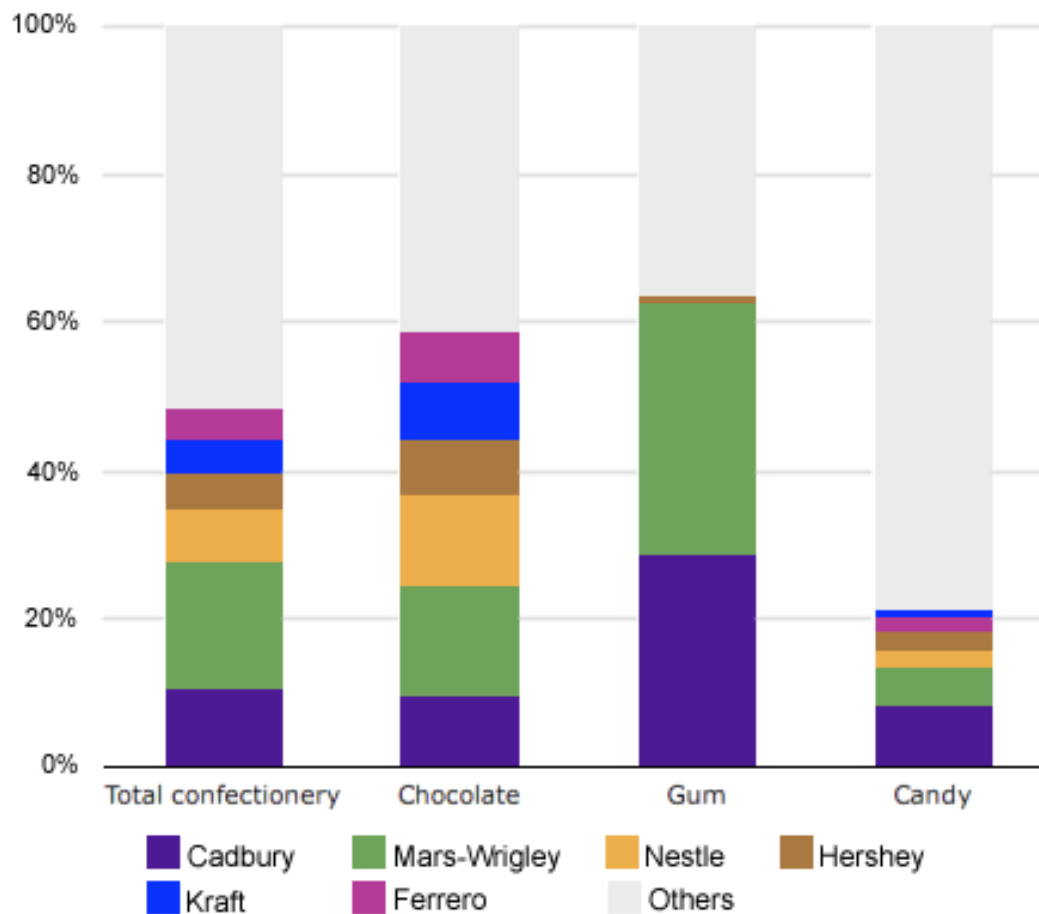


By participant, the market is relatively fragmented, with the five largest confectionery companies accounting for around 40% of the

market. There are a large number of companies which participate in the markets on only a regional or local basis. Cadburys compete against multinational, regional and national companies.

Every big company have competitors and for Cadburys it is impossible to avoid.

There are a lot of successful companies as well. Here is the diagram.



Kraft is a good competitor for Cadburys, because it also makes different products, coffee chocolate etc.

Kraft brands are among the leaders in the UK market and many of them are household names.

Kraft outstanding portfolio of products falls into the core categories of coffee, cheese, confectionery and grocery.

Kraft power brands include;

- Ⓢ **Kenco coffee**
- Ⓢ **Philadelphia**
- Ⓢ **Dairylea**
- Ⓢ **Terry's Chocolate Orange.**



Their other major brands include

- Ⓢ **Maxwell House soluble coffee**
- Ⓢ **Carte Noire coffee**
- Ⓢ **Terry's All Good**
- Ⓢ **Terry's Chocolate Orange.**



Kraft market position is further emphasised by the positions their products hold - for example, Kraft's coffees are ranked number one in seven European countries, and in South Korea.

In fact, throughout the world each year Kraft sell roughly the equivalent of 94 billion cups of coffee annually or an estimated 257 million cups of coffee each day.

Kraft is the Global Leader in the soft white cheese category with the 'Philadelphia' brand as well as achieving over \$1 billion in worldwide sales. And in the UK Kraft hold either the number one or number two market share positions for coffee, soft white and processed cheese, convenience meals and dressings.



Mars-Wrigley

Mars- Wrigley is the most dangerous competitor for Cadbury. Mars- Wrigley has a same demand as Cadburys have, they are very popular a people love them, especially kids. This Mars- Wrigley success can put Cadburys on risk any time. But now the situation stays constant.

Cadbury's knows that Mars- Wrigley can put them on risk, so they trying to make new offers, new types of chocolates Easter eggs etc.

