

A PROJECT REPORT ON NESTLE

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Nestlé

Good Food, Good Life

DECLARATION

I hereby declare that the project work entitled “**NESTLE**” is an authentic work carried out by **me** for a practical fulfilment of the degree of BBA and this has not been submitted anywhere else for the award of any degree.

Name of the student

RHYDHI KUNKOLKAR

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EXECUTIVE SUMMARY

The current millennium has unfolded new business rules most the significant of them being that company has to constantly look into minds of the customer. Customer loyalty plays a significant role and today securing that loyalty requires quality right price and of course last but not the least i.e., creating awareness about their service. As a trainee, I was given knowledge about the way and style of their working, their routine and their environment. It was a great experience in getting under such a reputed company, which has in it the ability to retain customer.

INTRODUCTION

Nestle India Ltd. Is a part of the Nestle SA group which is one of the largest manufacturing companies in the World? Henri Nestle founded the company (with its headquarters in Vevey, Switzerland) in 1867. Nestle has two major divisions - **Le Societe des Produits** which looks after the production and marketing and **Nestec Ltd.** which provides the technical assistance to the group companies. Since its inception in 1867, the company has diversified its product range from the infant weaning formula (which was its first product) to beverages, confectionery, ice creams and pet foods among others. In a span of 130 years the company has ranked 26th among the world's largest corporations and boasts of a turnover of \$48932.5 million and employee strength of 221,144 people spread over 75 countries worldwide.

Nestle has long been viewed as one of the most multinational of the multinationals. This is because today only 2% of its turnover comes from Switzerland. Out of the remaining 98%, Europe contributes 43.5%, North and South America contribute 36.5% and Africa and the Asia Pacific Regions contribute 18%

Nestlé S.A. is a Swiss multinational food and beverage company headquartered in Vevey, Switzerland. It is the largest food company in the world measured by revenues.

Nestlé's products include baby food, bottled water, breakfast cereals, coffee, confectionery, dairy products, ice cream, pet foods, and snacks. 29 of Nestlé's brands have annual sales of over 1 billion Swiss francs (about \$ 1.1 billion), including Nespresso, Nescafé, Kit Kat, Smarties, Nesquik, Stouffer's, Vittel, and Maggi. Nestlé has around 450 factories, operates in 86 countries, and employs around 328,000 people. It is one of the main shareholders of L'Oréal, the world's largest cosmetics company. Nestlé was formed in 1905 by the merger of the Anglo-Swiss Milk Company, established in 1866 by brothers George Page and Charles Page, and Farine Lactée Henri Nestlé, founded in 1866 by Henri Nestlé. The company grew significantly during the First World War and again following the Second World War, expanding its offerings beyond its early condensed milk and infant formula products. The company has made a number of corporate acquisitions, including Crosse & Blackwell in 1950, Findus in 1963, Libby's in 1971, Rowntree Mackintosh in 1988, and Gerber in 2007.

Nestlé has a primary listing on the SIX Swiss Exchange and is a constituent of the Swiss Market Index. It has a secondary listing on Euronext. In 2011, Nestlé was listed No. 1 in the Fortune Global 500 as the world's most profitable corporation. With a market capitalization of \$233 billion, Nestlé ranked No. 9 in the FT Global 500 2013.



Nestlé

**We unlock the
power of food to
enhance quality
of life for
everyone, today
and for
generations to
come**

OBJECTIVE

- To identify the services and products offered by NESTLE.
- To study and analyse the customer perception and preference about NESTLE.
- Finally, to draw the various conclusion and recommendation on the on the basis of study conducted.

RESEARCH METHODOLOGY

Managers need information in order to introduce products and services that create value in the mind of the customer. But the perception of value is a subjective one, and what customer's value this year may be quite different from what they value next year. As such, the attributes that create value cannot simply be deduced from common knowledge. Rather, data (information) must be collected and analysed. The goal of Marketing Research (analysis) is to provide the facts and direction that managers need to make their more important marketing decisions. The analysis involves the following steps:

- Define the problem.
- Determine research design.
- Identify data types and sources.
- Determine sample plan and size.
- Collect the data.
- Analyse and interpret the data.
- Prepare the research report.

