

International Journal of Research in Marketing Management and Sales



E-ISSN: 2663-3337

P-ISSN: 2663-3329

www.marketingjournal.net

IJRMMS 2024; 6(2): 238-243

Received: 21-09-2024

Accepted: 29-10-2024

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A comparative analysis of Cadbury dairy milk and Cadbury 5 star using the BCG matrix framework

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DOI: <https://doi.org/10.33545/26633329.2024.v6.i2c.198>

Abstract

This research paper undertakes a comprehensive evaluation of the strategic positioning of two flagship products from Cadbury India—Cadbury Dairy Milk and Cadbury 5 Star—through the analytical framework of the Boston Consulting Group (BCG) Matrix. As a prominent player in the Indian chocolate market, Cadbury has established a strong foothold with its diverse range of confectionery products that appeal to various consumer segments. The BCG Matrix serves as a vital tool for understanding the competitive landscape, assessing each product's relative market share and market growth rate. By analyzing these dimensions, this study aims to provide insights into investment strategies that can help Cadbury maintain its market leadership while identifying growth opportunities and potential risks for its sub-brands.

The implications of this analysis are significant for Cadbury's strategic decision-making process, particularly in an increasingly competitive environment characterized by evolving consumer preferences and aggressive marketing from rivals. Understanding where to allocate resources is paramount for sustaining market position. This study not only highlights the current strengths and weaknesses of each product but also outlines potential growth opportunities and risks associated with investment strategies. The findings will contribute to Cadbury's broader objectives of enhancing brand equity and optimizing product portfolios, ultimately guiding future marketing and investment decisions for Mondelez International, Cadbury's parent company, in the dynamic Indian FMCG sector.

Keywords: BCG matrix, strategic positioning, Cadbury, India, dairy milk 5 star, market share, market growth rate, investment strategies, brand equity

1. Introduction

The chocolate market in India has witnessed significant growth over the past decade, emerging as one of the fastest-growing segments in the country's food industry. This remarkable expansion is driven by various interrelated factors, including increasing disposable income among consumers, evolving lifestyle choices, and changing consumer preferences that increasingly favor indulgent products. As economic growth continues to uplift the standard of living for many, consumers are exhibiting a heightened willingness to spend on premium and value-added chocolate offerings. Additionally, a notable rise in confectionery consumption has been observed among diverse age groups, particularly among younger consumers who are more inclined to experiment with different flavors and types of chocolate. This shift in consumer behavior, coupled with urbanization and the rise of modern retail formats, has created a robust demand for chocolates across various demographics, from urban centers to rural areas.

In this dynamic and competitive environment, Cadbury stands out as a prominent player in the Indian chocolate market. The brand's rich heritage, strong brand equity, and innovative product portfolio have allowed it to establish a formidable presence and sustain a competitive advantage. Cadbury has adeptly leveraged its historical significance in the Indian confectionery landscape while continuously adapting its offerings to meet the changing preferences of consumers. This adaptability is crucial in a market where new entrants and aggressive marketing campaigns from competitors challenge established players. To navigate these complexities effectively, this analysis employs the Boston Consulting Group (BCG) Matrix as a strategic framework to evaluate the positioning of two of Cadbury's flagship products: Cadbury Dairy Milk and Cadbury 5 Star.

The BCG Matrix is a valuable analytical tool that facilitates the assessment of each product's market share and growth potential. By categorizing products based on their relative market

share and the overall growth rate of their respective markets, the BCG Matrix provides insights that are crucial for strategic decision-making regarding resource allocation and marketing strategies. Specifically, it helps identify which products warrant further investment to capitalize on their growth potential and which may need reevaluation or divestment to optimize the company's portfolio. This study aims to offer comprehensive insights that not only highlight the current market positioning of these products but also inform Cadbury's broader strategic objectives in the fast-evolving landscape of the Indian chocolate industry.

2. Methodology

This section outlines the analytical framework and data sources used to conduct the BCG Matrix analysis for Cadbury Dairy Milk and Cadbury 5 Star. The BCG Matrix is a strategic tool that evaluates products based on two key dimensions: Relative Market Share (RMS) and Market Growth Rate (MGR). These dimensions help in understanding the competitive positioning of each product and guide strategic decision-making regarding resource allocation and marketing efforts.

