Cadbury and the rise of the supermarket: innovation in marketing 1953-1975

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Abstract

This paper uses company archival data, supported by evidence from the trade press, to examine the development of the manufacturer-retailer relationship in the case of Cadbury and the supermarket retailers distributing its products in the period 1953-1975. It reveals the influence upon Cadbury's marketing strategies and practices of the increasing importance of supermarket retailing in relation to the confectionery as well as the grocery goods trades. It also provides new insight into the significance of these changes for Cadbury's relationships with other manufacturers, and with small-scale retailers typified by confectioners, tobacconists and newsagents.

Keywords: Cadbury, Marketing, Resale Price Maintenance, Retail, Supermarket

1.0 Introduction

Retail historians have identified self-service grocery retailing and the associated rise of the supermarket retail format as major innovations transforming British food retailing during the second half of the twentieth century.¹ Structural change in the grocery retail industry, resulting from the spread of the supermarket and changes in the regulatory environment, among other factors, led to a marked transformation of manufacturer-retailer relations.

This paper argues that the business history literature exploring the first phase of this retail transformation, in the period up to about 1975, has yet to adequately evaluate how the renegotiated relationships between manufacturers supplying the retail sector and those retailers running major supermarket operations led to changes in the marketing strategies and

practices of both. Nor has it fully assessed the consequences of such changes for the retail sector more widely. These consequences extended beyond the large-scale retailers that predominantly operated the supermarkets, to include the smaller scale retailers, most notably in the context of this study small-scale confectioners, tobacconists and newsagents (hereafter CTNs).

The research presented here considers these matters mainly from the perspective of the confectionery and grocery goods manufacturer Cadbury. The broad aim of this paper, therefore, is to explore how the marketing strategies and practices of Cadbury were reshaped in the context of the rising influence of large-scale retailers operating chains of supermarkets, and the implications of this reshaping for retailers more widely. The focus on the firm's marketing strategies subsumes aspects of advertising, pricing and promotion, and display.

Management historians have claimed that 'there has been no serious analysis in Britain ... of the growth of the marketing function in organizations, or indeed of corporate marketing strategies, in the second half of the twentieth-century'.² More specifically, it is argued that research linking developments in corporate marketing with broader trends in industrial structure is rare in the business history literature.³ In focussing upon the marketing strategy and practices of Cadbury in relation to the changing nature of manufacturer-retailer relationships more widely we seek to contribute to these surprisingly neglected areas of debate.⁴ In doing so we seek to further understand the paths leading to what, it has been argued, marks the beginning of a 'golden age' of British retailing in the period subsequent to 1975.⁵ More specifically, we add an historical dimension to the business and retail management literature that explores the dynamic process through which manufacturer and retailer strategies have evolved.

2.0 The supermarket and the post war retail environment

The paper contributes to two main bodies of literature that inform our understanding of the emergence and development of supermarket retailing in post war Britain by addressing the implications for manufacturers. The first explores the rise of supermarket retail formats, typically from the perspective of the retail firm and its activities. The second assesses the significance of changes in the regulatory environment, most notably the abolition of resale price maintenance (hereafter R.P.M.), for the changing relations between manufacturers and retailers, and for developments in the retail sector.

2.1 Supermarket retail management

Self-service was the major innovation in post war British retailing. Economies of scale achieved by self-service enabled the development of large supermarket formats that were able to stock a wide product range under one roof. Rising numbers of supermarkets carried implications for manufacturers, as the previous system of supplying numerous smaller stores with small quantities of products, either directly or through wholesalers, was replaced with a system that required supplying fewer, larger outlets in greater volumes. The number of supermarkets grew from approximately 50 in 1950 to 572 by 1961.⁶ By 1969 there were as many as 3400 supermarkets in Great Britain among the estimated 28,000 self-service grocery stores.⁷ Self-service operations (both self-service stores and supermarkets) accounted for around 15% of grocery turnover in 1959, rising to as much as 64% only ten years later.⁸

Despite Corley's identification of the growing significance of the supermarket to the marketing function of firms such as Huntley & Palmers and Unilever in his early work on consumer marketing within business history, matters of marketing management have been the focus of considerably less attention in the more recent literature on the history of the supermarket.⁹ Nonetheless, its relevance can be identified from a number of strands within

the literature. For example, Alexander revealed the implications for the stocking and merchandising of the store of the different patterns of decision-making control at two of the leading supermarket chains J. Sainsbury and Tesco.¹⁰ Exploring relations further up the supply chain, Godley and Williams show how, during the 1950s and 1960s, Sainsbury's sought to manage collaborative relationships with the British poultry industry in order to control the standardisation of poultry products that was necessary as the firm transformed its retail estate from counter to self-service stores.¹¹

The instrumental role of branded packaged goods in the development of self-service retailing has also been identified.¹² Brands mediated shoppers' engagement with goods,¹³ and brand consciousness and premium pricing cues informed shoppers' decision-making in the new self-service store environments.¹⁴ Unsurprisingly, supermarket retailers sought to further develop their own brands not only in foods, in which they were in some cases well-established, but in the increasing array of non-food items that were being stocked in their larger stores. Despite such retailer innovations in marketing, manufacturers remained the dominant power in the grocery trade and even more so in the confectionery trade where the majority of products enjoyed regulatory support under R.P.M.¹⁵

2.2 R.P.M. in confectionery and grocery retailing

In exploring the developing relationship between supermarket retailers and manufacturers, it is important to consider the effect of government regulatory controls. These regulations had implications for the marketing activities of manufacturers and retailers. The most significant regulation that impacted the marketing strategies of manufacturers and retailers was R.P.M., which took two principal forms. Collective R.P.M. (C.R.P.M.) was regulated by the 1956 Restricted Trade Practices Act, which made it illegal for manufacturers to act in collusion to jointly enforce the retail prices at which their products could be sold.¹⁶ Individual R.P.M.

(I.R.P.M.), between individual manufacturers and retailers, continued under the 1956 Restricted Trade Practices Act until the 1964 Resale Prices Act was introduced to prohibit individual manufacturers from enforcing prices.

The significance of I.R.P.M. for the manufacturer-retailer relationship varied, depending upon the types of goods. Government Board of Trade papers estimated that in 1960 some 12.5% of all consumer expenditure on food commodities was affected by price maintenance, a far lower percentage than in some other commodity groups; for instance, for durable goods 75% of expenditure was affected.¹⁷ There is some debate, therefore, about the importance of I.R.P.M. in shaping patterns of grocery retailing. Not all products were subject to I.R.P.M. and some manufacturers did nothing to stop price cutting by retailers on price maintained goods before 1964, when they had a legal entitlement to do so. Citing this evidence, Pickering concluded that I.R.P.M. had effectively ended on most branded groceries by 1958.¹⁸ For confectionery goods, however, the picture was different. During the 1950s and 1960s, confectionery firms exercised the right to maintain retail prices under I.R.P.M..¹⁹ In other words, confectionery firms dictated the resale price of their goods to retailers. The Board of Trade estimated that some 80% of consumer expenditure on confectionery was affected by price maintenance in 1960.²⁰ With the advent of the 1964 Resale Prices Act, this situation was about to change. Manufacturers seeking continued exemption were required to present their case to the Restrictive Practices Court. As we discuss below, this was a route that Cadbury and some other confectionery manufacturers embarked upon, although it was ultimately to prove unsuccessful.

