# A Bittersweet Takeover

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By KRYSTAL GABERT, Associate Editor, Food Manufacturing

**In Defense of Cadbury**

I guess there’s not much to defend, really. Kraft made an offer; Cadbury accepted. The once-British company is soon to join the ranks of the American food giant. And because Cadbury shareholders voted to approve the takeover bid, defending Cadbury would mean defending it against itself. Which seems not-quite-reasonable.

I don’t buy the criticism that Kraft will ruin the Cadbury brand or its recipes. It’s plainly true that Cadbury chocolate is better than most of its American counterparts—this is likely part of the reason that Kraft made a bid for the candymaker to begin with. Changing recipes, toying around with formulas—these things would not serve Kraft well, and I doubt they’ll undertake such efforts. And, you know, there’s a good chance that those of us in the U.S. will now have access to the full Cadbury line year-round instead of hoarding a sack full of Crème Eggs each Spring. Which sounds pretty good to me.

Even the very American impulse to root for the underdog is a little stifled in this case, as—while smaller than Kraft—Cadbury was, before the merger, still a multi-million-dollar company in its own right. Which would probably make it the biggest “little guy” since Conan O’Brien.

But while Cadbury was no ma-and-pop candy shop, it seems to have been a very British company at its core. Watching this video [1] that *Today In Food* ran last November, I can’t help but think about our own continuing freak-outs regarding the automotive industry and other sectors which seem, incrementally, to be moving production overseas. As strange as it may seem, in 2010, perhaps as much of our national pride comes from which corporations represent our face to the rest of the world as it does from which of our skiers medal in Vancouver. It’s easy to

understand why the British wanted to keep Cadbury English, and it's hard not to empathize with the desire to hold onto it.

And Kraft hasn't exactly gotten off on the right foot with the British public either. The American company is now being investigated by UK regulators [2] for making misleading statements about whether it intended to close one of Cadbury's plants after the buyout. While it's true that Cadbury had announced its intention to close the plant before Kraft made its bid, Kraft executives made statements about their intentions to fight to keep the facility open. And then seven days after Cadbury shareholders voted to approve the buyout, Kraft announced it would shutter the plant.

The point of contention here is not whether this plant would have remained open under British direction. It clearly would not have. The sticking point for many in the labor unions and in the public in general is whether a) Kraft executives really had intended to keep the plant open but, once they started digging through Cadbury records, realized that the closure plans were too far along to be reasonably stopped, or b) Kraft executives made knowingly untrue statements in an attempt to pursuade shareholders with false information. The latter seems like a pretty serious offense, and the hearings may help shed light on why these statements were made, but market analysts predict that even if Kraft had made intentionally misleading statements, the company will get little more than a slap on the wrist.

Regardless of the fate of that specific plant, Kraft has yet to ingratiate itself to a British public already displeased with their "national treasure" being claimed by outsiders.

Further, though, I think there is a universal reason to be a little bummed about the Cadbury buyout. As consumers, we have a vested interest in cheerleading for a competitive market and cringing at consolidation. Every time one giant company folds another into its conglomerate, competition in the market is reduced, and there's an incrementally smaller incentive to innovate and improve products—both in quality and in price.

But this is the way of the market. The shareholders voted, fair and square. And, excepting the regulatory hiccup over the Somerdale plant closure, the takeover seems to have been above board. So it goes.

*To sounds off, send an e-mail to* krystal.gabert@advantagemedia.com *[3]. For a defense of Kraft, read Editor-in-Chief* Karen Langhauser's take *[4].*

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