2.1. BCG Matrix Overview

The BCG Matrix categorizes products into four quadrants: Stars, Cash Cows, Question Marks, and Dogs. Each quadrant represents a combination of market growth potential and market share dominance:

- **Stars:** Products with high market growth and high relative market share, requiring continual investment to maintain dominance.
- **Cash Cows:** Products with low market growth but high relative market share, generating steady revenue with less need for investment.
- **Question Marks:** Products in high-growth markets with low relative market share, presenting potential opportunities but requiring strategic investment decisions.
- **Dogs:** Products with low market growth and low market share, often considered for divestment or discontinuation.

For this study, Cadbury Dairy Milk and Cadbury 5 Star are assessed in terms of their relative market share and market growth rate to determine their current positioning within the matrix.

2.2. Key Metrics

2.2.1. Relative Market Share (RMS)

Relative Market Share (RMS) is a crucial metric that assesses a product's performance in the market compared to its largest competitor. It helps determine the product's competitive strength and market dominance.

The formula for calculating RMS is as follows:

$$\text{Relative Market Share (RMS)} = (\text{Company's market share} / \text{Biggest competitor's market share})$$

A value greater than 1 indicates that the product holds a larger market share than its closest competitor, signifying market leadership. Conversely, an RMS value of less than 1 indicates that the product is trailing behind its competitors.

2.2.2. Market Growth Rate (MGR)

Market Growth Rate (MGR) measures the percentage

growth of the overall market for a product category. It helps in understanding the external conditions of the market and the potential for future expansion.

The formula for calculating MGR is as follows

$$\text{Market Growth Rate (MGR)} = (\text{Current market size} - \text{Original market size}) / \text{Original market size} \times 100$$

A higher MGR indicates a growing market, suggesting an opportunity for increased investment and potential market share expansion. Lower MGR values suggest a mature or declining market, where aggressive growth strategies may be less effective.

2.3. Data Collection and Sources

To ensure the accuracy of the BCG Matrix analysis, this study relies on secondary data sourced from reputable industry reports and market research studies. The following data sources were used:

- **Euromonitor International:** Provides insights into the overall chocolate market size, growth trends, and competitive landscape in India.
- **Nielsen:** Supplies detailed market share data for various chocolate brands, including Cadbury Dairy Milk and Cadbury 5 Star, along with competitor analysis.
- **Mondelez International Financial Reports:** Offers valuable information on the financial performance of Cadbury's parent company, including revenue, market share, and product portfolio analysis.

In addition to these sources, the study refers to market trends from reports on the Indian chocolate industry, which are essential for determining market growth rates and the competitive positioning of the products under study.

2.4. Analytical Framework

The analysis was conducted by calculating the relative market share and market growth rate for Cadbury Dairy Milk and Cadbury 5 Star. These metrics were then plotted on the BCG Matrix to evaluate their positioning. Products with higher relative market share and significant market growth were classified as Stars, while those with lower market share in a growing or stagnant market were categorized accordingly.

By applying the BCG Matrix, this study aims to provide strategic insights that can guide Cadbury in determining investment priorities, marketing strategies, and potential areas for portfolio optimization.

3. Data Collection

This section details the data sources and methodology used to gather relevant market share and growth information for the BCG Matrix analysis of Cadbury Dairy Milk and Cadbury 5 Star. All data utilized in this study is derived from secondary sources, including industry reports, market research studies, and financial statements of Cadbury's parent company, Mondelez International.

The key data points regarding market share and market growth rates are presented in the following subsections. These metrics serve as the foundation for determining the relative market share and market growth rate required for the BCG Matrix analysis.