For the purpose of study, data from the in-house survey conducted by the marketing department (secondary data) has been used and also for coming out with the recommendation. It was also felt that mere secondary data would not provide in-depth information for the analysis, hence it was decided that interactive discussions with the managers and the head of every department would help in an in-depth and true understanding of challenges faced by the department.

The methodology adopted was to gather relevant information from the appropriate department, correlate the information obtained and to present the information in a logical and systematic manner.

Company Profile

Although Nestle has been associated with India since the beginning of the century through the importing and trading of infant food and condensed milk, manufacturing in India only began with the setting up of the factory in Moga in 1962. The first product to be manufactured was **Milkmaid**. In the last 35 years the company has shown rapid progress and has increased its product range to 80 products as of October 1997. Nestle India Ltd. Now ranks 22nd amongst India's most valuable companies (Annexure B). Its gross revenue has increased from Rs 1001.1 crores to Rs. 1213.8 crores to Rs 1001.1 crores to Rs. 1213.8 crores in 1996. This remarkable growth has been achieved through –

- Rapidly creating greater manufacturing capacity, both at factories as well as with co-packers.
- Taking measures to ensure availability and improved quality of key raw materials – fresh milk in particular.
- Strengthening of the sales and distribution network (particularly in smaller towns)
- Ambitious and cohesive manpower training and development programs for the personnel of the company across all disciplines.

The company's exports also resulted in a very successful year in this area as exports grew by 27% to Rs. 250.8 crores in 2003. The main contributors to this increase were the export of tea and coffee to USA, Japan, Russia, Hungary and Taiwan. Nestle India Ltd. wants to further increase its operations in India and has started construction of its sixth Factory at Bicholim, Goa for the manufacture of culinary products (a key thrust area) for this purpose.

The Spirit of Nestle

“Organisational excellence is never achieved through a one-time effort; It is always a process of continuous improvement across a number of areas of operation.”

A key factor for Nestle’s success has been its quest for continuous improvement through ushering in greater productivity and more efficiency in everyday operations. Despite the infrastructure impediments in India, Nestle has set itself high standards of business performance. This is reflected through the essence of the company – its mission statement.

Nestle’s mission

“To be in every way the leading company in the Indian food industry and a good corporate citizen by providing our consumers with superior quality products, our shareholders with rapid growth & fair returns and our employees with a challenging and satisfying work environment.”

To translate this spirit into a planned and measurable process, Nestle has set up key objective across all divisions.

Key Objectives

Production

- To optimise production costs while enhancing product quality so as to make Nestle products even more competitive in the marketplace.

Sales and marketing

- To reach a sales turnover of 3000 crores by the year 2003
- To double the turnover every three years

People

- To help employees to retain a long-term perspective and integrate them fully with the company's business goals
- To retain a broad perspective while addressing individual needs
- To view growth as a continuous process
- To concentrate on attitudinal changes by developing leadership skills, an appreciation of interdependence between units and the enhancement of a sense of belonging to Nestle.

Finance

- To maintain profit levels above the average for the food industry in India.

The Business Excellence and Common Application (BECA) initiative essentially translates the spirit of the Journey towards excellence into an organised, systematic and measurable approach. The aim is to aid the achievements of the company's key objectives of rapid growth by ensuring that all operations incorporate the spirit of meaningful planning, effective cost control and efficient implementation. BECA is about **“planned improvement in everything we do”**

Factories

Nestle has 6 factories in India. These are

1. Moga (Punjab): The Nestle factory in Moga has the pride of being the first and most comprehensive factory of Nestle India. Set up in 1962, it represents the core competence of Nestle India in the manufacture of milk products (Everyday, Milkmaid), beverages, culinary products (Maggi sauces, noodles, soups etc.), weaning cereals (Cerelac) and infant milk formulae.

