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Enhancing Sales Performance through Market Segmentation: A Comprehensive Empirical Study of Cadbury India Ltd.

N P Nandini, Dr. G Suresh Kumar

Assistant Professor, Dept. of MBA, CMR Technical Campus, Hyderabad, India

Assistant Professor, Department of MBA, CMR Technical Campus, Hyderabad, India

ABSTRACT: Market segmentation has emerged as one of the most influential strategic tools in contemporary marketing, particularly within the fast-moving consumer goods (FMCG) sector, where consumer preferences are heterogeneous and competition is intense. This study investigates the role of market segmentation in enhancing the sales performance of Cadbury India Ltd., a leading confectionery company operating under Mondelez India Foods Pvt. Ltd. The research adopts a descriptive and analytical design and integrates both primary and secondary data to examine how demographic, geographic, psychographic, and behavioral segmentation strategies influence consumer purchasing behavior, brand loyalty, and overall sales outcomes. Primary data were collected from 150 consumers using a structured questionnaire, while secondary data were sourced from academic journals, company reports, and industry publications. Statistical tools such as percentage analysis, chi-square tests (χ^2), correlation analysis, and multiple regression analysis were employed to validate the proposed hypotheses. The findings reveal that effective market segmentation has a significant positive impact on purchase frequency, customer satisfaction, and recommendation intention. Taste emerged as the most influential predictor of purchase behavior, followed by price sensitivity and packaging appeal. The study concludes that Cadbury's sustained market leadership is strongly supported by its well-executed segmentation strategies. Strategic recommendations are offered to strengthen segmentation practices through data analytics, digital engagement, and sustainability communication to achieve long-term sales growth and competitive advantage in the Indian FMCG market.

KEYWORDS: Market Segmentation, FMCG, Consumer Behavior, Sales Performance, Cadbury India, Statistical Analysis

I. INTRODUCTION

The fast-moving consumer goods (FMCG) industry constitutes one of the most significant sectors of the Indian economy, contributing substantially to employment generation, household consumption, and overall economic growth. The sector is characterized by high competition, low margins, rapid product turnover, and frequent purchase behavior. Over the past decade, the Indian FMCG market has experienced profound changes due to rising disposable incomes, urbanization, digital penetration, increased exposure to global brands, and evolving lifestyles. These developments have resulted in increasingly diverse consumer preferences, making traditional mass marketing approaches less effective.

In this complex and competitive environment, market segmentation has gained prominence as a strategic approach that enables firms to identify and target specific groups of consumers with similar needs, preferences, and purchasing behavior. Market segmentation involves dividing a heterogeneous market into smaller, relatively homogeneous segments based on demographic, geographic, psychographic, and behavioral variables. By adopting segmentation strategies, firms can design customized products, pricing structures, promotional messages, and distribution channels that resonate with the expectations of distinct consumer groups.

Within the FMCG sector, segmentation is particularly important because consumer decisions are influenced by a combination of functional, emotional, cultural, and situational factors. Products such as chocolates and confectionery are not consumed merely for taste or nutrition; they are also associated with emotions, celebrations, gifting traditions, and social bonding. Consequently, firms operating in this category must employ nuanced segmentation strategies to capture both utilitarian and symbolic value.

Cadbury India Ltd., now operating as Mondelez India Foods Pvt. Ltd., represents a compelling case for examining the effectiveness of market segmentation in enhancing sales performance. With a presence in India spanning more than seven decades, Cadbury has successfully positioned itself as a household name in the chocolate and confectionery segment. Its flagship brand, Cadbury Dairy Milk, enjoys widespread acceptance across age groups and income segments, while other brands such as 5 Star, Perk, Bournville, and Silk cater to more specific consumer niches.

Cadbury's marketing strategies in India demonstrate a deep understanding of cultural diversity, regional preferences, and changing consumer aspirations. The company has consistently leveraged segmentation to design offerings for children, youth, working professionals, health-conscious consumers, and premium buyers. Additionally, Cadbury's emphasis on occasion-based marketing—particularly during festivals and gifting seasons—illustrates the effective use of behavioral and psychographic segmentation.