3.1. Market Share Insights

To assess the competitive positioning of Cadbury Dairy Milk and Cadbury 5 Star, data regarding their respective market shares was obtained from secondary market reports such as those published by Euromonitor International,

Product	Market Segment	Market Share (%)	Source
Cadbury Dairy Milk	Indian Chocolate Market (Overall)	50%	Euromonitor, Nielsen
Cadbury 5 Star	Caramel and Nougat-Filled Chocolate Sub-Category	10%	Euromonitor, Nielsen

- Cadbury Dairy Milk:** The flagship product of Cadbury India, Dairy Milk holds an impressive 50% of the total Indian chocolate market. It leads in both the mass and premium segments, with variations like Dairy Milk Silk further strengthening its position.
- Cadbury 5 Star:** Positioned within the caramel and nougat-filled chocolates sub-category, Cadbury 5 Star captures approximately 10% of this segment. Despite facing stiff competition from brands like Mars' Snickers, 5 Star maintains a significant presence in this niche.

Market Segment	Annual Growth Rate (%)	Source
Indian Chocolate Market (Overall)	12%	Euromonitor, Mondelez Reports
Caramel and Nougat-Filled Chocolate Sub-Category	8%	Euromonitor, Industry Reports

- Overall Indian Chocolate Market:** The Indian chocolate market is currently growing at an annual rate of **12%**, reflecting a surge in demand across various demographic groups. This growth is largely attributed to increasing urbanization, rising incomes, and greater availability of chocolate products through modern retail channels.
- Caramel and Nougat-Filled Sub-Category:** The sub-segment in which Cadbury 5 Star competes is expanding at a slightly lower growth rate of **8%** annually. This is primarily due to the niche nature of the segment compared to broader chocolate categories, but it still presents significant growth potential for brands like 5 Star.

3.3. Data Source Validation

All the market share and growth rate figures used in this analysis are derived from secondary data sources, including:

- Euromonitor International:** Provides detailed data on market size, segmentation, and competitor performance within the Indian chocolate industry.
- Nielsen:** Offers insights into market share dynamics for various brands and sub-segments in the confectionery space, with a focus on consumer behavior.
- Mondelez International Financial Reports:** Supplementary data on company performance, revenue distribution, and product portfolio analysis specific to the Indian market.

The use of secondary data ensures the reliability and relevance of the insights derived, as these reports are widely recognized in the FMCG sector for their accuracy and industry-specific analyses.

4. Analysis

4.1. Cadbury Dairy Milk

Market Growth Rate (MGR)

The chocolate market in India is experiencing rapid growth, driven by rising disposable incomes, urbanization, and

Nielsen, and Mondelez Financial Reports. The data provides a comprehensive understanding of each product's standing within the Indian chocolate industry and relevant sub-segments.

3.2. Market Growth Rate

Understanding the market growth rate is critical to determining whether the category is expanding or stagnating. The Indian chocolate industry has been experiencing a robust annual growth rate, driven by increasing disposable income, shifting consumer preferences, and the expansion of the middle class. Data on the market growth rate has been sourced from industry reports and financial statements.

shifting consumer preferences towards indulgence. The market has been expanding at an estimated **12% annual growth rate**, reflecting strong demand across diverse consumer groups. As a dominant player in this high-growth environment, Cadbury Dairy Milk enjoys the advantage of being well-positioned within a favorable and expanding market.

MGR (Chocolate Industry): 12%

Relative Market Share (RMS)

Cadbury Dairy Milk's relative market share (RMS) further highlights its leadership in the chocolate market. Holding approximately 50% of the Indian chocolate market, Dairy Milk significantly outperforms its closest competitor, Nestlé's KitKat, which holds a market share of 15%. The RMS calculation reflects the dominant position of Dairy Milk:

$$RMS (Dairy Milk) = 50/15 = 3.33$$

This strong RMS value indicates that Dairy Milk is more than three times as successful as its nearest competitor in terms of market share.

BCG Matrix Position

- Market Growth Rate:** High (12%)
- Relative Market Share:** High (3.33)
- Position:** Star

Cadbury Dairy Milk falls into the Star category of the BCG Matrix, which denotes products that operate in high-growth markets while maintaining significant market dominance. As a Star, Dairy Milk requires ongoing investment to fuel growth and defend its market leadership against both existing competitors and new entrants. The brand should continue to innovate, expand its product line, and capitalize on its strong equity during festive seasons with popular campaigns such as "Kuch Meetha Ho Jaye."

