

A Case Study on Nestle

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Exclusive Summary

Nestle was founded in 1866 by Henri Nestle. It started off with one man's initiative to produce infant formula (for infants who are intolerant to their mothers' milk) and grew into a multinational corporation worldwide. Nestle has more than 250,000 employees worldwide and factories all around globally.

The infant product was so successful that it created demand all over Europe. Eventually This success brought in many business joint ventures and the company underwent many name changes along the way. Nestle started to enhance its product varieties and started to introduce baby cereals, breakfast cereals, chocolates, bottled drinks, beverages, icecreams, dairy products, food seasoning, pet food and many more. The product's growth was encouraged by aggressive R&D (Research & Development). Nestlé is a successful company that has been around for 145 years and still its headquarter in Vevey, Switzerland. The company's "objectives are to be recognized as the world leader and Nutrition, Health, and Wellness, trusted by all its stakeholders and to be the reference for financial performance in its industry". Nestlé Environmental Advisory Group meets regularly to review current environmental issues and to anticipate potential concerns. A Review of the three most recent annual reports, which include the company's balance sheet and income statement, displayed how Nestlé is trying to be the reference of financial performance in its industry. Reviewing the company's assets, liabilities, and revenues reiterates Nestlé's success over the past couple of years.

Today Nestlé is seen across grocery stores; however, the general population identifies them based on their brands. Nestlé's most recent achievement was the purchase of Kraft Frozen pizza business.

History

Nestle was established in 1866 by brothers George Page and Charles Page.

It is a Swiss Multinational company and it headquarter in Vevey.

Overview

- ❑ It is a Swiss multinational nutritional and health-related Company.
- ❑ Headquartered in Vevey, Switzerland.
- ❑ According to a 2015 global survey of online consumers by the Reputation Institute, Nestlé has a reputation score of 74.5 on a scale of 1–100
- ❑ Nestlé is the biggest food company in the world, with a market capitalisation of roughly 231 billion Swiss francs, which is more than US\$247 billion as of May 2015.
- ❑ It ranked No. 64 on the Fortune Global 500 in 2017 and No. 33 on the 2016 edition of the Forbes Global 2000 list of largest public companies.

Mission

Nestlé's business mission is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for shareholders, employees, consumers, and business partners.

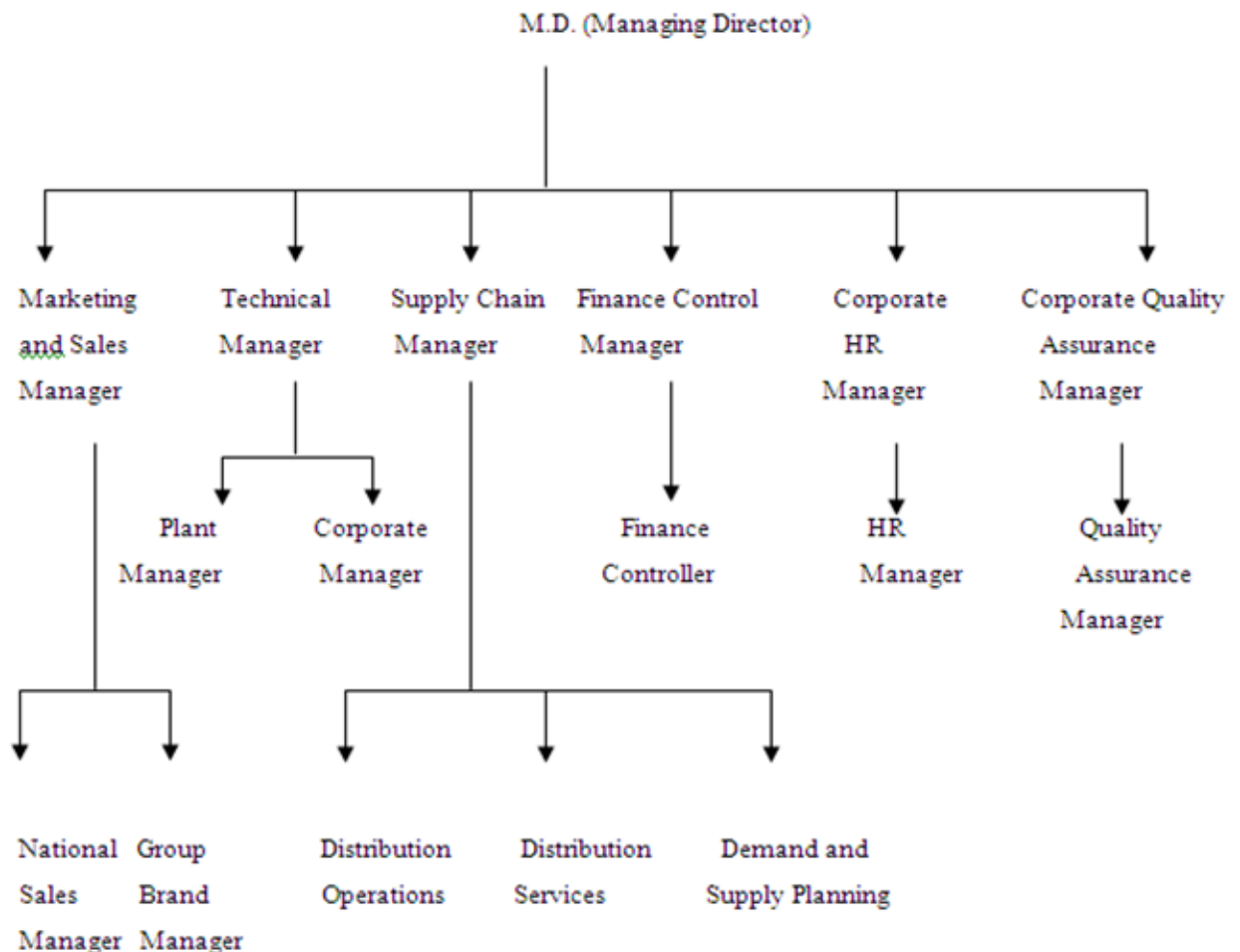
Motto of Nestlé is “Good Food, Good Life”.

