

**Task:** Write case study

**Topic:** Kraft Food

**Type:** Case study

**Length:** 2 pages

**Formatting:** MLA

**Requirements:** Provide an analysis with explanation, give details.

Student's name

Name of institution

Kraft Foods

Problem description

Kraft Foods Inc. is a house hold name in North America. The corporation boasts of diverse brand portfolio comprising among popular North America food brands such as Kraft cheeses, coffee & refreshment beverages, grocery products, dinners, Oscar Mayer meats, dressing etc. In the U.S. Kraft is positioned number one among 11 of top 17 consumer foods and beverages brands by market share. It is contribution from these 11 top brands that Kraft posted a 50% growth in retail net revenues in 2012 on the U.S market. However, in recent times, emergence of

generic products as substitutes pose is a big threat to Kraft's market share (Euromonitor). These products are traded by regional and local wholesalers, retailers and cooperatives. Going forward, the corporation needs to invest more in product improvements through innovation and quality.

### Kraft background and Industry

The history of Kraft Foods Inc. dates back to 1980s operating as Delaware Corporation before rebranding to Kraft Foods Global, Inc. In March of 2012, Kraft Foods Global, Inc. was redomesticated to Virginia, rebranded again as "Kraft Foods Group, Inc. Mondelez International wholly owned the largest retailer and distributor of consumer packaged food and beverages brands worldwide until 1<sup>st</sup> October, 2012 before Spin-off by Mondelez International, leaving Kraft Foods Group with grocery business in North America. Despite the shareholding transfers, Kraft Foods Inc. still commands largest share of packaged consumer foods and beverage market with net revenue of \$18.3 billion in 2012.

	For the Years Ended		
	December 28, 2012	December 31, 2011	December 31, 2010
Cheese and dairy	31%	30%	29%
Meat and meat alternatives	15%	15%	14%
Meals	11%	10%	10%
Enhancers	10%	10%	10%
Refreshment beverages	10%	11%	10%
Coffee	8%	9%	11%

Source: Kraft Foods Group, Inc. - Annual Report

## Strategic Situation & Analysis

### Competition

Kraft competitors are mainly established national and international companies. Kraft management are explores different options to achieve competitive advantage. These include cost leadership and production differentiation. Due to customer pressure and competition, the corporation intends to reallocate more funds to marketing, advertising, and retail trade incentives. Although this will increase costs, in the long run sales volumes will increase to offset the expenses.

### Marketing and Advertising

Kraft invests heavily in marketing campaigns and promotions of its brands. The corporation values customer needs and engages third party vendors such as

ACNielsen in capturing and analysis consumer behavior, product trends and buying patterns. Understanding customer buying patterns helps the corporation in developing marketing programs and merchandising activities.

## Recommendations

Product differentiation coupled with brand loyalty and recognition is the main competitive advantage for Kraft foods. Therefore, Kraft Foods Inc. must invest more in R&D projects that target specific consumer preferences, cost reductions, uncompromising product quality and safety long-term strategies in order to retain its number one position in North America (Jennings). This is in line with the corporation's policy on outsourcing of creative ideas from technologists and scientists from outside as well as building on partnerships and collaborations with suppliers.

## Exhibits

The corporation's returns from 2012 to 2014 indicate a health financial position as seen from the profit margins bellow.

	2012 %		2013 %		2014 %	
Sales	100		120		150	
<i>Yr/Yr sales growth</i>			20%	25%	25%	
Cost	40	40%	44	37%	50	33%
Gross Profit	60	60%	76	63%	100	67%
<i>Yr/Yr GP growth</i>			27%	18%	32%	
Expenses	45	45%	56	47%	74	49%
Sales	20	20%	25	21%	34	23%
R&D	15	15%	18	15%	22	15%
G&A	10	10%	13	11%	18	12%
Operating Profit	15	15%	20	17%	26	17%
<i>Yr/Yr OP growth</i>			33%	-10%	30%	
Interest	2	2%	2	2%	2	1%
Other Income	2	2%	2	2%	2	1%
Taxes	2	2%	2	2%	2	1%
Net Income	9	9%	14	12%	20	13%
<i>Yr/Yr NI growth</i>			56%	-23%	43%	

## SWOT Analysis table

### Strengths

world's second largest food company  
 iconic brand  
 innovation  
 distribution network  
 strong R&D capability

### Opportunities

expansion  
 reposition  
 organic products offering

### Weaknesses

competition  
 decline in profitability  
 market share  
 debt requirement  
 geographic concentration

### Threats

many competitors  
 Cadbury issues  
 customer service is relatively weak



## Works Cited

Euromonitor. "Kraft Foods Company Profile - SWOT Analysis." *Global Market Research and Analysis for Industries, Countries, and Consumers*.

Euromonitor International, 2014. Web. 3 Dec. 2014.

Jennings, O. *Teaching strategic management: A case study in the diffusion of innovation in education*. In: K. Pittenger and M.J. Vaughan, eds., *Developments in business simulation and experiential learning*, 2001. Print.

Kraft Foods Inc. "Kraft Foods Group, Inc. - Annual Report." *Kraft Foods Group, Inc. - Investor Relations*. United States Securities and Exchange Commission, 2013. Web. 3 Dec. 2014.

### **Overall Impression**

This case study has issues with capitalization, incorrect word usage, missing articles, awkward phrasing, a lack of commas, incorrect usage of prepositions, missing quotations marks, subject-verb disagreement, misspellings, and technical inconsistencies. I can see that the author did enough research and showcased interesting facts. However, the content itself is messy and simply hard to read. It was like slogging through murky water. I would recommend this writer to thoroughly edit one's own writing and to ask a peer to give proofreading comments as well.