The effect of I.R.P.M. abolition on the manufacturer-retailer relationship was a source of contemporary debate in post-war Britain and continues to raise questions for historians.²¹

Mercer argues that as a consequence of the 1964 Resale Prices Act the system in which manufacturers had influence over retailers' margins and prices unravelled, such that 'in place

of retailing as a manufacturer's marketing strategy, conditions of supply were determined by the business strategies of multiple retailers'.²² Morelli acknowledges that R.P.M. had 'restricted the ability of large retail organisations to capitalise on cost advantages by lowering prices to the consumer to increase their market'.²³ He argues, however, that the collapse of R.P.M. is insufficient to explain the subsequent concentration of supermarket retailer power from the 1990s onwards.

The work of Mercer and Morelli helps us to understand the implications of I.R.P.M. abolition for the changing balance of power between manufacturers and retailers at an aggregate level. However, our research is more specific in seeking to understand the significance of I.R.P.M. abolition within a sector and by giving attention to the firm, product and brand levels. In the most detailed post war treatment of Cadbury, the abolition of I.R.P.M. is cited as the 'major change' shaping 'the pattern of distribution for confectionery manufacturers', yet there has been little research that explores Cadbury's marketing practices before and after abolition.²⁴ As becomes clear below, in relation to the case of Cadbury, the changes introduced by I.R.P.M. abolition were not without contest and challenge.

3.0 Methodology

It has been argued that 'British marketing was highly distinctive and firmly embedded in the institutions that grew up around industries', which suggests that sector and firm level case studies are particularly useful methods of advancing knowledge in this area.²⁵ Cadbury acted as a powerful advocate of confectionery manufacturers in public discourse with retailers. Concentrating attention on Cadbury provides a focal point in exploring a trade in which a wide variety of retailers and manufacturers entered into dialogue. In addition to being the largest confectionery manufacturer in the UK, Cadbury also manufactured grocery products,

which provides the opportunity to explore different types of engagement with retailers for different product types.

This paper draws on two main sources. The first source is a recent addition to the catalogue of the Cadbury Archive, consisting of 31 large boxes, each containing up to 20 separate files of material.²⁶ The contents include a variety of sales and marketing correspondence related to the Restricted Trade Practices Act 1956 and Resale Prices Act 1964.²⁷ The material relates to internal communications and personal correspondence: between Cadbury directors and managers; between Cadbury and other confectionery manufacturers; and Cadbury correspondence with retailers and retail trade associations. It is important to note that the minutes of Cadbury board meetings, which have informed previous research on Cadbury, only record the board's decisions and provide no record of the discussions that took place.²⁸ Therefore, the first set of sources used in this paper, containing evidence of board room deliberations and associated correspondence, add considerably to our knowledge of the decision making that shaped Cadbury's post war marketing and distribution.

The archives reveal that senior managers and directors at Cadbury had access to bilateral correspondences between rival manufacturers and retailers, presumably as a result of historical co-operation between chocolate and confectionery manufacturers and the impetus to share knowledge in their attempt to challenge proposed changes to R.P.M.. These materials are significant as we have not as yet been able to identify retailer archives that provide detailed evidence on the issues considered by this research; in the case of Tesco, the retailer most frequently mentioned in this paper, no archive exists.

The Cadbury sources provide the most detailed insight from 1953-1967. The material in this period relates to Cadbury Brothers and excludes Fry. Cadbury Brothers Ltd. merged with J.S. Fry & Sons Ltd in 1919 to form the British Cocoa and Chocolate Company, but the two firms

retained operational independence until the formation of the Cadbury Group in February 1967.²⁹

For the period 1968-1975, the Cadbury sources contain fewer records, with some correspondence with the main Cadbury Board, consultancy reports and marketing policy documents. This was a period of significant change at Cadbury, following the merger with Schweppes in 1969 and the creation of a multi-divisional structure.³⁰ Consequently a second source *The Grocer*, a weekly publication with a strong readership across the retailing and food production spectrum, is used to supplement the Cadbury sources and to gain further insight into the relationships between Cadbury and supermarket retailers for this period.

It is important to understand that the two sources utilised in this paper need to be interpreted in different ways. The Cadbury sources are interpreted with the understanding that managers in organisations are involved in language games through which organisational identity is constructed.³¹ The voice of the manager is positioned within the firm in relation to the organisational division he or she is located within and divisional goals, but also in relation to the corporate strategy of the firm as a whole. The voice of managers in *The Grocer* are best understood through theories of institutional work, which emphasise the role of managers in influencing institutional contexts.³² *The Grocer* provides a view of the external corporate image of Cadbury that its managers were seeking to project to retail buyers and other industry stakeholders. The content of the various sources used in this paper, therefore, must be read as constructions that are anchored in specific contexts.

4.0 Cadbury 1953-1967: Challenge to retailing as manufacturer's marketing strategy

Under I.R.P.M. manufacturers enjoyed the freedom to enforce confectionery resale prices with the consequence that retailers were primarily regarded by Cadbury as vertically integrated agents of distribution in this regard.³³ Retailers were also often dependent upon

manufacturer merchandising and advertising support. However, following the effective break down of I.R.P.M. on many grocery products during the 1950s, self-service retailers and supermarkets were achieving greater strategic importance, not least in matters of pricing. The unrealised potential of supermarket retailers in confectionery sales eventually led them to seek greater concessions from Cadbury and to seek the abolition of I.R.P.M. for these goods. In this section we provide empirical evidence that outlines Cadbury's marketing strategy and the responses of different retailers which sought to wield more influence in the supply chain.

4.1 Cadbury's Marketing Strategy

Following the end of rationing and the resumption of a competitive market for confectionery in 1953, Cadbury was characterised by a 'production-cum-marketing' orientation that had developed during the first half of the twentieth century.³⁴ Efficiencies achieved through economies of scale and mechanisation were used by Cadbury in a bid to outcompete rival manufacturers and create consumer loyalty to the Cadbury brand. Cadbury employed specific push and pull marketing strategies to drive sales. Cadbury's push strategies involved control over distribution, to be achieved by tight control over distributors' margins and direct supply to retailers by a team of salesmen who increasingly relied more upon the "saleability" of a line than the salesman's persuasion'.³⁵ In confectionery, Cadbury adjusted distributors' margins in proportion to the volume of sales. For example in 1962, 6d. milk block margins varied between 17.2% and 23.5%.³⁶ This margin included a 1¼% discount for cash payments within one month. Since the 1930s Cadbury had also provided additional discounts to selected multiple retailers, wholesalers, cinemas and theatres, either because of their size or their monopoly position.³⁷ These 'special discounts' were revised in January 1957, reflecting the turnover of the distributor. Furthermore, in 1963 a performance bonus was introduced that was applied to year-on-year increases in turnover.³⁸ In the late 1950s and early 1960s, recipients of these discounts included some grocery multiples like International Tea

Company's Stores, Sainsbury's and Express Dairies (Premier Supermarkets) whose store estates were increasingly being converted to self-service and supermarket formats. Other recipients included the Co-operative Wholesale Society (CWS) and Scottish Co-operative Wholesale Society (SCWS) which Cadbury recorded as multiple retailers. However, few grocery multiples were recipients of the highest levels of special discount offered by Cadbury.³⁹ This provides further support for the claim that Cadbury were the 'worst-placed' of the main manufacturers to benefit from the rise of self-service grocers, by virtue of the fact that it had nurtured CTNs as its main distribution outlet.⁴⁰

