

An Empirical Analysis of Fast Moving Consumer Goods of Cadbury and Nestle

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ABSTRACT

The purpose of this paper is to explore various factors which affect the preference of the consumers for any particular brand. In this paper, two companies are taken into consideration Cadbury India and Nestle. It examines the market share of each company and the ultimate objective is to determine which brand of products should be procured in order to increase sales. The study involved the analysis with the help of the information obtained from Anand Metro Mart Pvt. Ltd. and the response of the respondent. This is a limited study which takes into consideration the data related to the sales collected from Anand Metro Mart Pvt. Ltd. and responses from 100 people via questionnaires and personal interview. In order to know about the sales scenario, it also involves the calculation of average sales. Hence, result is obtained from this detailed study regarding the preference of the customers towards Cadbury and Nestle chocolates. It is suggested to Anand Metro Mart Pvt. Ltd should procure more Cadbury goods in comparison to Nestle chocolates. And in order to gain more profit they should also concentrate on increasing the sales of Nestle chocolates along with Cadbury chocolates. It is observed that taste and also the promotional techniques of Cadbury are stronger and liked by the customers.

Keywords: FMCG, Consumer Preference

INTRODUCTION: ABOUT THE ANAND METRO-MART PRIVATE LIMITED

A department store is a retail establishment offering a wide range of fast moving consumer goods. A department store has permanently reshaped the shopping habits of customers and has changed the definition of service and luxury. Nowadays, people prefer going to department stores as wide range of products are available under one roof. All the departments operate under the centralized control and management.

Anand Metro-mart Private Limited is a Private incorporated in the year 2011. It is classified as Non-government Company and is registered as per registration act of India . Its authorized share capital is Rs. 500,000 and its paid up capital is Rs. 500,000. It is involved in Non-specialized retail trade in stores. The mission of the company is to increase its market share and further to become the market leader in providing wide range of quality consumer goods. The vision of the company is to increase its outlets covering the whole state. Currently, they have their two working outlets in Gwalior.

It deals with fast moving consumer goods of different companies like Haldiram's, Cadbury, nestle, Fritolay and many more. They deal in both wholesale as well as in retail market. They have also included one more production line related to bakery items into their business under the name, "Cakes and Snacks". Anand Metro Mart Pvt. Ltd. deals with various brands. For example, they deal with different brands of chocolates like Cadbury, Nestle etc. not only chocolates but it deals with various brands of other FMCG goods too. As far as bakery items are concerned, they do not contain egg and are purely vegetarian items. They have retail as well as whole sale counter.

Nowadays, chocolates are preferred by many people, apart from children there are people of different age groups too who prefer chocolates. Here, only chocolate segment of FMCG goods is taken into consideration. And therefore, comparative analysis between two major companies of this segment is done. The two major leading companies in this field which are competing against each other for gaining market share are Cadbury India and Nestle.

This paper shows the comparative analysis of FMCG i.e. chocolates of these two companies by comparing their total sales in Anand Metro Mart Pvt, Ltd. in order to know which company has larger market share in comparison.

OBJECTIVE:

The objective is to analyze and understand which brand of chocolates is sold more and why and ultimately, which company's products should be procured more in order to increase sales and further to gain more profit.

LITERATURE REVIEW:

Chocolate are replacing the tradition taste of Indian sweets. **B. Sugandhishanmugapriya and M. Suganya** in his study concludes that chocolate company should promotional activities to increase their demand along with the introducing new flavor in chocolate.

Shendge on his study "A Comparative Study of Consumer Preference towards Cadbury and Nestle Chocolates with Special Reference to Navi Peth Area in Solapur City" viewed that Chocolate is liked and eaten by all the people of all the age groups.

Dr. B.C.M. Patnaik and Pradeep Kumar Sahoo conducted an empirical study on consumer behaviour towards Cadbury's India Ltd. and Nestle India Ltd. with reference to the male and female of Cuttack and Bhubaneswar of Odisha.

Tanu Payal on her study "A study on consumer preference towards Cadbury and Nestle chocolates in Dwarka of West Delhi" viewed that consumer is the real king of the market and large market share can be captured by satisfying and fulfilling the customer needs.