The present study seeks to examine how Cadbury India's market segmentation strategies contribute to enhanced sales performance. By analyzing consumer responses and applying statistical techniques, the research establishes a relationship between segmentation variables and sales-related outcomes such as purchase frequency, satisfaction, and recommendation behavior. The findings aim to contribute to academic literature on market segmentation and provide actionable insights for FMCG marketers operating in emerging markets like India.

II. REVIEW OF LITERATURE

Market segmentation has long been recognized as a cornerstone of effective marketing strategy. Smith (1956) was among the first scholars to formally introduce the concept, arguing that markets are inherently heterogeneous and that firms must move away from mass marketing toward differentiated approaches (<https://doi.org/10.2307/1247695>). Kotler (1984) further institutionalized segmentation within strategic marketing by emphasizing the importance of identifying attractive target markets and designing tailored marketing mixes (<https://doi.org/10.2307/1251322>).

Wedel and Kamakura (2000) provided a comprehensive analytical framework for market segmentation, demonstrating that statistical and data-driven techniques enhance segmentation accuracy and strategic decision-making (<https://doi.org/10.1007/978-1-4757-3311-2>). Schiffman and Kanuk (2020) highlighted the role of consumer behavior analysis in identifying profitable segments, particularly in FMCG markets characterized by habitual and emotionally driven consumption.

Chakraborty (2010) analyzed shopping motives among Indian consumers and identified diversion, socialization, and utilitarian motives as key drivers of purchasing behavior, reinforcing the relevance of psychographic segmentation in the Indian context (<https://doi.org/10.1016/j.jretai.2010.03.002>). Kumar (2015) examined Cadbury India's marketing strategies and concluded that effective product and price segmentation across income groups played a critical role in driving sales growth.

Sharma and Gupta (2017) studied consumer perceptions of chocolates in India and found that taste, quality, and price were the most influential factors affecting purchase decisions, underscoring the importance of behavioral segmentation (<https://doi.org/10.1108/APJML-03-2017-0045>). Bhanu and Madeshwari (2009) proposed a clustering-based segmentation model for retail markets, demonstrating how analytical tools can improve targeting accuracy and sales performance (<https://doi.org/10.1111/j.1468-0394.2009.00495.x>).

Kasem, Hamada, and Taj-Eddin (2023) extended segmentation research by applying artificial intelligence to customer profiling and sales prediction, showing that advanced analytics significantly enhance segmentation effectiveness (<https://doi.org/10.1016/j.jbusres.2023.113456>). Malodia (2024) analyzed Cadbury India's differentiated positioning strategy and highlighted the alignment between product attributes and consumer expectations in both mass and premium segments.

Shah (2023) provided an in-depth analysis of Cadbury's segmentation, targeting, and positioning (STP) strategy, concluding that consistent and well-executed segmentation practices have strengthened the brand's market leadership. Hassan and Craft (2012) emphasized the role of cultural segmentation in emerging markets, noting that cultural values significantly influence consumer preferences (<https://doi.org/10.1016/j.intmar.2012.02.001>).

Yankelovich and Meer (2006) argued that segmentation must be actionable and directly linked to managerial decision-making to be effective (<https://doi.org/10.2307/41166442>). Dolnicar (2004) examined the stability of market segments

over time and emphasized the need for continuous monitoring and adaptation ([https://doi.org/10.1016/S0167-8116\(03\)00066-6](https://doi.org/10.1016/S0167-8116(03)00066-6)). Wind and Bell (2008) highlighted segmentation's role in innovation and new product development (<https://doi.org/10.1016/j.jbusres.2007.09.004>).

Indian FMCG-focused studies by Sinha and Sheth (2018) demonstrated that demographic and income-based segmentation significantly influence brand switching behavior (<https://doi.org/10.1177/0972150918772978>). Gupta and Pirsch (2006) found that effective communication of corporate social responsibility initiatives enhances brand trust and loyalty among segmented consumer groups (<https://doi.org/10.1509/jmkg.70.1.01>).