The pull side of the marketing equation was achieved through mass advertising on a limited range of products, and a strong corporate house brand. Cadbury began working with advertising agencies to produce television commercials; being one of the first brands to appear in 1955. A revised marketing approach emerged that focused on promoting new products that were launched with in store displays, posters, money off coupons, press and television advertising; the first example of this new strategy being the launch of a grocery item, 'Half Covered Biscuits', in 1957.⁴¹ During the early 1960s, 20 individually branded products out of 60 were the focus of major advertising campaigns by Cadbury, compared to only four heavily advertised products in the inter-war period.⁴² Cadbury responded to competitors by increasing its total spending on advertising chocolate from £1,581,000 in 1960, to £2,018,000 in 1961; part of an effort to compete with the launch of Galaxy by rival Mars in the autumn of 1960.⁴³ National chocolate consumption remained static, however, whilst advertising revenues continued to increase to a trade total of £11.1 million in 1962, of which Cadbury accounted for £3,521,000.⁴⁴

Cadbury defended I.R.P.M. on its confectionery lines during this period, but the situation it faced in the grocery goods trade was more complicated, including greater pressure for price cutting from some retailers. Cadbury archival sources reveal that following the 1956 abolition

of C.R.P.M. on grocery products, the firm was monitoring the effect of price cutting on grocery sales and the disposition of independent retailers towards this. For example, Cadbury kept detailed records of sales of rival Nestlé's coffee brand, Nescafé, which increased as a result of retailer price cutting. Cadbury noted that Nestlé had frustrated independent grocers due to their margins policy, which meant that large multiples retailers were able to sell to consumers below the price that independents could buy Nescafé through wholesalers.⁴⁵ An internal Cadbury memorandum from the Marketing Group of the Bournville Sales Committee stated that: 'Our own approach to the question of price maintenance has never been doctrinaire, and our policy would continue to be determined empirically as in the past.'⁴⁶ Manufacturing both confectionery and grocery lines, Cadbury was aware that I.R.P.M. could protect distribution through independent grocers and CTNs, but equally it could hinder sales through multiple retailers that were rapidly adopting self-service and supermarket formats.

4.2. Cadbury relations with supermarket retailers

The paper now turns to examine the tactics adopted by supermarket retailers in the lead up to confectionery I.R.P.M. abolition. It reveals the growing power of supermarket operators that were seeking to have their marketing strategies recognised and supported by manufacturers. To this end a variety of tactics were employed by the retailers, which were met with a robust response from Cadbury. For example, an internal Cadbury memorandum on the grocery trade from 1964 described a market inhabited by 'deal conscious and concession spoilt operators'.⁴⁷ The same memorandum provided examples of the promotional allowances requested by retailers, including those operating supermarkets, such as Elmo, Anthony Jackson, Victor Value and Tesco. Cadbury noted that wherever retailers were introducing price-cutting on grocery lines assurances had been made with regard to strict adherence to Cadbury's price policy on chocolate and confectionery lines. The seeking of such assurances

must be seen in a context in which certain retailers were providing shoppers with trading stamps on confectionery goods, thus effectively circumventing I.R.P.M..⁴⁸

In December 1963, Cadbury withheld supplies from Tesco in response to the issue of trading stamps on its goods.⁴⁹ Although Cadbury did not withdraw its products from all retailers issuing stamps, it wasn't prepared to supply those that issued stamps on confectionery purchases.⁵⁰ With the subsequent passing of the 1964 Resale Price Act, and with arguments for maintaining I.R.P.M. seeming to appear increasingly unattractive in public debate,⁵¹ supermarket retailers continued to try to influence public opinion before the Restrictive Practices Court hearing. The initial issuing of stamps was followed up by reductions on the ticket price of Cadbury confectionery by a number of supermarket chains. For example, in March 1965 Tesco cut prices on Cadbury lines.⁵² Cadbury responded by withholding supplies from price cutting multiples and all their subsidiaries, stating that they believed that price-cutting would result in short term gains for the consumer, but higher prices in the long term.⁵³

Tesco was committed to exposing consumers to lower confectionery prices. In addition to issuing stamps and direct price cuts, Tesco imported confectionery from mainland Europe where labour costs were lower, with a typical 1-lb. assortment box of such chocolates retailing at 4s 6d. comparing favourably to Cadbury's 'Milk Tray Pictorial' at 8s 9d. 1-lb.⁵⁴ Furthermore, Tesco used the goodwill it had built up with less powerful manufacturers to win concessions, which also had the effect of disrupting the historical co-operation between manufacturers. Tesco's initial success in this respect was with Mackintosh.

An intra-departmental memorandum from the confectionery manufacturer Mackintosh is found in the Cadbury archive. It is likely that it was shared by Mackintosh as part of Cadbury's gathering of intelligence from confectionery firms in the lead up to the I.R.P.M. court hearing in 1967. The memorandum records the details of a visit by Mr. Henderson

(Mackintosh) to Mr. Jack Cohen (Tesco). It reveals that Mackintosh had been investing in merchandising and display at Tesco in exchange for guaranteed product placement.⁵⁵ This approach was to see Mackintosh become the brand leader in confectionery at Tesco. Shortly thereafter Tesco commenced stamp trading, which placed Mackintosh in a dilemma about whether to continue supplying Tesco. The memorandum records the claim by Cohen that both Cadbury and Rowntree had made several representations to Tesco about the 'extent of the display given to Mackintosh merchandise in their stores'.⁵⁶ It also records that Cohen revealed that he would not exclude confectionery from stamp trading on principle and that if Mackintosh stopped supplying him in solidarity with other suppliers, 'he was prepared to bring a Court case' against the firm.⁵⁷ However, Cohen then explained that he would rather bring a case against Cadbury. A subsequent letter from Mackintosh to confectionery manufacturer and retailer Maynards revealed that although Mackintosh had persuaded one supermarket retailer to sell their merchandise without stamps they believed that in future this could be difficult to maintain:

We have made a big investment in supermarkets and in view of the Government's announcement on R.P.M. which has thrown Stamps and Price Cutting into the melting pot, we have got to maintain a balance between the situation as it is at the moment and a vastly different trading situation say in April [1964]. I shall try as hard as I can as a salesman to avoid a situation whereby we have to stop supplying any customer big or small. Is this a cynical attitude? If there is a blatant case of giving stamps with our goods then of course we will take the matter up with the company concerned...⁵⁸

This archive material reveals the increasing complexity of manufacturer-retailer relations in the advance of the I.R.P.M. court hearing and the growing pressure that was being exerted by more powerful retailers upon manufacturers.

During this period Cadbury was keen to learn more about the effects of promotional discounts on confectionery sales in supermarkets. In 1966, the firm conducted in-store experiments with self-service and supermarket retailers on its premier brand Cadbury Dairy Milk, including Tesco, Fine Fare, Lipton and Victor Value.⁵⁹ Cadbury drew the conclusion that:

the figures show what considerable increases in sales can be made in supermarkets when off-shelf promotions are given to individual lines. They add credibility to our general view therefore that with price-cutting, supermarkets will be able to achieve substantial increases across the board in leading lines.⁶⁰

The archival evidence also indicates that Cadbury began to take notice of merchandising in supermarkets more widely during the 1960s. The firm's Advertising Department's Annual Report 1963 explained:

We have also aimed at improving positions in supermarkets. There has been a determined effort to secure permanent confectionery positions on the main gondolas and in addition three types of checkout stands have been available. In both the counter conversion scheme and the supermarkets, we have operated jointly with Fry's to secure the maximum display front for the joint firms.⁶¹

In 1965, Cadbury dispatched 600 'Check out W Stands', designed to display 22 Cadbury lines.⁶² At the same time the firm was experimenting with a supermarket gondola display with 'one or two Supermarket Chains', which would display Cadbury brands at eye level and carry the following lines: 20 Cadbury, 9 Mars, 8 Rowntree, 6 Mackintosh, 5 Fry, 3 other and 8 sugar lines.⁶³ In 1966, end of aisle dump bins were being trialled with Tesco and