Jasdeep Singh Kandhari on his study "A study of consumer preference towards Cadbury and Nestle chocolates" analysed the major dimensions which affects the preference of the consumers towards a particular brand like advertising strategies, packaging strategies, different forms of the chocolate, etc. and it also includes responses of various respondents by conducting a survey through questionnaires.

RESEARCH METHODOLOGY:**Data collection:**

This is a limited study which takes into consideration the data related to the sales collected from Anand Metro Mart Pvt. Ltd. and responses from 100 people via questionnaires and personal interview. The significance for the industry lies in studying these trends that emerge from the study. The data collected method was through random method and the sample size in moderate. The collection of primary and secondary data was then restructured and reevaluated according to the need and the objective of the study. The data thus collected undergone the various round of editing, coding and decoding as the various interconnected links was there in the study. Primary data – the primary data for this study is collected by questionnaire method and also by direct interviewing method. Secondary data – the secondary data for the study will be collected from the sales department, websites and brochures.

Sample Size: Sample size consists of 100 people of Gwalior city.

Data Analysis:

Along with the questionnaires, data regarding the total sales of two brands of chocolates over different periods of time is obtained from which average sales and increment in sales is calculated by using statistical tools like mean, Chi-Square tests and percentage increase has also been calculated.

ANALYSIS OF SALES OF CADBURY IN ORGANISATION:

Cadbury India Ltd is a subsidiary of the Krafts Group.

The company operates in the different categories of Chocolate confectionary, Beverages, Biscuits, Gum and Candy. It started in the year 1948 and currently it has five manufacturing units across India. 70 per cent market share of chocolate is captured by Cadbury in India, which is the highest share across the world. Its most popular brand is Dairy Milk. Apart from this its additional product are 5 star, Perk, Bournville and Eclairs etc.

Table No. 1 Monthly sales of Cadbury Product

S.NO.	PRODUCT NAME	JAN	FEB	MARCH
1	Dairy milk	57,000	60,000	56,500
2	5Star	41,000	42,000	40,000
3	Perk	38,500	40,000	38,000
4	Celebration	9,000	10,500	8,000
5	Éclairs	13,800	14,300	15,850
6	Gems	27,000	30,000	31,700
7	Total Sales	1,86,300	1,96,800	1,90,050

Source: Collected from Store

It also cover drinks segment by Bournvita, which is a leading MFD (Malted Food Drink) in India. Now a day's Cadbury also extent the range of product by introducing Oreo biscuit in Indian market. It also helps in the growth and development activity of cocoa cultivation in india along with the Kerala Agricultural University. They helps in conducting training programme for cocoa farmer to increase the productivity. It means Cadbury has a various product in different segment. Here, only chocolate segment of Cadbury India is undertaken.

The table 1 and 2 shows the sales of Cadbury chocolates for three months from Jan to March.

Table No. 2 : Average and percentage of different Cadbury Product

S.NO.	PRODUCT NAME	Total Sales	Average Sales	% of total Cadbury sale
1	Dairy milk	1,73,500	57833.33	30.27
2	5Star	1,23,000	41000	21.46
3	Perk	1,16,500	38833.33	20.33
4	Celebration	27,500	9166.667	4.80
5	Éclairs	43,950	14650	7.67
6	Gems	88,700	29566.67	15.48
7	Total Sales	5,73,150	191050	100.00

Source: Calculated

ANALYSIS OF SALES OF NESTLES IN ORGANISATION:

NESTLÉ India is a subsidiary of NESTLÉ S.A. of Switzerland. With eight factories and a large number of co-packers, Nestlé India is a vibrant Company that provides consumers in India with products of global standards. The NESTLÉ Corporate Business Principles are at the basis of our Company's culture, developed over 140 years, which reflects the ideas of fairness, honesty and long-term thinking.

Nestle chocolate division, sells Kit Kat, Munch etc ,and recent reports states that among other brands Kit Kat and Munch alone had made revenue of Rs. 1,110 crores in calendar 2015. Following are the other chocolate products of Nestle which are taken into consideration in this study. NESTLÉ ALPINO, NESTLÉ KITKAT, NESTLÉ BAR ONE, NESTLÉ MUNCH, NESTLÉ CLASSIC, NESTLÉ MILKYBAR.