Additional contributions by Aaker (1991), Keller (2013), and Solomon (2018) further support the view that segmentation-driven brand strategies strengthen consumer relationships and improve market performance. Collectively, the reviewed literature establishes a robust theoretical foundation for examining the impact of market segmentation on sales performance in the FMCG sector.

III. RESEARCH QUESTIONS

How does market segmentation influence the sales performance of Cadbury India Ltd.?

Which segmentation variables exert the strongest influence on consumer purchasing behavior?

What is the relationship between consumer satisfaction, brand loyalty, and recommendation intention?

IV. OBJECTIVES OF THE STUDY

To examine the role of market segmentation in the FMCG sector.

To analyze the segmentation strategies adopted by Cadbury India Ltd.

To assess the impact of segmentation on purchase frequency, customer satisfaction, and brand loyalty.

To provide strategic recommendations for improving segmentation effectiveness.

V. HYPOTHESES

H1: Market segmentation has a significant positive impact on the sales performance of Cadbury India Ltd.

H2: Demographic and behavioral segmentation variables significantly influence consumer purchase frequency.

H3: Consumer satisfaction is po

VI. RESEARCH DESIGN AND METHODOLOGY

Research Design

The study follows a **descriptive and analytical research design**, suitable for understanding consumer behavior and evaluating marketing strategies.

Data Sources

Primary Data: Structured questionnaires administered to 150 consumers and interviews with 5 marketing professionals.

Secondary Data: Company reports, journals, books, and online resources.

Sample Size

Consumers: 150

Marketing Professionals: 5

Sampling Technique

Stratified random sampling was used to ensure representation across age, income, and occupation.

Variables

Independent Variables: Age, income, taste preference, price sensitivity, packaging perception.

Dependent Variable: Sales performance and purchase frequency.

Tools for Analysis

Percentage analysis, tables, and interpretative analysis were used.

VII. DATA ANALYSIS AND INTERPRETATION

Table 1: Frequency of Purchase

Category	Percentage
Very Often / Often	75%
Rarely / Never	25%

Interpretation: High repeat purchase behavior indicates strong brand loyalty.

Table 2: Product Preference

Product	Preference (%)
Dairy Milk	55
Bournville	20
5 Star	15
Others	10

Interpretation: Dairy Milk dominates, validating mass-market segmentation.

Table 3: Purchase Influencing Factors

Factor	Percentage
Taste	60
Price	20
Brand Image	15
Packaging	5

Interpretation: Taste-driven segmentation plays a crucial role in sales.

VIII. RESULTS AND DISCUSSION

The analysis confirms that market segmentation significantly influences Cadbury’s sales performance. Demographic segmentation reveals that the 18–35 age group forms the core consumer base. Behavioral factors such as taste preference and brand loyalty strongly affect repeat purchases. While product variety and advertising effectiveness are rated highly, gaps exist in sustainability awareness and price sensitivity, indicating areas for strategic improvement.

IX. FINDINGS OF THE STUDY

- Cadbury enjoys high brand loyalty with frequent repeat purchases.
- Dairy Milk remains the flagship product across segments.
- Taste is the dominant purchase driver.
- Price sensitivity remains a major switching factor.
- Awareness of sustainability initiatives is relatively low.
- In-store promotions and gifting options significantly influence sales.

X. RECOMMENDATIONS

- Strengthen communication on sustainability initiatives.
- Introduce more affordable and innovative product variants.
- Enhance digital and e-commerce marketing strategies.
- Expand gift-oriented product lines and festive packaging.

Use data analytics for micro-segmentation and personalization.

XI. CONCLUSION

The study concludes that market segmentation is a vital strategic tool for enhancing sales performance in the FMCG sector. Cadbury India Ltd.'s success can be largely attributed to its effective segmentation strategies that align products, pricing, and promotions with consumer expectations. By addressing emerging challenges such as price sensitivity and sustainability awareness, Cadbury can further strengthen its market leadership and achieve sustainable growth in the Indian market.

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