Vision

To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.

Organizational Structure

Organizational structure is the formal framework by which jobs tasks are divided, grouped, and coordinated. Nestlé is a function-based organization. The tasks are divided into separate jobs and then these jobs are grouped together under different departments i.e. functional departmentalization is found in organization. Each major area is kept under the manager who is specialist in that concerned field and is responsible for all activities, which that department.



ABSTRACT

Our group has decided to choose Nestlé Company for our research. Our study was to do a research on Nestlé Company in general view because it would provide us with wide range of topic for example what is their favourite Nestlé products, why the like Nestlé products, what is their opinion on the company and others.

The research would be based on information from the internet, questionnaire and interview.

For questionnaire and interview, all of us had decided to choose 50 students from year two Diploma in Business Administration students. Our key findings showed a very positive response on Nestlé products and its brands. The results had showed that the 50 students trusted the Nestlé Company very much. They have become a fan of the Nestlé products over the years. Even though there was one student who was not interested with Maggi but she did like their other products and did trusted the company. So, it was concluded that the research was satisfying because most students really liked the products so much and are a very loyal customer to Nestlé. They had used the products in quite long time.

Research methodology

Qualitative research

- This involves setting up small focus groups of consumers who express their ideas and opinions about their needs and views on different products.
- At one level, this might involve asking groups of athletes to talk about their lifestyles, dietary habits and training regimes.
- At another level, it could involve a consumer focus group discussing the quality of the nutritional labeling on a yogurt drink. Quantitative research.
- This involves only relatively few people like professional market researchers may interview thousands of people through postal or telephone interviewing.
- Nestlé regularly uses both forms of research to gain a clear idea of consumer opinions and trends.
- Using these customer profile techniques, Nestle developed its different product strategies to target the customers.

Findings

Findings from Internet

Nestlé Company owns several brands in their product such as junior food, coffee, beverages, culinary product and others as well. The brands include Milo, Nescafé, Nestum, Maggi and many more. Based on the Nestlé's sales report, MILO, Coffee mate and Nescafé are the best products sells. Culinary product like Maggi is the following best sells. Most of the people like to drink Milo or Nescafé at the morning as their breakfast drinks. Nowadays, there are many choices in Milo. More choices are provided to obtain their customers need. Now, Nestlé is promoting their new product such as 'Milo Sejuk', Mat Kool Spiro and others to attract their customers. Many people like to buy Nestlé Company's product because their brands are trusted.

Besides that, Nestlé Company also provides wellness quiz and tools for their beloved customers, for example BMI Calculator and Waist Hip Ratio. When using these tools, everyone can easily check for their body weight whether is standard, underweight or overweight. After that, when you know your body weight, you can control or maintain your body weight by increase your food intake or maintain your diet. Every Nestlé's product has a simple device called Nestlé Nutritional Compass. It provides the product information clearly. This can help us to make healthier choice when buying their product. Apart from that, Nestlé also provide an app to help those who are not very well in cooking. The app provides step by step cooking guide for the users. There are many recipes provide for example how to bake honey chicken, how to cook Tom Yam fried rice, how to make Chocolate Milo and others more. For those who are interest can easily try it out. It is simple to do it by just follow the procedure given by.