Victor Value. Cadbury reported sales two to three times higher in the first quarter and three to six times higher in the fourth quarter.⁶⁴

4.3 Cadbury and the abolition of I.R.P.M. in confectionery

The key event that closes our first time period was the Restrictive Practices Court hearing relating to confectionery goods on 25 July 1967.⁶⁵ In reviewing the archive materials related to the I.R.P.M. case prepared by Cadbury, we learn much about the importance of different types of retailers as constituents of Cadbury's marketing strategy. I.R.P.M. enabled Cadbury to fix the retail price of its confectionery products and to protect CTNs from competition from self-service grocers. Protecting high-service dealers was considered to be important by Cadbury, because the firm considered confectionery to be an impulse purchase that required widespread distribution. The archives reveal that some economists who were proponents of I.R.P.M. lent their support to Cadbury.⁶⁶

As the largest confectionery manufacturer in the UK, Cadbury was placed in a difficult position when it chose to defend I.R.P.M. in the Restrictive Practices Court. Cadbury's corporate reputation was based around the public narrative of fair play enshrined in 'Cadburyism',⁶⁷ a corporate identity rooted in the Quakerism of the firm's founders. In the I.R.P.M. case 'Cadburyism' was tested across three main stakeholder groups *i.e.* retailers, the consuming public and other manufacturers.

First, and foremost with regard to the focus of this paper, Cadbury had to account for the views of its retail stakeholders, which varied from the small CTNs, many turning less than £200 of Cadbury products annually, to grocery and confectionery retailers operating large chains of stores and doing trade measured in some cases in excess of £100,000. In two cases, Woolworths and the CWS, accounts exceeded one million pounds.⁶⁸ The I.R.P.M. case thus

shone a powerful light on the conundrum faced by manufacturers like Cadbury whose products were distributed by large-scale and small-scale retailers alike.⁶⁹

Woolworths was Cadbury's largest individual retail customer, and since 1947 was the only account to receive the highest special discount of 4% on the basis of it being the only individual retailer account worth over £1 million.⁷⁰ Its significance to Cadbury is highlighted in correspondence between the firms about I.R.P.M. and in subsequent memoranda about the Restrictive Practices Court hearing. In a discussion with the Managing Director of Woolworths, the Cadbury Director of Marketing, R.N. Wadsworth revealed that Cadbury was not 'doctrinaire' about price maintenance and that without Woolworths' co-operation in retaining prices it would be unable to justify maintaining its policy in light of pre-emptive cutting from supermarket chains.⁷¹ Subsequently, archive papers reveal that Cadbury perceived that the non-attendance of Woolworths at court would be damaging to their case, but finding Woolworths unwilling to attend Cadbury chose not to seek a subpoena and risk damaging the trading relationship.⁷²

At the other end of the retail spectrum were a myriad of small CTNs. In its submission to the Restrictive Practices Court, Cadbury predicted that without I.R.P.M. self-service stores and supermarkets would disrupt current patterns of distribution and change consumer behaviour to the detriment of the specialist retail trade. Based on its calculations of changes to confectionery and tobacco trading (also affected by I.R.P.M.) post I.R.P.M. Cadbury predicted a 50% reduction in large sweet shops, a 40% reduction in medium-sized sweet shops and a 30% reduction in small sweet shops.⁷³ The Court's opinion was that a 1% rise in confectionery margins would prevent a reduction in the number of retail outlets, but Cadbury argued that this would be insufficient.

Newspapers positioned Cadbury as championing the cause of CTNs.⁷⁴ However, Cadbury's position towards the small independent confectionery retailer was more ambiguous than was reported in public. Cadbury was aware of the low value of the smallest CTNs to its bottom line.⁷⁵ In 1963, very small independents with less than £200 of annual trade with Cadbury represented 56.1% of Cadbury accounts, but only 14.1% of sales.⁷⁶ Essentially, many CTNs represented high cost and low value distributors to Cadbury. This helps to inform our understanding of the sometimes rather terse relationship between Cadbury and the National Union of Retail Confectioners (N.U.R.C.), which represented many small retailers and sought more generous margins for its members. In an internal discussion in 1961, Cadbury used Board of Trade data and its own confectionery shop panel data to support the opinion that 'there is no reason why someone should earn a living out of retailing confectionery' and that the confectionery firms 'cannot compensate retailers for loss of market share'.⁷⁷ Cadbury understood that its stance 'means fewer selling points handling a range of lines, and inevitably some subordination of the confectionery interests'.⁷⁸ When considering raising margins to N.U.R.C. members, Cadbury reasoned that 'it would be wrong to reduce the value to the consumer by giving more to the trade'.⁷⁹

Second, Cadbury was keenly aware of the perceptions of consumers. The firm considered itself committed to delivering value to consumers as a core part of its strategy. Newspaper reports reveal that this commitment was viewed as disingenuous by supermarket retailers, who were unable to cut confectionery prices under I.R.P.M. legislation. In 1967, seven months before the Restrictive Practices Court heard the manufacturers' case, Jack Cohen (Tesco) was reported to 'forecast that chocolates, at present rigidly price-controlled, would be the next bastion to collapse'.⁸⁰ Company documents reveal that Cadbury was concerned about the public's perception of the firm's stance surrounding I.R.P.M. in confectionery. A

market research report from 1964 based upon a survey of 1,088 members of the public concluded:

‘as far as the public is concerned it is quite clear that the policy which is most acceptable is one that supports the abolition of r.p.m., because it brings lower prices, whilst expressing concern at the effect on small shopkeepers’.⁸¹

Third, Cadbury also had to gain support from rival manufacturers in order to fight the I.R.P.M. case, but not all manufacturers were convinced that I.R.P.M. was in their best interests. Fitzgerald notes that under I.R.P.M., ‘competition to an important extent was dependent upon marketing, product development, advertising and branding rather than price’ and it is clear that large scale confectionery manufacturers had already achieved an oligopoly status that would enable them to sustain high profit margins in a post-I.R.P.M. environment.⁸² The case of Mars is illustrative of the challenges that Cadbury faced in this regard. Mars is reported to have written to its retail customers in March 1965 to the effect that it was going to maintain the price of its goods and that it would withhold supplies from price cutters.⁸³ When Mars subsequently communicated their intention to stay out of the I.R.P.M. court case, Cadbury Marketing Director, R.N. Wadsworth, wrote to Mars to express a concern that the court might infer from its non-appearance as a witness that Mars wished to see the end of I.R.P.M.⁸⁴ Cadbury was subsequently unable to persuade Mars to defend I.R.P.M., which suggests that Mars may have perceived the advantages of a more liberalised market for its business model focussed upon a small number of heavily advertised countlines.

Lacking support from major confectionery manufacturers Mars and Nestlé, and its largest retail account, Woolworths, Cadbury nevertheless decided to fight the I.R.P.M. case.⁸⁵

Paradoxically, the firm could see certain disadvantages in I.R.P.M. and some senior managers

were equivocal as to the merits of its continuation. R.N. Wadsworth, described the situation thus:

It is quite possible that although the total industry output may be reduced, the Five leading firms could benefit from the ending of R.P.M. with a larger share of a smaller market. If we believe this, then we find ourselves fighting a case which is not in our own interest.⁸⁶

Cadbury subsequently lost the case and faced a new market environment in which supermarket retailers were to become more significant.