4.2. Cadbury 5 Star

Market Growth Rate (MGR)

Cadbury 5 Star operates in the sub-category of caramel and nougat-filled chocolates, a niche within the broader chocolate market. This sub-segment is growing at a slower pace compared to the overall market, with an annual growth rate of approximately 8%. While this is still a positive growth rate, it suggests that the segment is less dynamic compared to the larger chocolate category.

MGR (5 Star Sub-Segment): 8%

Relative Market Share (RMS)

Cadbury 5 Star holds a 10% market share within the caramel and nougat-filled chocolate segment. However, it faces stiff competition from Mars' Snickers, which leads the sub-segment with a market share of 12%. The RMS for 5 Star is calculated as follows:

$$\text{RMS (5 Star)} = 10/12 = 0.83$$

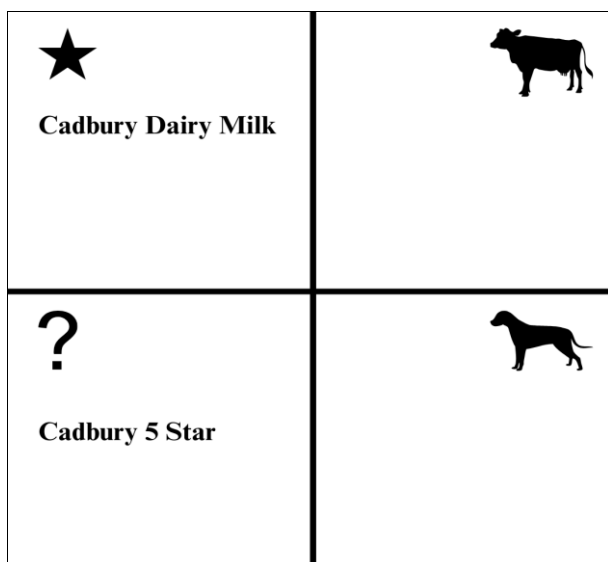
This low RMS value highlights the fact that 5 Star trails its major competitor in market share, signaling that it is not the dominant player within its category.

BCG Matrix Position

- **Market Growth Rate:** Moderate (8%)
- **Relative Market Share:** Low (0.83)
- **Position:** Question Mark

Cadbury 5 Star falls into the Question Mark category of the BCG Matrix. Products in this quadrant operate in markets with moderate to high growth potential but lack a dominant position in terms of market share. For 5 Star, this suggests potential for growth, but it will require careful consideration of investment strategies. Mondelez could pursue aggressive marketing and product innovations (e.g., the 5 Star 3D variant) to boost 5 Star's presence in this sub-segment. However, given its current market standing, 5 Star's long-term viability and profitability must be closely monitored to determine whether further investment or divestment is the most appropriate strategy.

BCG Matrix diagram



5. Strategic Recommendations

5.1. Cadbury Dairy Milk (Star)

Investment Strategy

As Cadbury Dairy Milk holds a strong position in a high-growth market, it should continue to prioritize investment in brand equity. This can be done through:

- **Product Innovations:** Continuously introducing new variants of Dairy Milk such as limited-edition flavors, premium lines (e.g., Dairy Milk Silk), and new packaging formats. Innovations not only attract new customers but also maintain the brand's appeal to existing loyal consumers.
- **Expansion of Product Lines:** Building on Dairy Milk's strong brand recognition, Cadbury can capitalize on introducing premium versions (e.g., Cadbury Silk with added ingredients like nuts or fruit) or special editions (such as festive packaging or collaborative promotions). Product line expansion allows the brand to cater to various consumer preferences and price sensitivities.
- **Aggressive Marketing and Distribution:** Dairy Milk's mass appeal and high consumer loyalty should be reinforced through aggressive marketing strategies, such as large-scale advertising campaigns, celebrity endorsements, and strong visibility across various retail channels. In addition, Cadbury must ensure widespread distribution, especially in regions that are not fully saturated.