Nestlé research and development adapt to local consumers trend in lifestyle, culture and purchasing power. (Nestlé, Consumer Needs) This characteristic of consumer make Nestlé research and development more understand about customer needs and to make new products. Besides it also does nutrition research to increase the nutrition level and tasty products. It makes all products standardise and safety to be consume.

Nestlé Company offer great career opportunities for those who interested with expertise skill and be competent for those who wish to excel in their careers. Nestlé company also provide rewarding career and further develop to who want work in Nestlé company. Next, Nestlé set the principle to organize their organization, and how to treat each other. The principle set by Nestlé Company's Trust, Respect, Involvement and Pride; it's motivates them to run organization in successful way. Furthermore, Nestlé company also provide training program Nestlé Management Trainee program) to develop strength of employee. The Nestlé Company's looking for applicant whose holder degree cert with minimum CGPA 3.2 and active in curricular activities. Program offer by Nestlé such as position in marketing & sales, supply chain, human resource and more.

Findings from Sales

According to Nestlé company sales, the higher sales are powdered and liquid beverages with 18,204 sales. The products with high demanded which are Milo, Nescafé, and Nestea. The lower sales are mineral water at 6,526 sales. The sales of milk and Ice cream are 16,406. The products are Nestlé NIDO, Nestlé Coffee-mate, Nestlé Ice cream and Dreyer's. Nutrition and healthcare products have an average of sales compare to the higher sales with the sales of 9,744. Nutrition and healthcare products is such as, Nestlé Nutrition, Nestlé NAN, and Nestlé Gerber. In addition, prepared dishes and cooking aids are like Maggi, Hot pockets, and Lean cuisine with 13,933 sales. The confectionary products like Kit Kat, Milo choco bar and Nestlé Crunch with the sales of 9,065. The PetCare products have the sales of 9,764. For example, products like Purina, Friskies and Dog Chow. The total sales of all Nestlé products are 83,642 in 2011 year. The sales of 2011 have decrease 9,373 of sales from 2010.

Findings from Nestlé Company SWOT analysis (Strength, Weakness, Opportunities, Threats)

The Strength of Nestlé Company is having been a trusted Company over 100 years of history. Penetrate the market share easily in the early stage, because the price for the product is low and now the Nestlé market share price is high at 54.100. Nestlé products mix with many extensions of product lines that provide high quality brand and product that are well-known and top selling brands. For example, Nestlé brands are Milo, Maggi, Kit-Kat, Nescafé and Häagen-Dazs. Research and development (R&D) are one of the strengths to Nestlé, it helps develop new products. Besides it helps to improve the nutrition level, taste, and safety to be consumed.

However, the weakness is Nestlé entering into the markets that are already mature and can have tough competition between competitors in the market. The complex supply chain management usually happens in rural place such as India. The factory requires good working environment, hygiene and so it can produce good quality products. High distribution cost because not all product is manufacture at the country.

In addition, the opportunities for Nestlé is the company can expand their product line such as new "Milo sejuk" by differentiate the product. Besides it has the opportunity expand to smaller town or geographical area. Its opportunity for Nestlé is lower cost of raw material and produce product that is cheaper. Since cost is lower the manufacturer is mostly located in Asia country such as India for manufacturing goods.

The Threats is Nestlé Company has many competitors to be competing in the market. For example, company like Kraft food, Hershey, Ovaltine, and Cadbury. The Changing consumer trend in products due to launch new products by competitor. Existing competitor may take over Nestlé consumer by increasing the product lines and by giving customers the variety of choosing the products and it threatening to Nestlé. Nestlé also need to follow local policy that made by governments to produce certain products or goods.

Findings from interview

Our group has conducted the interview on 10 students. Based on our findings, we have found out that most students have been using Maggi and Milo for so many years. Three students have been using the product for 19 years and two students have been using the product for 15 years. In addition, four students have been using it for 18 years which was the highest based on our findings. All the students have said in the interview that they like these products so much because they had been using it since they were little such as product like Milo. They like both of this product because of its taste which all of them will describe it as very tasty and delicious. Furthermore, one student describes the taste as fantastic. These students said that Maggi was convenience because it only takes about 5 minutes to prepare and usually if they already hungry they will make Maggi to eat. Besides that, it is an instant noodle that tastes good. Moreover, they also felt these products are wonderful because it was easy to find and both of it satisfy their taste bud. Then, one student has been using these products for 3 years only. He did like the products but not too much.