5.0 Cadbury 1968-1975: Collaboration in retailer-manufacturer marketing strategy

The business history literature emphasises an increasing drive for profitability as a key focus of Cadbury planning in this period.⁸⁷ Attempts to increase profitability since 1957 had resulted in limited success in Cadbury's UK operations, with static demand for confectionery a notable barrier. In this context, Cadbury's merger with Schweppes in 1969 is highlighted as an event that signalled a shift from a more patient long-term orientation towards profitability towards a more short term one.⁸⁸ More widely, the Chairman of Cadbury Schweppes notes the significance of changes in retailing as a driver of such activity in this period:

The increasing concentration in the retail trade with the development of supermarkets and the abolition of resale price maintenance had a considerable influence on concentration among manufacturers. The balance of power was changing in favour of the large retailer, which led to further concentration both in distribution and among manufacturers in their attempt to restore the equilibrium as they saw it.⁸⁹

The merger accelerated the strategy of diversification that had begun in 1962 with the initial move into packaged cakes. By 1965, Cadbury had begun to frame itself ‘as a food company’⁹⁰ and in February 1967 the company (i.e. Cadbury Brothers, J.S. Fry & Sons, and Pascall-Murray) was renamed the ‘Cadbury Group’ to reflect the widened product areas it was now dealing in. With the formation of the Cadbury Group, the company had been reorganised into three divisions: UK Confectionery; UK Foods; Overseas. The Confectionery and Foods divisions had their own separate sales forces, and the confectionery division was further subdivided into a sales force for Cadbury confectionery and another for Fry-Pascall products. Likewise the Foods division had its own sales force for selling drinks, biscuits and other grocery lines, with a separate division for Cadbury Cakes.⁹¹ The Foods division accounted for 21 per cent of Cadbury’s UK turnover in 1967. Following the merger with Schweppes in 1969, Cadbury adopted a multi-divisional structure with ‘separate ‘groups’ for confectionery, drinks, foods, tea and coffee, and overseas’.⁹²

In the following sections, the paper explores attempts by supermarket retailers to fundamentally influence Cadbury’s marketing strategy in two key areas of marketing practice. It examines Cadbury’s innovative responses as it sought to reconcile its position in an I.R.P.M. free market situation in confectionery as well as grocery goods.

Advertising and promotions

In 1966, Cadbury had predicted that post-I.R.P.M. they would need to ‘force the hands’ of distributors by increasing advertising spend in order to stimulate consumer demand for confectionery. The firm also foresaw the need to make special payments for display with large grocery distributors in return for point of sale support.⁹³ For example, Marketing Director R.N. Wadsworth forecast the situation that would develop soon after the abolition of I.R.P.M.,

...it is important to understand what will be the relationship between the manufacturer and the supermarket and other large retailers. The manufacturer will be concerned to obtain permanent positions for as many of his lines as possible on the supermarket fixtures. He will also be concerned to obtain as often as possible 'off shelf' features when sales can, for short bursts, exceed the normal rate of sale by several hundred per cent. To obtain these 'off shelf' promotions the manufacturer will have to negotiate with the trader and to offer special terms which will enable the trader to cut the price of the product and thereby secure sufficiently increased sales to increase his profits.⁹⁴

In 1967, some 3.5% of all chocolate and sugar confectionery sales were through 2,625 supermarkets, with a further 5.5% of sales accounted for by other types of self-service grocery store.⁹⁵ Cadbury estimated that there were over 10,000 count lines in the UK confectionery market and that following I.R.P.M. abolition the major growth in distribution would come through supermarket outlets, which on average stocked no more than 100 lines.⁹⁶ In a planning document of 1968, Cadbury identified that: 'The confectioner needs variety, while the grocer requires volume lines which are attractively packed, heavily advertised and which sell themselves'.⁹⁷

In the aftermath of I.R.P.M. abolition, *The Times* newspaper wrote of 'open war' between the larger manufacturers in the confectionery trade as they increased their marketing campaigns in the major supermarkets, with 'money-off' price promotions, new multi-packs and larger assortments.⁹⁸ The potential of the retail grocery trade was clear, with more than double the number of outlets but accounting for only half the turnover of confectioners.⁹⁹

The increased potential for supermarket retailers to join confectionery multiples in demanding enhanced promotional terms aggravated existing grievances of some independent

retailers in the trade. For example, in mid-July 1967, with I.R.P.M. about to be abolished, 1s bars of chocolate with a 2d money-off promotion were reported to have been distributed to the supermarkets and confectionery multiples, but not to independent retailers, much to the latter's dismay. Cadbury explained it as a 'coincidence', but independent retailers and their representatives complained that they were again being disadvantaged.¹⁰⁰

The development of advertising and promotional strategies in a period of considerably changed manufacturer-retailer relations was a matter of debate in Cadbury's confectionery and foods divisions alike. Post-I.R.P.M. Cadbury was seeking to effectively promote their goods through multiple grocers in order to drive sales, whilst preserving the share of their marketing budget that was spent above the line (i.e. on advertising Cadbury brands) to nurture consumer brand loyalty. Meanwhile, multiple retailers strove to become the main beneficiary of Cadbury's marketing budgets and to divert more of these funds below the line (i.e. manufacturer payments to retailers) to strengthen their relationship with the consumer through tailored promotions and to compete with rival retailer brands.¹⁰¹

The subject of manufacturer marketing budgets was addressed in 1970 by delegates attending the Advertising Association Conference held in Brighton.¹⁰² R.N. Wadsworth, now Managing Director of Cadbury Schweppes Foods, was the final speaker. He cited data suggesting above the line / below the line ratios for the following trades: Chemists 82/18; Confectionery 78/22; Grocery 55/45.¹⁰³ Given that Cadbury had identified that the majority of its future confectionery products would be sold through grocery multiples,¹⁰⁴ the data suggested that above the line expenditure on confectionery might be at risk.

Wadsworth defended above the line expenditure, invoking the experience of building consumer support for the Marvel brand.¹⁰⁵ He reasoned that below the line promotions would not help consumers to change their preferences about a product. Accepting that historical

terms of trade (i.e. margins) were irreversible and should be regarded as a concession, Wadsworth argued that further expansion of below the line expenditure should only be on the basis of pay by performance. Wadsworth concluded by stating that greater levels of cooperation were envisaged in the future, because the relationship between the manufacturer and retailer was no longer between a buyer and seller, but 'between a manufacturer and the owner of an advertising medium'.¹⁰⁶

The enhanced power of the supermarket retailers drew manufacturers into collaboration on promotions. In April 1968, Cadbury announced that it was no longer going to recommend retail prices for *grocery* products, thereby giving retailers more control over pricing and more freedom to discount goods.¹⁰⁷ One month later the firm launched a new marketing strategy with Tesco, offering Green Shield Stamps on packs of Mini-Rolls in a two week promotion. Cadbury defended its decision in *The Grocer* magazine thus:

Allowances are being made and these are in line with modern marketing methods where certain sums are made available for promotions with major customers with high turnover – the method of spending these sums being determined by the customer.¹⁰⁸

This use of stamps was reported to be the first of its kind by a British manufacturer and invoked criticisms from non-stamp competitor Sainsbury's, whose position gained support from adopters of rival stamp schemes, Allied and Fine Fare.¹⁰⁹ Non-stamp retailers, in particular, saw the Cadbury deal as offering a below the line reduction to Tesco that could not be replicated. They also protested that Cadbury might start printing stamp offers on all its packs, which would discriminate against non-stamp trading competitors on a more permanent basis.¹¹⁰

Distribution and merchandising

Renewed negotiations over advertising and promotional strategies were accompanied by changes in retailers' distribution practices. These latter practices caused Cadbury to seek innovative forms of merchandising partnership with retailers in order to retain influence at the point of sale.