A combined Mars- Wrigley entity would overtake Cadbury Schweppes as the world's biggest confectionery company. The Mars- Wrigley deal means Cadbury will no longer be able to call itself the largest confectionery group on the planet.



Mars, the world's largest chocolate maker, and the investor Warren Buffett confirmed today that they would pay \$23 billion (£11.5 billion) cash for Wrigley in an agreed deal with America's largest chewing-gum maker.

Leading global confectioners Mars and the Wrigley have announced that they will merge, creating what Bill Wrigley called 'the world's leading confectionery company'.

Both companies have issued statements enthusiastically supporting the merger, which also highlights that they are looking forward to increased growth as a result.



Every kid loves chocolate and caramel. This chocolate bar is the most common bar in the world. Even adults love it.

Nestle

Nestlé manufacturing chocolate is one of competitors of Cadburys. Both the chocolate giants are fighting to keep hold of their lucrative chunks of this £4bn market. And at the moment, market leader Cadbury is increasing its lead



Nearly a third of all the chocolate the British eat is made by Cadbury, and the jewel in the crown is its Dairy Milk brand - worth about £250m every year. In contrast, Nestle's sales have fallen by 1.7%, or £10m in the last year.

Recently the company came up with the idea of Kit Kat repackaging all its major chocolate products and labelling them as part of the Dairy Milk brand - what it calls "Masterbranding". Cadbury believes this is why the brand has grown by 13% in the last year.



Nestle is a global player in the chocolate confectionary market and is also a major manufacturer of foods. Nestlé's confectionery interests were dramatically expanded by the acquisitions of Rowntree mackintosh in 1988 and since the company has exploited the strength of the Rowntree mackintosh internationally under the guise of the nestle. Nestle has successfully created some of the most respected brands in the UK. Nestle has a strong percentage in each of the segments of the chocolate confectionery market, with brands in the top five positions in each segment.

Nestlé's major weapon in the fight is Kit Kat, described by Mr Hunter as a "design icon, just like the Coke bottle, just like the Ferrari".

Kit Kat has been extended over both chocolate biscuit market and the countline market through its multipack of two-finger versions and its four finger product. Kit Kat Chunky has been success for nestle and shows the more assured returns that can be gained from brand extensions rather that from new brands. Nestle has three strong properties, Aero Milky bar and Yorkie.



Exter

nal Influences for competitors

Most businesses face some kind of competition from others as they try to win and retain customers. The main competitors for Cadbury Trebor Bassett are Rowntree, Mars and Nestle. These are only some of the well known competitors amongst the many. Some of the aspects that Cadbury is required to consider in order to make their product competitive against others are:

- Price
- Quality
- Availability

The use of new technologies such as telephone sales and the internet have made it possible for Cadbury to compete for customers on a global scale.

Main competitors of Taste for adventure

Taste for Adventure Centre is a registered Charity and adventure place where all age people are welcome. But all centres have their own main competitors who are trying their best to become most successful and known for everybody. Their trying to make similar activities that helps other centres to become successful and they are called 'Competitors'.

Here are some competitors of 'taste for adventure' that offer similar activities.

In Herefordshire there is a competitor "FOREST ADVENTURES ACTIVITIES".

They offer an extensive selection of exciting activities for youth groups, adults and corporate entertainment.

Their activities provide the opportunity for developing new skills and team work in an exciting, exhilarating but safe environment.

Activities catered for include rock climbing, abseiling, kayaking, archery, canoeing, caving, mountain biking, orienteering, night hiking and much more.



They also have their centres out of Hereford. They offer their activities in Bristol, Birmingham and Cardiff. This is the main problem that the forest Adventure could cause for taste for adventure because they have their centres in other counties and receive a bigger profit.



Another good example competitor of taste for adventure is 'WYEDEAN CANOE AND ADVENTURE CENTRE'

Wyedean Canoe & Adventure Centre is located at Symonds Yat East, an idyllic setting in the heart of the Wye Valley, an area of outstanding natural beauty.



Activities on offer include; canoeing & kayaking, rock climbing, abseiling, caving, archery, rope courses, team building, helicopter tours, racetrack days and all-day adventure walks.

They also have an on-site shop stocked with a range of canoeing & outdoor products.



Businesses can manage much of their own world but there are external influences to which they have to respond and over which they have less control. Some external influences that might have affected Cadbury are:

- Business Competitors
- Economic Conditions
- Environmental Constraints

These are just a few of the obvious influences which not only may be present on Cadbury's but other businesses too. In order to be successful Cadbury's has to be able to respond to these influences where it is possible.

Environmental laws for Cadbury

Cadburys have lots of machines which makes chocolate and is useful to company, but the machines costs more than £1million. The big machines use a lot of electricity.

Cadbury has been reducing water, cardboard, plastic and carbon emission;

- Reduce water use by 17% only using recycled water.
- reduce cardboard use by 65%
- reduce plastic use by 75%
- reduce carbon emissions by 50%

UK-based Cadbury Schweppes is set to be prosecuted under environmental health laws after the company allegedly released chocolate for sale that was contaminated with salmonella, according to the Guardian newspaper.