2. Choladi (Tamil Nadu): The factory in Choladi started production in 1967. Situated about 60 miles from Calicut, the factory today has 81 employees and produces 1.5% of the total turnover of Nestle India. It is a 100 percent export-oriented unit which processes freshly picked tea leaves into soluble instant tea.

3. Nanjagud (Karnataka): Production in this factory began in 1989 with the manufacture of Nestle instant coffee and Sunrise. Today in addition to instant coffee the factory also manufactures health beverages. The plant to manufacture MILO was also commissioned at this factory. This factory employs 145 people and is cited as a model in terms of environment protection for its installations to purify wastewater as well as for its provisions for recycling coffee wastes.

4. Samalakha (Haryana): This factory was set up in 1993. Located 70 kilometres from Delhi, it manufactures weaning cereals, culinary products, health beverages and milk products. Recently the expansion of manufacturing capacity for Milkmaid Dessert Mixes was undertaken at this factory as this new and unique product category is viewed to have great potential in the future.

5. Ponda (Goa): This Kit-Kat factory was set up in Goa in 1995 at a cost of Rs. 50 crores. It represented a major step by Nestle towards becoming the Number 1 Chocolates and Confectionery Company in India.

6. Bicholim (Goa): The construction work at this new factory is progressing with speed. This factory will soon commence the manufacture of culinary products, which is a key thrust area for the company and will include latest technological improvements relating to this category of products.

NEW PRODUCT LAUNCHES

To put all the product launches into perspective, Nestle now has 80 products including various flavours and variants this awesome list of 80 products for most companies is an overfull palate. Nestle India Ltd. Still have a variety of new products in the pipelines. It believes in slowly colonizing as much territory as fast as it can, adapting to native conditions and then work at “holding off the advancing herds”. Nestle products can be broadly classified into 5 main ranges –

- Milk Products
- Chocolate and Confectionery
- Beverages
- Culinary
- Food Services

Milk Products

This category which comprises of condensed milk, baby milk foods, milk powders, acidified infant food, and other milk products, showed a slump in 1996 as sale of milk products fell

from Rs 31.4 crores in 1995 to Rs 31.2 crores in the said year. Consumer offtake remained depressed throughout this year as a consequence of high price increases necessitated by substantial increases (+50%) in the cost of basic raw materials (fresh milk), over the past two years.

However, Nestle retained its leadership in the infant food market with Cerelac, Lactogen and Nestum and even introduced a new flavour of Cerelac - Cerelac Rice in 1996.



Chocolates and Confectionery



Nestle pursues the objective of accounting for one in every three rupees in its sales figures through chocolates and confectionery. This has

December 1996. This forced Nestle to cut prices of Nescafe to Rupees 840 per Kg. However, Nescafe still retains 83% market share in the Rs 177 Crores market for pure instant coffee.

Nestle Sunrise also showed an increase in sales and captured 20 % of the Rs 253 crores market in Mixed instant coffee.

This year Nestle also launched MILO, an internationally renowned chocolate energy drink, and the response for this has been encouraging.

Nestle has also introduced Tasters Choice tea bag pitched against Taj Mahal tea bags.

Culinary Products



The market in culinary products had witnessed a high growth consequent to aggressive pricing decisions on existing products and the introduction of a variety of new

products to match the needs of the Indian Housewife. Encouraged by this success Nestle launched Maggi Macaroni Snack in three flavours – Chicken, Masala and Tomato. Nestle officials' say that this would consolidate Maggi's position as the number 1 culinary brand in India. The product focuses on convenience and innovation as its Unique Selling Proposition. This snack has opened a new segment for the Maggi brands. The brand is positioned as youthful and is represented by the twists and curls of the macaroni snack. It is speculated to be introduced in a phased manner nation-wide to be placed in the 7.5 lakh outlets that Maggi noodles sell in.

In the spirit of catering to Indian tastes Maggi introduced Maggi pickles in five variants benchmarked to give the "ghar ka swad". Maggi Dosa Mix was also introduced to offer superior quality and added convenience. Apart from this Milkmaid Kalakand Mix, a traditional north Indian sweet of premium quality was added to the milkmaid dessert mixes. Maggi soup also launched three new variants. Maggi Rassam in particular was noticeable as yet another attempt to make traditional Indian cooking a little bit easier.