Table No. 3: Monthly sales of Nestle Product

S.NO.	PRODUCT NAME	JAN	FEB	MARCH
1	Alpino	8,000	9,500	9,000
2	Kit Kat	55,000	54,900	57,000
3	Bar One	16,000	17,000	13,800
4	Munch	43,000	46,000	42,750
5	Milky Bar	32,000	28,950	31,000
6	Nestle Classic	11,200	13,000	10,000
7	TOTAL SALES	1,65,200	1,69,350	1,63,550

Source: Collected from store

The table 3 and 4 shows the sales of Nestle chocolates in particular with reference to three months from Jan to March:

Table: 4 Average and percentage of different Nestle Product

S.NO.	PRODUCT NAME	Total sale	Aveage sale	% of total Nestle sale
1	Alpino	26,500	8833.333	5.32
2	Kit Kat	1,66,900	55633.33	33.51
3	Bar One	46,800	15600	9.40
4	Munch	1,31,750	43916.67	26.45
5	Milky Bar	91,950	30650	18.46
6	Nestle Classic	34,200	11400	6.87
7	TOTAL SALES	4,98,100	166033.3	100.00

Tables 1, 2, 3 and 4 shows the total sales of Cadbury chocolates and Nestle chocolates for the month of January, February and March. As we can see that among Cadbury chocolates, Dairy Milk chocolate is dominating in the total sales followed by 5Star and the least preferred chocolate among Cadbury chocolate

is the Celebration pack. The reason for less people preferring Celebration pack can be the non-festive season.

The sales of Dairy Milk is increased then decreased but still it remains the dominant sector. Even the official website of Cadbury chocolates shows the same trends regarding the sales. Similarly, celebration too increases or decreases but remains the product with least share in the total sales. We can also observe that there is very little difference among the figures when compared over a period of time. There is 5.63% increase in sales from Jan to Feb whereas it shows 3.43% decrease in sales from Feb to March. However, overall increase in sales from Jan to March is of 2.01%.

Among Nestle chocolates, Kit Kat share in the Total sales over three months is more followed by Munch. Whereas, the share of Alpino and Nestle Classic is less over the time of three months. There is 2.51% increase in sales from Jan to Feb and 3.42% decrease in sales from Feb to March. However, unlike Cadbury it has overall decrease in sales of around 1% from Jan to March.

We have also observed that average sales of Cadbury chocolates is Rs. 24,717 more than the average sales of chocolates of Nestle.

Hence, from this we can say that despite of launching so many different types of chocolates Cadbury is more in demand as compared to Nestle.

CONSUMER RESPONSES:

Responses of the survey are summarized in charts. Fig. 1 says that 64% of respondents preferred Cadbury and rest of the 36% of respondents preferred Nestle. On the basis of information available in table no. 5, we can pronounce that taste is what matters to the consumers before choosing any particular brand.

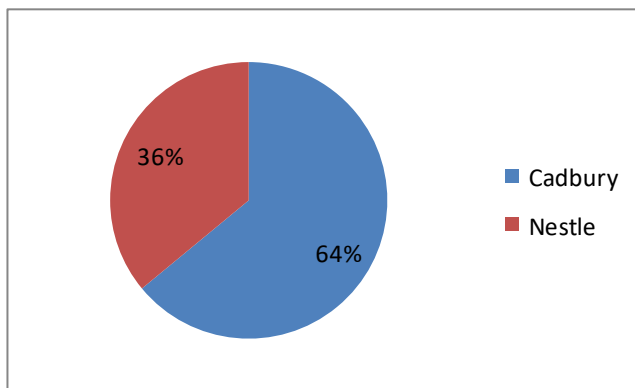


Figure: 1 Preference of Brand

Table No. 5 : Reason for Preference

S. No.	Particulars	Nestle in %	Cadbury in%
1.	Taste	43%	51%
2.	Packaging	19%	20%
3.	Quantity	5%	4%
4.	Price	33%	25%

Most popular brand of Cadbury is Dairy Milk. Because More than half of the respondents likes Dairy Milk followed by 5 Star. Only 2% of the respondents like celebrations during non festive season.