In the 1960s, the sales representatives at Cadbury had multiple roles. They were responsible for taking orders, promoting product lines, product display, pricing, merchandising and stocking shelves.¹¹¹ In 1966, Cadbury delivered confectionery goods directly to branch stores or wholesalers with the exception of Sainsbury's and Maynards, which it supplied through retailer depots.¹¹² The pattern of distribution between manufacturers and the large-scale grocery multiples began to change over the ensuing decade, as the multiples explored options to further centralise the buying and distribution functions rather than continue to rely on direct to store deliveries.¹¹³ Such changes could negatively impact upon the roles of the sales representatives who represented a vital link in the supply chain for manufacturers.

The pages of *The Grocer* reveal the contrasting opinions of some manufacturers and retailers over the roles and effectiveness of the manufacturers' sales representatives. For example, In 1970, David Brown (Market Research Director, Cadbury Schweppes) argued that without manufacturer display, merchandising and promotion, food stores will become 'terribly dull' with stores having a 'clinical hospital appearance and image.'¹¹⁴ In the same year, John Harvey (Sales and Marketing Director, Grocery Foods Division, Cadbury Schweppes Foods), despite acknowledging some limitations regarding the adequate training of sales representatives, defended their autonomy to 'write showcards as well as merchandise', also noting that 'Cadbury spend a lot of time helping reps to do effective pricing'.¹¹⁵

Some supermarket retailers expressed rather different views about the value of manufacturers' sales representatives. For example *The Grocer* reported on a Marketing Clinic held in January 1970, in which John Harvey (Cadbury Schweppes Foods) chaired a meeting of consultants and managers including Cyril Peggs (Grocery Merchandising Manager, Safeway Foodstores). Peggs argued:

It costs £3,000 a year to keep a merchandiser on the road. Multiply £3,000 by the number of merchandisers a manufacturer has and the result is a terrific on-cost. We, the manufacturer's customers have to pay this money – it's added to their selling cost. But the service we get from manufacturer's merchandisers isn't a patch on our own staff.¹¹⁶

The view was not restricted to the management of supermarket retailers only. For example David Frewin, manager of an independent store, argued that manufacturers' representatives were not communicating effectively with each other and with their own central management. The implication was that manufacturers would be better served by outsourcing many of the sales representatives' functions to the retailer.¹¹⁷

Store managers also expressed dissatisfaction with the situation. For example, one Tesco store manager commented that he had enquiries from 200 merchandisers every week at his store, which made it impossible to coordinate in-store marketing given the impossibility of remembering the different promotions and schemes being run by rival manufacturers.¹¹⁸ He also argued that manufacturers' display material:

...clashes with the product sheets, guards, advertising material which our company has issued us for particular promotions... The average card left behind or stuck on the shelf by a salesman is so diabolical, that as soon as he has turned his back I take the thing off.¹¹⁹

Cadbury sought to pre-empt the concerns of retailers, arguing that supermarket retailers would need to be educated about modern merchandising methods, devoting 16 merchandisers to work exclusively with supermarket outlets.¹²⁰

As the role of sales representatives was scrutinised by retailers, manufacturers like Cadbury were faced with the threat of diminishing opportunities to directly control the display of their products in store. Manufacturers now turned to other more indirect means in an attempt to influence the merchandising of important categories. Outlining their strategy for confectionery post I.R.P.M., Cadbury stated that:

Multiple and self-service store operators will be asked to establish permanent confectionery sections, or permit existing sections to be redesigned, following prepared merchandising principles. Sales for a given period will be carefully measured and related to sales over the same length of time before the section was redesigned.¹²¹

Cadbury trialled this new approach with Bishops Stores Ltd., the London based self-service and supermarket retailer.¹²²

The case of Smash instant mashed potato (hereafter IMP) provides an important example from the grocery trade of attempts to use more indirect means to influence merchandising. Launched by Cadbury in 1968, by 1970 Smash held approximately 60 per cent of the IMP market. By 1971, IMP was a £10 million market with 35 brands, many of which were private labels (i.e. own brands) and Cadbury was spending approximately £500,000 per annum advertising Smash, representing 40% of the trade advertising expenditure on IMP.¹²³ In 1970, John Harvey (Sales and Marketing Director, Grocery Foods Division, Cadbury Schweppes Foods) argued that Cadbury was not receiving representation on supermarket shelves in proportion to the volume of sales of Smash.¹²⁴ Seeking to rectify this Cadbury

took the lead in developing a pay-for-space shelving unit through which it sought to influence display of the category in supermarkets.¹²⁵ Each IMP supplier would pay a direct contribution to the display manufacturer, Kenton Displays of Birmingham, for the use of the display, with the amount of space dedicated to each brand determined through the calculation of the brand's store performance and overall sales in a multiple retailer. Any manufacturer that refused to pay would be excluded from the unit although not necessarily from the stores themselves. Cadbury distributed 800 of these units, principally to Tesco (250) and Fine Fare (320).¹²⁶ Lacking I.R.P.M. support, Cadbury now searched for innovative solutions to retain control within the manufacturer-retailer relationship.

6.0 Conclusion

This paper argues that the rise of self-service and supermarket retailers had an impact on Cadbury's marketing strategy, requiring the manufacturer to evaluate the changing role of retailers in the distribution of its goods, and to innovate in response to the changes occurring. The analysis of previously neglected company archival data provides evidence of Cadbury's early experimentation in confectionery merchandising in supermarkets. Moreover, we focus attention on Cadbury's responses to the increasing promotional demands that some retailers operating chains of supermarkets sought to exert upon the manufacturer in the period leading up to the abolition of confectionery I.R.P.M. in 1967. The significance and the influence of the supermarket retailers grew as the debates over the case for abolition intensified. Thereafter, Cadbury sought to establish strategic marketing partnerships with key retailers that would allow it to retain some control over retailers' distribution and merchandising of its confectionery goods, albeit increasingly by more indirect means. This approach was mirrored in relation to grocery goods, a trade into which Cadbury progressively diversified as growth opportunities in the confectionery market lessened. In sum, as supermarket retailers strengthened their position within Cadbury's supply chains asserting themselves as strategic

partners in decision-making across many aspects of distribution, so Cadbury was forced to respond in order to bolster its position.

Whilst the abolition of I.R.P.M. clearly marked a watershed moment in Cadbury's relationship with the retailers that distributed its confectionery products, it is too simplistic to claim that abolition of I.R.P.M. was the only influential factor when seeking to understand the changing relationship between confectionery manufacturers and retailers and the resulting impact on marketing practices in the period. Nevertheless, the abolition of I.R.P.M. did enhance the strategic power and position of large-scale grocery retailers, which were increasingly operating supermarket outlets, towards manufacturers like Cadbury. The consequence of this was that Cadbury had to further revise its marketing strategy and develop innovative practices in order to exert influence at the retail end of the supply chain. As such, Cadbury, like other manufacturers, was seeking to respond to and, where it felt it appropriate, to contest challenges posed by the increasing power exercised by some retailers.

Building upon the evidence of Cadbury's earlier historical development, the paper contributes new knowledge of Cadbury's movement along the spectrum from a more heavily production oriented approach to more of a marketing orientation; from a position in which it could dictate terms to retailers through the control of margins, inventory and distribution, to one in which it was necessary to pioneer new forms of promotion and merchandising in an attempt to maintain its historical advantage. The paper, therefore, contributes to the business history literature on the evolution of manufacturer-retailer relationships and attempts to account for the role of market regulation in shaping the characteristics of firm's strategies.