Food Service

Food service items basically deal with the out of home segments, which would include vending machines. Nestle's foodservice business is poised for rapid

expansion to meet the growing need for such a reliable, time saving and cost-effective service in this modern age.

Nestle wants to sell 500 million cups of tea and coffee through its vending machines in the year 2003. It currently has 3500 vending machines at assorted locations (both public and private). In 1995 Nestle food service did well to vend 40 million cups of Nescafe and Tasters Choice tea. Its 2003 sales were placed at 59 million cups of Nescafe and 36 million cups of tea, this figure was however way below the expected sales for the year.

Nestle's Target Audience

Nestle India has positioned its wide range of product offerings in such a way that it covers audiences beginning from 2-year-olds to working-class professionals.

A Demographics-wise Breakdown of Nestle's Offerings	
Demographics	Products
Kids	Ceregrow, Koko Krunch, Lactogrow
Working Professionals and above	Nescafe, Sunrise, Protein Products
General Audience	KitKat, Maggi, Milkmaid

Nescafe has been a hit among the working professionals as Nestle has promised Nescafe to be the coffee that would keep them fresh throughout the day and who would not want to be fresh?

Parents have been tempted to feed their little ones with 'Ceregrow', a product from Nestle which contains cereals to keep young children healthy. It also has ever-popular products such as Maggi, KitKat, Milkmaid which are targeted towards the general audience.

This is how Nestle has designed its targeting strategy in India and let's now understand what it has done to market itself and its offerings in the coming section.



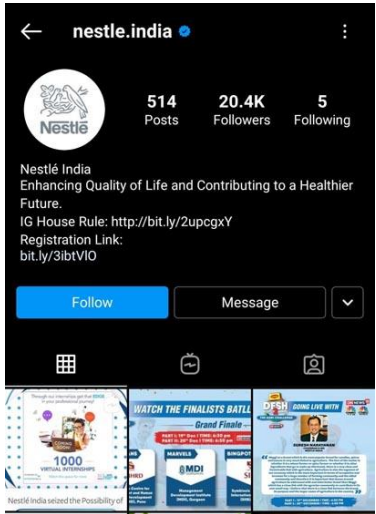
Nestle's Digital Marketing Strategies

By now, you are aware of the fact that Nestle is the world's largest food and beverage company by revenue. This might also come as very basic information for you.

But what if I tell you that Nestle has always been one step ahead when it comes to its marketing policies and tactics. It has always worked on the most up-to-date marketing methods be it offline or digital marketing strategies, which matter the most in today's day and age.

Nestle's Social Media Marketing Strategy

Nestle India is active on all three major social media platforms like Instagram, Facebook, and Twitter. Here's an overview of the same.

Nestle Social Media Overview		
Facebook	Twitter	Instagram
		
About 11 Million people like Nestlé's Facebook Page	It enjoys about 23.3K followers on Instagram	Nestle has about 21K followers on Instagram

Facebook and Instagram

Nestle India has designed its Facebook and Instagram profiles moreover the same. It shares posts related to what Nestle India is currently up to. It also announces its new launches, talks about its corporate social responsibility (CSR) measures, etc.

It maintains separate pages for its brands such as Maggi, Kit Kat, Nescafe, Koko Krunch, etc. which also have an insane number of followers on both Instagram and Facebook.

Facebook



Nestlé's Facebook Pages

To put it in a gist, Maggi has around 16 million followers. Nescafé has 36 million followers and Kit Kat has about 11 million followers on Facebook.

Instagram



Nestlé's Instagram Pages

On Instagram, Maggi has around 53K followers. Nescafe has 30K followers and KitKat has about 1 million followers.

Having separate social media profiles for its various brands, helps them organize marketing campaigns effectively and thus resulting in a strong brand connection with its customers.