In addition, we found out that Milo was the highest product that they will buy because most of them like the taste of Milo. Meanwhile, a student said it was good to drink Milo for breakfast. Plus, they have been drinking Milo since they were little. Nescafé was the second highest product they will buy. Most of them agree with the taste of Nescafé which was tasty to drink not like some other coffee. Then, the third highest product was Kit Kat. They described Kit Kat as one of their favourite chocolate to eat because it was delicious. This is due to the taste of it which is sweet. Maggi was at fourth because of its taste and also easy to prepare for it. At fifth was ice-cream by Nestlé. The students like the taste of the ice-cream which was very sweet and has many flavours that they could choose from. Furthermore, some like to eat ice-cream because to cool down their body. The last product was Coco Crunch because it is a healthy cereal food to eat for breakfast. But, one person said that she will buy Nestlé products depends on her needs. This is because she also likes products from other brands.

Besides that, all of the students found that the nutrition information very informative. Moreover, most of them found the nutritional information helpful because it let you know about the nutrient contains in the Nestlé product. So, they knew how much protein, vitamin and fibre consumed by them when they eat the Nestlé product. Plus, they also would notice what type of fat and how much does it contain in the product. In addition to that, they can monitor what types of product provide the best or good nutrients for them because they needed a lot of energy.

Then, we found out most students have no complaint about Nestlé products so far except for one student only that have a complaint. Most of them really like the products. As we could see clearly throughout the interview, they had become a fan of Nestlé products for so many years. Some student agree that the Nestlé product was quite good compared to other brands that already been in the market. Moreover, a student said it was hard for other brands to compete with Nestlé because Nestlé have been producing many of good quality products in the market for so many years. Then, they have no problem with the Nestlé products and its brands. They had been using the products for so many years and did not face any problem. The products by Nestlé are great so they don't have anything to complaint about. But there was one student who thinks Maggi was bad. She said that it was not good for your health to be consumed often. If there is any severe case then this will threaten the Nestlé Company.

Besides that, we also found out that most of them wanted Nestlé to produce more products and give more choices in the market. Some of them said they could make new flavour for yogurt and ice-cream. Furthermore, they all wanted Nestlé to lower the price of their product. So, it will be easier for them to buy the product in daily basis. Then, some said that Nestlé could improve their product quality by following the current demand in the market and see the feedback from the market and customer. Plus, they wanted Nestlé to do more promotion on their products for students so they could buy it. They also said that Nestlé could give free gifts to their customer when they purchase the products. This could help retain their customers.

Findings from Survey/Questionnaire

Out of the 50 respondents from DBU year two students who took questionnaire, 49 of the satisfied with Nestlé product and they believe that Nestlé is trusted company because they were in market over 100 years and produce more good quality products. Besides that, most of them agreed that it is an affordable price but yet some said that they are very expensive. According to our respondent, some said product of Nestlé can't be consumed by every range of ages and as they give reason that coffee product is not suitable for children. Moreover, the latest product 'MILO SEJUK' as came to many people's mine and yet most of them said it is delicious and few of them said it is not delicious. The respondent claims that it is easy to purchase Nestlé product at any store such as supermarket and grocery shop. In addition, we notice that the respondents are very often purchasing Nestlé product. Lastly, there are suggestion from some student to do more promotion should be held on to increase customer awareness and purchasing rate until it's become the household's brand in the market mainly.

CONCLUSION

The problems faced the consumer in Nestlé Company Product is mainly on their nutritional. From our internet research we realise that many people complain about the nutrition.

The first problem is nutrition for elderly, we notice that it is a large extent by a person diet and also their nutrition consumption. By taking an improper nutrition and unbalanced nutria diet can increase the risks to have disease. Secondly, Children obesity caused mainly because their consuming to much chocolate and confectionary, taking a lots of chocolate cause them to have disease in early ages. Lastly, in our research we realise that Nestle is producing less energy drinks.

RECOMMENDATION

Based on our research, we will like to recommend to Nestlé to produce more products that are suitable for older people such as protein milk and cereal with necessary nutrition where every older people can make it as their daily use and also they should produce some organic product to whom are very health conscious so it can be a healthy snack. Since children obesity is increasing, Nestlé can produce a chocolate bar with less sugar so that obesity will not increase. Moreover, Nestlé should produce more energy drink that is suitable for all ranges such as students and people that is active in their daily life.

Reference

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