Growth Opportunities

Despite its dominance in urban areas, Cadbury Dairy Milk has considerable potential in rural markets, which are currently underexploited. Mondelez can expand its footprint in these areas by:

- **Increased Distribution Networks:** Enhancing availability in small towns and rural regions through efficient distribution networks. This can be supported by smaller, more affordable packaging that caters to lower-income consumers.
- **Localized Marketing:** Cadbury should tailor its campaigns to appeal to rural tastes and cultural nuances. This includes leveraging regional festivals and customs to promote chocolate consumption.
- **Festive Promotions:** The "Kuch Meetha Ho Jaye" campaign has successfully associated Dairy Milk with celebrations and gifting, particularly during the festive season. Cadbury should continue capitalizing on this connection, especially during major festivals like Diwali and Raksha Bandhan, offering seasonal products and bundles that encourage gift-giving.

5.2. Cadbury 5 Star (Question Mark)

Investment Strategy

Cadbury 5 Star, positioned as a Question Mark, operates in a market with moderate growth (8%) but has a relatively low market share compared to its closest competitors. To improve 5 Star's market standing, Mondelez should:

- **Increase Investment in Targeted Advertising:** Given 5 Star's appeal to younger consumers, focused advertising campaigns should be aimed at this demographic, emphasizing fun, humor, and indulgence. Digital and social media platforms are especially effective for this target group, where interactive and engaging content (such as memes, short-form videos, and user-generated content) can boost brand visibility.
- **Product Extensions and Innovation:** Mondelez should explore extending the 5 Star brand with new

offerings such as 5 Star 3D (which combines multiple textures) or other innovative product variations that combine caramel and chocolate in new forms. New products could help differentiate 5 Star and attract new customers who seek novel experiences in confectionery.

- **Monitor Profitability:** As 5 Star occupies a delicate position in the BCG Matrix, Mondelez must carefully monitor its financial performance. If profitability does not meet expectations despite increased investment, Cadbury may need to consider scaling back investment or repositioning the brand within the larger chocolate portfolio.

Market Penetration

To increase its market share, 5 Star should focus on

- **Digital Marketing Campaigns:** With younger consumers as the primary target, 5 Star can benefit from creative, youth-centric digital marketing campaigns. Partnering with popular influencers, creating viral challenges, or collaborating with platforms like Instagram, YouTube, and TikTok could build brand awareness and engagement. These digital efforts should highlight 5 Star's unique characteristics—its chewy, caramel-filled center—to create a distinct identity in consumers' minds.
- **Youth Engagement:** Mondelez can also explore on-ground activities, such as campus engagement programs, sponsorship of youth events, or exclusive offers aimed at college students and young professionals. These initiatives can create brand affinity and further enhance 5 Star's relevance among its key demographic.
- **Strategic Promotions and Packaging:** Introducing affordable, smaller-sized options or offering combo deals in convenience stores and online platforms can help boost sales in price-sensitive segments. Customized packaging for holidays or special occasions can also drive impulse purchases.

6. Conclusion

This analysis of Cadbury Dairy Milk and Cadbury 5 Star highlights distinct strategic paths for both products within the Indian chocolate market. Cadbury Dairy Milk, positioned as a "Star" in the BCG Matrix, thrives in a high-growth market, commanding a strong market share. It represents an established leader in the industry and requires ongoing investment in product innovation, branding, and market penetration strategies to sustain its dominance. Mondelez should continue expanding Dairy Milk's premium product lines, strengthen its presence in rural areas, and leverage seasonal marketing campaigns to drive further growth.

On the other hand, Cadbury 5 Star, categorized as a "Question Mark," poses more complex challenges. It competes in a moderately growing sub-segment, with lower market share compared to competitors like Snickers. To strengthen its market position, Mondelez must carefully assess whether increased investment in targeted marketing, product extensions, and digital campaigns can yield growth. If successful, 5 Star could transition into a more competitive position within the sub-category. However, if profitability and market share do not improve, Mondelez may need to consider strategic alternatives, including repositioning or divestment.

Ultimately, both products present opportunities for growth, but the allocation of resources must align with their distinct market dynamics. Dairy Milk will continue to benefit from high investment, while 5 Star requires a measured approach to evaluate its long-term potential in the competitive Indian FMCG market.

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