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Cadbury finds itself in a sticky mess



Cadbury Schweppes is set to be sentenced by a British court for hygiene offenses, after it knowingly sold chocolate contaminated with salmonella. Stephen Beard takes a look at the case's impact on Cadbury's squeaky clean image.

Kai Ryssdal: One of the world's biggest candy makers will face a sticky few moments this Friday. Cadbury Schweppes is set to be sentenced by a British court for hygiene offences. Not the wash-your-hand kind, the contamination kind.

The company admits it knowingly sold chocolate after some bars had been contaminated with salmonella. From London, Marketplace's Stephen Beard reports on how this case has affected what used to be Cadbury's squeaky-clean image.

Stephen Beard: It would be hard to exaggerate Cadbury's iconic status in Britain. Decades of brilliant advertising have reinforced the almost saintly image. Honest. Wholesome. Full of Milky Goodness.

Cadbury Ad: Cadbury's Flake: the crumbliest, flakiest milk chocolate in the world.

Little surprise, then, that the salmonella case has left a bitter taste, says fund manager Justin Urquart-Stewart.

Justin Urquart-Stewart: The salmonella issue wasn't well-handled. It's not very good to tell your clients a few months later, "Yes, we had a salmonella scare, but we didn't think to tell you about it." Doesn't really go down terribly well.

It didn't go down well with the British authorities, when Cadbury admitted it continued for six months supplying the market with potentially contaminated chocolate.

Professor Joe Lampel of the Cass Business School says the company's Quaker founders back in the early 1800's would have been appalled.

Joe Lampel: They were revolutionaries in what we call today corporate social responsibility. They were pioneers, OK, at a time where capitalism was very much a cut-throat business.

The Cadburys wanted to improve society as well as make a profit. They provided education, health care and housing for their workers. Like other Quaker families — the Rowntrees and the Frys — the Cadbury's got into chocolate-making out of reforming zeal. They believed in chocolate as a substitute for alcohol.

Lampel: For the Quakers, it seemed like they're doing a service to society by bringing to the masses, OK, a product which is both wholesome, healthy and yet maybe serves the some of the same purposes by giving pleasure to people and relaxation.

Beard: They didn't seriously believe that they would help wean people off alcohol with chocolate?

Lampel: They did. I mean at the time, they certainly did.

Cadbury never succeeded in that somewhat eccentric aim. But by the 20th century, the company had become Britain's best-loved candy maker.

So how much damage has the Cadbury brand suffered from the salmonella case?

Stewart Whitwell: From a consumer perspective, because it's so powerful and their reputation is very high and it's very trusted, I think in the long term, not much. Or probably none at all.

Brand consultant Stewart Whitwell. But he concedes Cadbury's corporate standing has been damaged.

Whitwell: I think it has an impact on the reputation of the company and possibly the management. They're probably saying, "Look, these guys are not up to the job."

With its reputation undermined, he says, the board found it difficult fighting off pressure from private-equity funds. Cadbury has now been forced to sell off the Schweppes soft-drinks company.

Whether Cadbury can now survive as an independent entity is anyone's guess, says Jenny Wiggins of the Financial Times.

Jenny Wiggins: I don't know whether it will be Cadbury buying someone or someone else buying the company, but it's probably unlikely to remain in its current form in the long term.

The Salmonella case has been a shock. But in reality, say the critics, the days of Cadbury's innocence are long gone. The Quaker idealism long since melted away. The world of chocolate has changed. The very product which the founder considered so virtuous in the 1800's is now widely blamed for helping to cause obesity, that 21st century sin.