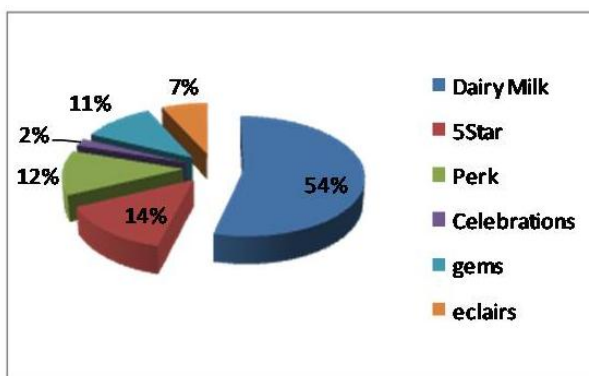


Figure: 2 Choice of Cadbury

In case of Nestle chocolates, Munch is highly preferred choice of consumer followed by Kit Kat.

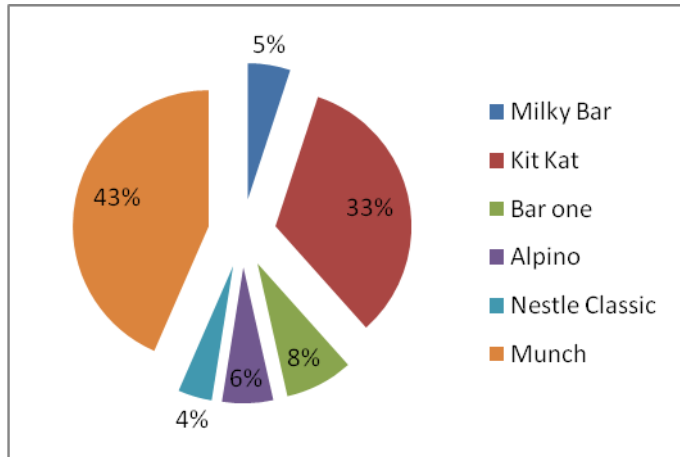


Figure: 3 Choice of Nestle

As far as form and size of the chocolates is concern nearly, 50% of the respondents like Hard form of chocolate and very few people like chew form of chocolate. From the pie chart above we can easily observe that 73% of the respondents like to buy small size of pack.

Out of 100, 48% of the respondents chose the option of going to other shop to search for their preferred brand of product.

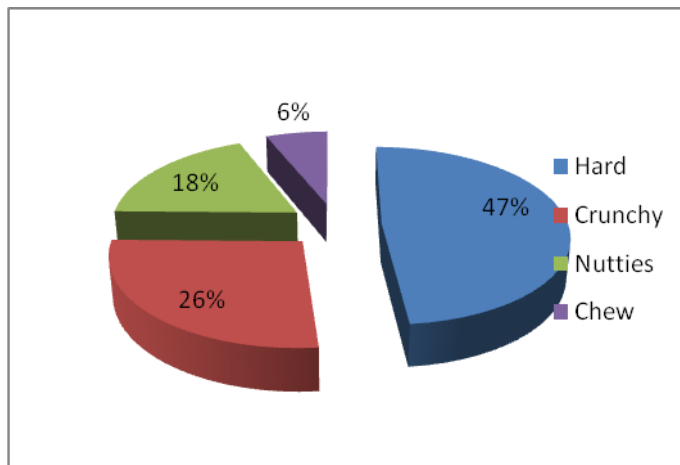


Figure 4: Form of Chocolates

According to the analysis, we can clearly depict that more than half percentage of people preferred Cadbury over Nestle chocolate. Respondents were asked to choose their foremost reason for preferring any brand. Most of the people chose taste as their first and foremost reason for preferring any brand followed by price and packaging. We have also observed almost same trend in the survey as the sales data obtained from Anand Metro Mart, about the preference of consumers over the different products or chocolates of same brand.

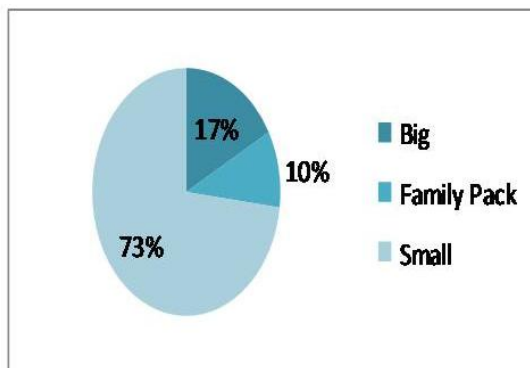


Figure: 5 Size of Pack

Another result which we have obtained is that around 50% of the respondent's preferred hard form of chocolate and among Cadbury chocolates, Dairy milk is in hard and that is why it is preferred by many people. Through some personal interviews we also come to know that people get attracted from the promotional techniques like attractive advertisements, price offers, free gifts, etc.