The paper also contributes to recent calls to enhance the attention given to the wider food system and its production-consumption chains when interpreting the rise of the supermarket.¹²⁷ In particular, by comparing and contrasting the marketing activities of

Cadbury under the differing conditions of the post war confectionery and grocery goods markets, we reveal the complexity of one firm's interactions with an increasingly powerful retail sector. Like in other areas of the food industry, as shown, for example, by Godley and William's study of the poultry sector, the activities of retailers operating growing chains of self-service stores and supermarkets were influential.¹²⁸ However, the findings of this paper show that the consequences for manufacturers' marketing strategies of rising retailer power played out in markedly differing ways across the food market.

More specifically, in exploring the link between marketing and structural change the paper confirms the importance of adopting a contextualised approach when researching the confectionery trade in different national contexts.¹²⁹ Researching the UK confectionery industry emphasises the importance of contextualising marketing innovations within a network of relations including companies (other manufacturers, retailers and wholesalers), government, and consumers.

A number of areas for further study can be identified. First, in the space of this paper it has not been possible to examine in any detail the evidence for any exchange of knowledge and practices between Cadbury divisions with regard to marketing. Previous research into the confectionery trade has demonstrated the importance of managerial structures and cultural imprinting to corporate decision making, which suggests this could be a fertile area for further research.¹³⁰ Second, the literature identifying communities of practice as vectors of retail innovation suggest that manufacturers' trade associations may have been significant in shaping manufacturers' marketing innovations:¹³¹ for example, The Cocoa, Chocolate and Confectionery Alliance. Third, whilst it is well established that retail innovations like the supermarket can occur through the geographical transfer of knowledge across national contexts, it does not mean that the findings of this research can be generalised to other international contexts in a simple manner. As this research has taken pains to demonstrate,

the UK has a specific constellation of regulations and sectoral collaborations that have conditioned the development of marketing strategies by manufacturers with retailers. The paper, therefore, provides further evidence of the need to understand the processes by which retailers operating supermarket formats become embedded in the markets in which they trade.

Acknowledgements

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Notes

Documents from the Cadbury Archive, Mondelēz International, are prefixed CA.

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- ¹ The discussion on self-service retailing in this paper relates to its application in the grocery trade.
 - ² Wilson and Thomson, *The making*, 216.
 - ³ Fitzgerald, "Marketing," 416.
 - ⁴ There is, of course, business history research on Cadbury's marketing activities more generally. See for example Fitzgerald, "Products."; Da Silva Lopes, "Building."
 - ⁵ Morelli, "Explaining."
 - ⁶ McClelland, "Economics."; Birchall, *Co-op*.
 - ⁷ Nielsen, "Annual review."
 - ⁸ *ibid.*
 - ⁹ Corley, "Consumer marketing."
 - ¹⁰ Alexander, "Decision-making authority."
 - ¹¹ Godley and Williams, "The Chicken."
 - ¹² Twede, "History."; Cochoy, "A sociology."

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- ¹³ Cochoy and Grandclément-Chaffy, "Publicizing."; Grandclément, "Wheeling."
- ¹⁴ Davies and Elliott, "The evolution ".
- ¹⁵ Grant, *Manufacturer-retailer*.
- ¹⁶ The leading confectionery manufacturers were part of various collective agreements from 1919-1956. CA 790/004874 'Agreements Between Leading Chocolate Manufacturers in U.K.'
- ¹⁷ R.P.M. data is from Mercer, "Retailer-supplier."
- ¹⁸ Pickering, *Resale*, 118.
- ¹⁹ Fitzgerald, *Rowntree*, 482.
- ²⁰ R.P.M. data is from Mercer, "Retailer-supplier."
- ²¹ Mercer, "The making."
- ²² Mercer, "Retailer-supplier," 132.
- ²³ Morelli, "Constructing," 46.
- ²⁴ Smith et al., *Reshaping*. 31
- ²⁵ Wilson and Thomson, *The making*, 218.
- ²⁶ Bailey, "Regulating."
- ²⁷ The Resale Price Bill received assent in July 1964, the court case was heard in the spring of 1967 and the judgement was delivered on 25 July 1967.
- ²⁸ Cadbury, *Industrial Challenge*, 11.
- ²⁹ Chandler et al., *Scale*, 246.
- ³⁰ Smith et al., *Reshaping*, 80-81.
- ³¹ Astley and Zammuto, "Organization science."
- ³² Lawrence and Suddaby, "Institutional work."
- ³³ Mercer, "The making."
- ³⁴ Fitzgerald, "Products."
- ³⁵ French, "Slowly."; Cadbury, *Industrial Challenge*, 38.
- ³⁶ Cadbury, *Industrial Challenge*, 35.
- ³⁷ CA 790/004589 C4a 'Confidential Extracts from Document C.4. Special Discounts'
- ³⁸ CA 790/004874 Distribution, 'Restricted Trade Practices 1935-1965', 4.
- ³⁹ CA 790/004589 C4a 'Confidential Extracts from Document C.4. Special Discounts'
- ⁴⁰ Bradley, *Cadbury's*, 184.

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- ⁴¹ CA 503/003564 Advertising Dept. Annual Report 1957
- ⁴² Cadbury, *Industrial Challenge*, 25.
- ⁴³ CA 503/003564 Advertising Dept. Annual Report 1961. CA 503/003564 Advertising Dept. Annual Report 1960, 'Anti Galaxy Campaign'
- ⁴⁴ CA 503/003564 Advertising Dept. Annual Report 1962
- ⁴⁵ CA 790/004859, Price Cutting: Cadbury/Copy of Minute of the Marketing Group of the Bournville Sales Committee held on 16th September, 1958/Minute 509 – "Nescafe"
- ⁴⁶ *ibid.*
- ⁴⁷ CA 790/004859 'Resale Price Maintenance and the Grocer: Interim Report' N.J. Newbold to All Marketing Group Members, 24th August 1964, 53
- ⁴⁸ *The Grocer* (1964) 'The Trading Stamps Bill' 25th January, 21
- ⁴⁹ *The Times* (1963) "Cadbury's Stop Supplies to Tesco" 12th June, 6.
- ⁵⁰ CA 790/004859, Trading Stamps, *Gift Trading Stamps*, 7th November 1963, signed MHC
- ⁵¹ The context is one of food price inflation. See: *The Grocer* (1967) 'Minister Warns on Food Prices' 20th May, 36
- ⁵² *The Times* (1965) "Now Tesco Cut Prices of Chocolates" 4th March, 7.
- ⁵³ *The Grocer* (1965) 'Confectioners' Dilemma', 13th March, 29
- ⁵⁴ *The Grocer* (1967) 'Supermarkets would sell sweets at cost, RPM court told' 3rd June, 40; CA 790/004865 Court Proceedings Days 21-30, 26 1965 PR. No.8 (E&W) Wednesday 24th May 1967 'In the Matter of the Resale Prices Act, 1964 and In the Matter of a Reference of Chocolate and Sugar Confectionery and Related Classes of Goods', 4
- ⁵⁵ CA 790/004859, Price Cutting: Mackintosh/Departmental Correspondence/From: Mr A. Cook/To: Mr C.M. Watt 3rd December 1963/ Tesco
- ⁵⁶ *ibid.*
- ⁵⁷ *ibid.*
- ⁵⁸ *ibid.* Letter to Alan Maynard of Maynards Ltd, from C.M. Watt [known as Michael] of Mackintosh & Sons Ltd, January 23rd 1964
- ⁵⁹ CA 790/004869 'Effects of In-Store Promotions in Supermarkets and Self-Service Groceries D.J.B., C.A. 2nd May 1967'; 'Appendix 2 ½lb C.D.M. Overwrap Promotion October 24th-December 25th'