Benefits

By the end of 2006, Cadbury and its partners had built 375 wells, providing access to clean water for almost 50,000 people. A community with a water well not only benefits from easy access to clean water and a subsequent improvement in sanitation and hygiene; more water also means crops can be watered which means more food and better nutrition. Less time is spent travelling to obtain water and more time is available for farming, other jobs and

education, which leads to an all-round improvement in a community's prosperity.

Cadbury's focus on sustainable farming practices helps to protect Ghana's intrinsic biodiversity. The company also realizes that sustainability includes the social dimension. Their focus on education and labour standards contributes to better livelihoods for cocoa farmers.

Protecting the people that grow the cocoa that Cadbury buys has to be a priority – these are the people that provide a prized ingredient. Their well-being translates into well-being for the company. Supporting and encouraging farmers helps to ensure continuity of the cocoa supply chain.

Revenue and profit -Revenue during the period amounted to £7,427 million (2005: £6,432 million). Profit before taxation amounted to £738 million (2005: £835 million).

PEST

The PEST analysis will examine the external environment and the global factors that may affect a business. It can provide a quick and visual representation of the external pressures facing a business, and their possible constraints on strategy.

Political	Economic	Social	Technological
Government	Interest rates	Population size	Spending on research and development
Taxation	Exchange rates	Age distribution	New materials and processes
Government polices	Economic growth Inflation.	Income distribution	Developments in ICT systems
		Lifestyles	
	Unemployment		Improvements to existing equipment
	National income		

Political

There are many political developments Cadburys will have to look at when producing the final marketing strategy, both regionally, and nationally and also internationally.

For instance Cadburys will have to look at the Weights and Measures Act which states that you have to have on the labelling of the package a round about weight of the final product. This is an international Law which all businesses have to keep to. Regional factors can come from just environmental acts, where their factories are built and whether it is built on an environmentally stable area. Also will the government increase financial support to such a large company if rising costs do occur?

Economic

Economic influences include money issues such as the present climate change and the effect it is having on Cadbury.

The marketing strategy will have to involve economic factors and their effect on the business. Consumer activity can change throughout seasons in the year, their spending patterns and willingness to spend can all depend on interest rates, and this will affect the strategy by having prices rising and falling and income monthly being vary. Does a new product have the need to come on the market?

Economic variables which I have already briefly talked about can change the way customer needs apply. Inflation is the main, prices will go up for raw materials and production but customers wont want prices to increase in the final product. I will need to make a balanced price incase inflation does increase by a lot to stop there being a loss. Unemployment levels can also affect a company, if the company is situation in a low unemployment level area then it would be harder to find people willing to work the areas of Cadburys Company and will have to look away from the local public, but if unemployment levels are high then there may not be a need for more staff.

Social

Social influences include other organisations such as fair Trade that Cadbury have been helping by giving some of their profits for water aids etc.

If there is a social change taking place outside Cadburys then it might affect the way a strategy may be run or even designed, for example if there was a fall in birth rate and the life expectancy increased, then people will be living longer this will then cause a larger demand on confectionary for the elderly and middle aged consumers rather than the younger population. But if there was an increase in birth rates and a decrease in life expectancy then there would be a greater demand for confectionary within the younger population.

People dieting will also cause a big problem. Statistics in the last few years have announced that obesity has increased; this therefore means that the demand for chocolate will have fallen as more people will want a healthier option rather than a chocolate bar.

Due to fashion and taste people change their minds every month to want the rich and the famous eat and wear. Although chocolate is not directly involved, it will still affect the choice people make on which brand consumers will buy. Adverts and promotions can also affect the way people spend their money, if there is a famous actress on a Cadburys advert then people are more likely to want to buy that product if they think someone they admire is consuming it.

Technological

Technological influences include using robots and computers to control production. Educated staff and training is necessary.

From the early days of Cadburys, technology has changed dramatically. It has become quicker and more efficient to this day. Production lines have been swapped for machines which can produce the whole product in one quick easy procedure. From this if extra demand is wanted from consumers then it will be easier to produce the product quicker than the original hand made chocolates. Communication has improved as well as marketing the product through word of mouth has now changed to advertising in magazines, newspapers, bill boards, television and even the internet. This will help with the strategy as it will be easier to promote the product to the consumers.

Political influences include environmental issues such as limits and rules such as carbon emissions, trading policies, funding etc. these are government policies. Cadburys political influences are included environmental issues such as healthy eating regime by the government which has an impact on Cadbury because their production is chocolate.

European/ internal legislation has different limits and rules on amount of chocolate production. European makes similar laws in all European countries but some countries have their own currency so the prices of products are different.

Future legislation (laws) could affect Cadburys by putting bigger VAT than it is now.

Cadbury aims to act in a socially responsible manner at all times by:

- respecting the economic, social, cultural, political and civil rights of those involved in our operations
- complying with all local human rights legislation
- implementing programmes across our world-wide operations and with our supply chain partners