Nestle on Twitter

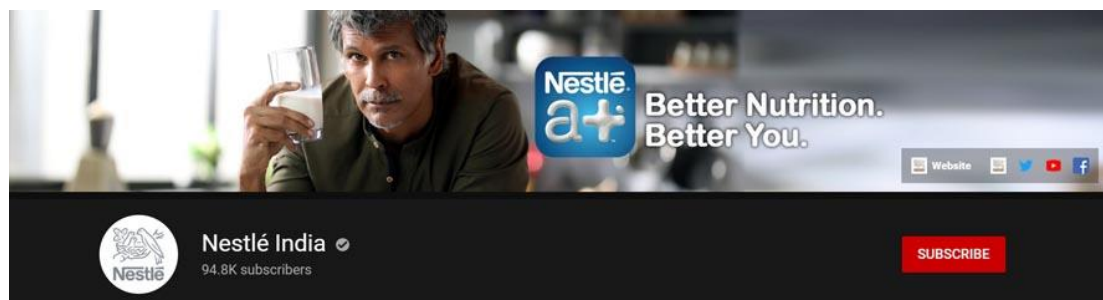
Nestle India has been maintaining its Twitter profile as a medium of communication between the company and its audience. It also solves queries related to its products by replying to every comment and mentions done by the general public on the platform.



Nestlé's Twitter handles

Just like Facebook and Instagram, Nestle on Twitter too has maintained separate profiles for its various brands. This helps them promote their products effectively.

Nestle on YouTube



Nestle India's YouTube channel has about 95K subscribers. On this platform, they post all the advertisements of their brands. However, Nestle maintains the same strategy of maintaining a separate profile for its various brands.



Nestlé's YouTube Channels

Now that you have a complete overview of Nestle's social media presence. Let's have a look at some of the campaigns rolled out by Nestle's brands and along with a few creatives under their marketing campaigns which have helped them to maintain the attention of Indian consumers.

Marketing Campaigns of Nestle

Nestle has rolled out several campaigns all these years but here are the few marketing campaigns that have left a lasting impression on the Indian audience.

1. A Campaign for the Youth: Karne Se Hee Hona Hai



The Covid-19 pandemic has changed a lot of things for everyone, especially the millennials who were accustomed to doing certain things in a certain way. This campaign by Nescafé was launched in July 2020 as India was preparing to come out of its series of lockdowns and begin life in the “new normal”.

Nescafé, in the above advertisement, encouraged the youth of the country to dream, act, and achieve their life goals.

And in the process, Nestle also highlighted to millennials that *“It all starts with a Nescafé”*. Thus, promoting Nescafé and once again establishing that Nescafé plays a vital role in keeping the youth alive and fresh.

2. A Caring Campaign: Poora Poshan Poori Tasalli



Poora Poshan Poori Tasalli: This campaign was initiated by Nestle Ceregrow in 2019 targeting urban couples who had children between the age of 2-5 years.

In a country like India where parents pay a lot of attention to their child's health and proper nourishment right away from the child's birth.

Nestle very smartly portrayed how Indian mothers are worried about their child's proper nourishment. The brand showcased its product and communicated that Ceregrow not only fulfils the child's hunger but also provides the right kind of nutrients for the child's immunity and overall development and nourishment.

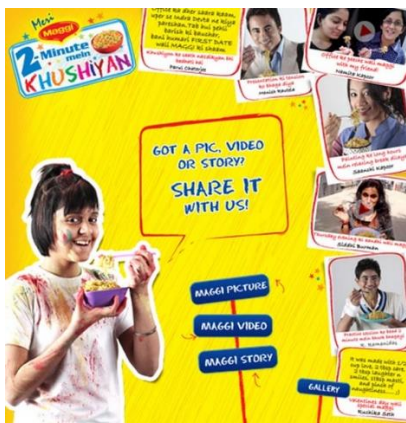
You can watch this short 45-second video by Nestle Ceregrow which delivers the message beautifully and convinces the urban parents why Ceregrow is a must-have for their growing toddler.