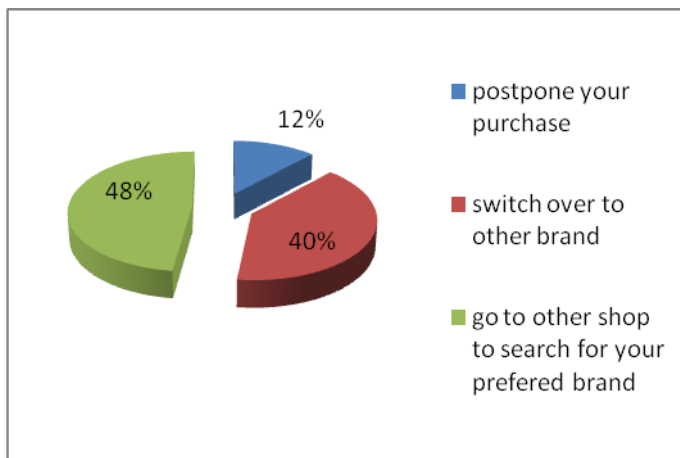


Figure 6: Choice of consumer if preferred brand not available

So, we can say that in order to gain more market share in comparison with Cadbury, Nestle should work on its taste by including one more innovative product line keeping in mind the taste preferences and also the form of chocolate. And this analysis conveys that though there are percentage of people who prefers Nestle chocolates say Kit Kat and these percentage of people remain constant too but this segment of people is less than those who prefer Dairy Milk chocolate.

Thus, we can conclude from profit point of view or in order to increase sales Anand Metro Mart should concentrate on procuring Cadbury chocolates.

CONCLUSION:

The exhaustive research in the field of marketing of Fast Moving Consumer Goods threw up some interesting results which can be seen in the above analysis. After analyzing and evaluating all the facts available in this paper, conclusion can be drawn that in order to increase the sales and further to gain more profit, Anand Metro Mart Pvt. Ltd should procure more Cadbury goods in comparison to Nestle chocolates. And in order to gain more profit they should also concentrate on increasing the sales of Nestle chocolates along with Cadbury chocolates. There are a percentage of people who likes Nestle chocolate and this percentage is huge too but the people of this segment are comparatively less with those who prefer Cadbury chocolates. According to the analysis, we come to know that taste and also the promotional techniques of Cadbury are stronger and liked by the customers. More incentives are given by Cadbury on completion of the target as compared to Nestle. Profit margin is also high in case of Cadbury chocolates. It is also observed that people like hard form of chocolate more than any other form.

According to "India Chocolate Market Forecast & Opportunities, 2018", the increase in per capita consumption of chocolate in the country will continue to flourish the market revenues. It is expected that the chocolate industry of India will be growing at the CAGR 23% by volume between the years 2013-2018 and reach at 3,41,609 Tons. In the coming years, dark chocolates are expected to account for the larger market share than milk and white chocolates. The introduction of medicinal and organic ingredients in the manufacturing of various chocolates had lead to a new trend and development in the country, and this trend should be adopted by major manufacturers in order to remain active in the market. Along with the marketing of Cadbury products, marketing of Nestle should also be done in order to increase the sales and to earn more profit. Cadbury and Nestle can launch new combinations of flavors like strawberry with chocolate and pineapple with milk chocolate etc. They may adopt different promotional strategies like various offers on festivals like Rakshabandhan, Diwali, etc. In order to attract more and more, they can also offer free gifts for children. They can also introduce combo packs with discount offers meeting the requirements of all the age groups in any family.

More incentives should be given to wholesale traders for the completion of target on time as this will motivate them to work efficiently in achieving the desired target.

Personalized wrappers are in trend along with that they can also introduced personalized chocolate like name of person inscribed on chocolates.

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The more we come out and do good to others, the more our hearts will be purified, and God will be in them.

~ Swami Vivekananda