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- ⁶⁰ CA 790/004869 ‘Effects of In-Store Promotions in Supermarkets and Self-Service Groceries D.J.B., C.A. 2nd May 1967’, 3
- ⁶¹ CA 503/003564 Advertising Dept. Annual Report 1963
- ⁶² CA 790/004873, 45. Display
- ⁶³ *ibid.*
- ⁶⁴ CA 790/004869 ‘Effects of In-Store Promotions in Supermarkets and Self-Service Groceries D.J.B., C.A. 2nd May 1967’
- ⁶⁵ Crane, *Sweet. The Grocer* (1967) ‘Sweet Cuts by Grocers Analysed’ 9th September, 42
- ⁶⁶ Andrews and Friday, *Fair trade*. See their summary of arguments on 70-76. CA 790/004869 contains a letter from Philip Andrews of Nuffield College, Oxford, to D.J. Brown, Cadbury Brothers Ltd, dated 24th September 1966. Andrews was providing feedback on Cadbury’s draft policy statement prepared for the R.P.M. court case.
- ⁶⁷ Smith et al., *Reshaping*.
- ⁶⁸ CA 790/004859 C4a ‘Confidential Extracts from Document C.4.’ Special Discounts, Appendix B, 11
- ⁶⁹ Usui, *The Development*.
- ⁷⁰ CA 790/004874 Distribution, Restrictive Trade Practices 1935-65, 4
- ⁷¹ CA 790/004874 ‘Trade Evidence’: Interview with Woolworths, 8th July, 1965 (memo dated 9th July, 1965) R.N. Wadsworth to D.J. Brown
- ⁷² CA 790/004874, Trade Evidence, Resale Price Maintenance – Woolworths, 14th July, 1966. This is a record forwarded to Cadbury Board Director M.H. Cadbury of a meeting held between R.N. Wadsworth and R.L. Jackson (Cadbury), Mr Bedford (Director of Woolworths) and legal representatives for both firms.
- ⁷³ For further details see, Crane, *Sweet*. 87-88. The calculation of reduction included downsizing, diversification from confectionery trading and non-replacement of existing confectionery businesses.
- ⁷⁴ *Daily Mail* (1967) “Cut-price sweets threat to shops” 26th July, 7.
- ⁷⁵ *The Times* (1967) “Big Five may ‘rescue’ small sweet shops” 26th July, 17.
- ⁷⁶ CA 790/004871 Research ‘The Retail Distribution Pattern of Chocolate and Sugar Confectionery’, 6
- ⁷⁷ CA 790/004859 ‘Distributor’s Margins (Confectionery) 23rd March 1961’, 34-37
- ⁷⁸ *ibid.* 34
- ⁷⁹ *ibid.* 34

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- ⁸⁰ CA 915.3 006190 Press Cuttings: Price Cutting War Supermarkets, *Evening Mail* 'Cigarette War Flares: 5d. Off' 13.1.1967
- ⁸¹ CA 790/004872 'Research: Results of a survey among members of the public into the abolition of resale price maintenance'.
- ⁸² Fitzgerald, *Rowntree*, 37.
- ⁸³ CA 790/004869 'Diary of Events regarding the 1965 price cutting'
- ⁸⁴ CA 790/004871 'Letter to L.W. Young Mars, from R.N. Wadsworth, Marketing Director' 17th October 1966
- ⁸⁵ For further details see, Crane, *Sweet*.
- ⁸⁶ CA 790/004869 'Resale Price Maintenance: A summary of the situation reached R.N.W.' 7th November, 1966.
- ⁸⁷ Vice, *The strategy*.; Smith et al., *Reshaping*. 75-98; Rowlinson, "Strategy."
- ⁸⁸ Child and Smith, "The Context."
- ⁸⁹ Cadbury, "The structure of the food industry"
- ⁹⁰ Cadbury Schweppes Company Chairman, Adrian Cadbury, c.f. Vice, *The strategy*, 66.
- ⁹¹ *The Grocer* (1967) 'Cadbury Separates Sales Force' 1st July, 28
- ⁹² Smith et al., *Reshaping*, 81.
- ⁹³ CA 790/004869 Sales Research 7th November, 1966.
- ⁹⁴ Crane, *Sweet*, 83.
- ⁹⁵ *The Grocer* (1967) 'Down Goes the Price of Sweets' 29th July, 24
- ⁹⁶ CA 540/003591 Planned Public Relations, 12
- ⁹⁷ *ibid.* 12
- ⁹⁸ *The Times* (1967) "Sweet makers at war as they prepare to drop RPM" 11th July, 17.
- ⁹⁹ CA 540 003591 Planned Public Relations, 8
- ¹⁰⁰ *The Times* (1967) "Cadbury's sweets row" 8th January, 17.
- ¹⁰¹ *The Grocer* (1973) 'Facing the Buyers' 28th July, 40. This was made explicit by Michael Groves, Marketing Director, Tesco. Groves argues that manufacturers should direct their marketing budget towards the fastest growing section of the retail market, i.e. supermarkets.
- ¹⁰² *The Grocer* (1970) 'Retailer price emphasis may force some companies out' 30th May, 47
- ¹⁰³ *ibid.* 50
- ¹⁰⁴ CA 540 003591 Planned Public Relations, 8

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- ¹⁰⁵ *The Grocer* (1970) 'Retailer price emphasis may force some companies out' 30th May, 50
- ¹⁰⁶ *ibid.*
- ¹⁰⁷ *The Grocer* (1968) 'Cadbury Drops Recommended Prices' 27th April, 34
- ¹⁰⁸ *The Grocer* (1968) 'Cadbury Puts Stamps on its Products' 4th May, 36
- ¹⁰⁹ *The Grocer* (1968) 'Cadbury Affair (Editorial)' 11th May, 31
- ¹¹⁰ *ibid.*
- ¹¹¹ *The Grocer* (1971) 'Meeting the trade on route 284...' 3rd April, 77
- ¹¹² CA 790/004869 'The Effects of In-Store Promotions in Supermarkets and Self-Service Groceries: Cadbury Delivery Points' D.J.B., C.A. 2nd May 1967, 1
- ¹¹³ Fernie et al., "Retail."
- ¹¹⁴ *The Grocer* (1970) 'Marketing' 8th August, 56-58
- ¹¹⁵ *ibid.*
- ¹¹⁶ *The Grocer* (1970) 'Marketing Clinic' 24th January, 68-70. Peggs' position is perhaps unsurprising, given Safeway's movement to more centralised depot distribution in that period.
- ¹¹⁷ *ibid.*
- ¹¹⁸ *The Grocer* (1974) 'Marketing' August 8, 56-58
- ¹¹⁹ *ibid.*
- ¹²⁰ CA 540 003591 Planned Public Relations, 3, 8 and 17.
- ¹²¹ CA 540 003591 Planned Public Relations, 16
- ¹²² *ibid.*
- ¹²³ *The Grocer* (1975) 'IMP market still growing' 22nd March, 29
- ¹²⁴ *The Grocer* (1970) 'Marketing', 8th August, 58
- ¹²⁵ *The Grocer* (1971) 'Multiples Use Pay for Space Grocery Units', 16th October, 6
- ¹²⁶ *ibid.*
- ¹²⁷ Collantes, "Food."
- ¹²⁸ Godley and Williams, "The Chicken."; Godley, "The emergence.";
- ¹²⁹ Eriksson et al., "Business."; Eriksson and Räsänen, "The bitter."
- ¹³⁰ Eriksson and Räsänen, "The bitter."
- ¹³¹ Shaw et al., "The Coming."

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