3. A Campaign for Maggi lovers: Meri Maggi

Meri Maggi has been one of the most successful mass campaigns led by any brand in India. The Meri Maggi campaign started with the motive to promote Maggi as a snack.

In this campaign, Nestle also encouraged its consumers to personalize Maggi as per their wants and taste and share it on social media pages to get featured on Maggi's official Facebook page.



Nestle started posting pictures of Maggi with different captions to make it relatable for different sets of audiences. Be it a Pyjama Party or a Break after Long Lectures in the college, Maggi made sure it relates to everyone and at the same time creating a strong brand engagement.

It did not stop here! Maggi then asked its followers to write back to them about their “Meri Maggi” and people started sharing their versions of Maggi and when they would have it. What’s your version of “Meri Maggi”? Watch the Meri Maggi Ad campaign here,

This is how Nestle India strategically uses its social media as a tool for its marketing and campaign-related activities. Let us now examine how it is doing on its website in the next section.

Nestle’s Website Overview

Nestle has a very strong website presence compared to its competitors. It has separate websites for its brands as well which helps Nestle to rank itself better on Google Search.

In today’s world where brands are working on spreading awareness via social media, Nestle has gone one step ahead and made its audience visit its websites by releasing various campaigns.

Websites



Ask Nestle Campaign



In this campaign, Nestle India introduced a digital tool, NINA (Nestlé India Nutrition Assistant) on AskNestle.in which uses artificial intelligence to provide real-time nutritional information on the foods we intake. This helped Indian parents to create a nutritious custom meal plan for their children below 12 years of age.

AskNestle’s NINA was dubbed as India’s first artificially intelligent assistant that allows you to find nutritional information for children. So this is how

Nestle India played its cards on digital fronts to drive organic website traffic growth and better overall engagement compared to its competitors. With this our Nestle Case study comes to an end, Let's now conclude the case study in the final section.

Advertising Strategy

Nestle, a cash rich company has plenty of marketing prowess. This can be credited to a strong and sound advertising strategy.

Nestle in the year 2002 had an advertisement spending of Rs43.3 crores (net). Tracing Nestles advertising responses the ad campaign by HTA of 'Hot and Sweet' was a runaway success this ad was actually meant to fend off a challenge from H.J Heinz. The Maggi ranges of sauces were introduced in 1985 but sales didn't catch up until 1990 but till 2003 it got considerable market share. At this point the popular and memorable campaign of Javed Jaffrey and Pankaj Kapoor was launched by Producer Pralad Kakkar. This commercial was an instant success. The volume of sales kept rising from an initial growth of 13% to 20% in the next year. Today the sales figure for Maggi Sauces is growing at a steady 6% per year.

Another noteworthy campaign was that of POLO (the mint with a hole), devised by Mudra advertising agency. This campaign was awarded 11 industry ad awards.

In 2002 the advertisement budget has been approximately Rs56 crores where again innovation was the main focus. The new nation-wide product launch of Maggi Macaroni Snack and Mithai Magic have been designed by Mudra. The Macaroni ad with its use of "English" and a catchy beat (which is the latest trend amongst the Indian Advertisers) appeals well to the target audience and the Mithai Magi commercial does keep the secret of the contents in the box, intact.

Recruitment Policy

Recruitment of fresh management trainees and sales officers is done every April-May. These graduates are generally selected from the best institutes in the country through a series of interviews. They are then put through a probation period of 12-18 months. Although Nestle does not offer some of the highest pay packets in the industry, it is considered a growth oriented company.

Training and Development

Continuous development of skills and attitudes of employees is critical to the achievement of excellence. At Nestle therefore training and development of human resources is viewed as a long-term investment.

“If you are planning for one year, Plant wheat;

If you are planning for ten years, plant a tree;

If you are planning for life, train people.”

- Old Chinese proverb

This proverb goes with the organizations most enduring beliefs worldwide –

- That long term planning is the key to Nestles global success
- That Nestle’s most valuable assets are its people
- Nestle’s policy is to rely on a more decentralized form of management by building in the habit to “Think Nestle”.

At Nestle India training and development is an integral part of the business plan and strategy in line with the objectives for the year 2003 and aims to –

- Help employees to retain long term perspective and integrate them fully with the company’s business goals
- View the growth of both the personnel and the company as a continuous process.
- Concentrate on attitudinal changes by developing leadership skills, an appreciation of interdependence between units and the enhancement of a sense of belonging to Nestle.

In 2003 Nestle India benefited greatly from the training program offered at the Rive Reine International Training Centre at Vevey, Switzerland. This training program helped facilitate the transfer of common Knowledge (technical, marketing, and finance) across the Nestle Group and ensure

interdisciplinary approach to learning and uniform progress with a tailor-made approach for all.

Company Training needs –

- Analysis of training needs of Managers
- Self-development programs for staff at HO
- Programs for company orientation and information sharing
- Programs aimed at computer training and computerization
- Establishment of contact with leading management institutes with a view to use the same for meeting local training requirements

Sustainability Throughout Nestlé

1. Promoting nutrition and health

For the second time running, Nestlé achieved first place in the global Access to Nutrition Index (ATNI).

2. Climate action

They have put peak carbon behind them and aim to halve greenhouse gas emissions by 2030.

3. Waste reduction

Their ambition is a future where none of their packaging ends up in landfill or as litter.

4. Protecting nature

They will achieve and maintain 100% deforestation-free primary supply chains by 2022 for meat, palm oil, pulp and paper, soya and sugar, and by 2025 for coffee and cocoa.

5. Water stewardship

Nestlé Waters will advance the regeneration of the water cycle to help create a positive water impact everywhere our waters business operates by 2025.

6. Human rights

By 2022 year-end, they will publicly launch action plans for each of their 10 salient issues in their Human Rights Framework and Roadmap and report their progress against them by 2025.

7. Sustainably sourced raw materials

They aim for 100% of key raw material volumes to be produced sustainably by 2030.

8. Taking care of people and communities

People must be at the heart of the transition to regenerative food systems. They respect and encourage all their employees and value their potential, at the same time they are working to boost the well-being of communities and enabling a just transition to regenerative practices.

9. Ethical and responsible business practices

They continue working to generate trust as an ethical and sustainable business: to inspire industry, collaborate with their peers and encourage consumers to make changes that all help in the shift toward more regenerative food systems.

10. Performance and reporting

Transparent, public reporting on our activities, commitments and performance is embedded

SWOT ANALYSIS OF NESTLE:

Nestle's Strengths

1. Largest Food Company – With a market capitalization of \$325 Billion, Nestle has been one of the largest food companies in the world with the sales of its Hot Pockets, Stouffer's, DiGiorno, and Nespresso etc.
2. Reputed brand name – Nestle is the most renowned brand in the world. It has developed a respected reputation in the food and beverages sector offering high-quality products for everyday use across the globe.
3. Brand valuation – In 2021, with a brand value of \$10.6 Billion, Nestle is well positioned for growth.
4. Globally recognized brand – Through its effective advertising and branding strategies, it has created significant awareness and developed a successful brand image around the world. According to the Fortune Global 500, Nestle is among the world's largest corporations and is ranked at 69th position in 2018 list.
5. Highly diversified company – Nestle sells its products in 189 countries. Instead of relying on a few markets, it has captured the sizeable market in a lot of developed and developing countries to earn most of its revenue. Its leading markets include the US, China, France, and Brazil. In 2020, its sales increased by 30% and had to increase production in nearly 70 factories to meet the demand.
6. World's most valuable brand – According to Forbes Global, Nestle is among the top as the world's most valuable company in regards to highest revenue, profits, assets, and market value. In 2020, Nestle is ranked the 50th most valuable brand in the world.
7. Extensive product portfolio – Nestle owns more than 2000 brands globally and renovated over 8000 products for nutrition and health considerations, according to its Annual Review 2017. It is one of the world's biggest companies with the broadest product portfolio. In 2020, Nestle owns some of the companies offering pet food, frozen foods, baby food, vitamins, and many more. It also has a big Starbucks licensing deal.
8. Well-established relationships and popular brands – Nestle has some of the world's most recognized brands under its name such as Nescafe, Besides, it has well-established relationships with other trusted and powerful brands like Colgate Palmolive, Coca Cola, General Mills, and L'Oréal.

9. Efficient R&D system – Nestle has the world's largest food and nutrition research organization with 21 R&D centers. Its research and development capability are one of its key competitive advantages. There are more than 5000 employees involved in R&D operations. It spent nearly 1.72 billion Swiss Franc on R&D in 2017. Nestle expanded its operations in the Greater China Region to 3 R&D centers and 4 product innovation centers in 2020.

10. Environmental sustainability practices – Nestle puts substantial efforts in environmental sustainability practices and takes innovative initiatives in improving its quality of products. It optimizes advanced solutions to reduce waste, water usage, non-renewable energy use, and packaging material usage. In 2017, 253 of Nestle factories reached zero waste production. The company announced in January 2020 that it will invest \$2.1 billion to tackle plastic waste and aims to shift from virgin plastics to sustainable packaging.

11. Large distribution system – Nestle owns an extensive and diversified distribution system that is not only penetrated in urban areas but also rural regions. It has adapted local distribution methods and a decentralized approach to run the business efficiently in respective countries. Nestle has strong relationships with suppliers, retailers, vendors, and distributors.

Nestle's Weaknesses

1. Price fluctuations by retail giants – Nestlé's grocery sales are achieved majorly through huge retail giants like Walmart, Tesco, and Kroger. Any reduction or increase in prices by these retailers can affect Nestlé's sales.

2. Span of control and organizational structure – Nestlé is organized in a matrix structure. That means a large number of brands are under the same umbrella group which makes it somewhat challenging to manage the large Administrative such a large number of individual brands can often result in discord and conflict of interest.

3. Water controversy – Recently, Nestle was accused of illegally pumping millions of litres of water in 6 nations where residents are deprived of drinking water.

4. Social criticisms – Nestle has become a target of media attention many times. The claim to privatize water, misleading labelling, and a lawsuit for chocolate making using child and slave labour are some of the examples that have to weaken its market reputation.

5. Maggi Noodles controversy – In 2017, Nestle failed to clear a laboratory test in India. This created a publicity hype as people boycotted Nestle, leading

to the loss of 80% of market share in the country. Nestle claimed 'No added MSG' in the Noodles packets. However, 1000 times more lead was found in the product after testing.

6. Racially Insensitive Product Names – Nestle has been criticized for perpetuating racism using racially insensitive names on its products. In Australia, Nestle has been under pressure to stop advancing racism with its sweets named Red Skins and Chicos and recently announced that it will change the name of two confectionery products.

7. Unhealthy Products – Nestle's history consists of a long list of products that threatened life consumers, such as China Milk Scandal and tainted cookie dough. Consumers distrust companies that have sold unhealthy products in the past.

Nestle's Opportunities

1. Venturing small food start-ups – Nestle has a fantastic opportunity to grow the number of small food start-ups under its popular brand name. Nestle can also collaborate with the new start-ups to promote its brand name.

2. Online shopping – Nestle has a remarkable opportunity to boost its e-commerce sites and online shopping platform. A very few CPGs are offering online services to make the shopping experience more comfortable and pleasant. Although Nestle has its online stores in a few countries, expanding its online services to more areas will prove a rewarding decision for the company.

3. Market penetration for breakfast cereals – Nestlé's cereals and oats market have shown fast growth in recent years. Thus, pretending this market more would be highly lucrative for the company.

4. Expanding ready-to-drink tea and coffee market – The demand for tea and coffee is continuously on the rise, rendering a profitable opportunity for Nestle to groom this market more.

5. Partnerships – Strategic alliances with other food and beverage giants are also a great opportunity for the company to increase its revenues and profits.

6. Authentic labeling – Nestle has already been criticized for giving misleading nutritional information on its labels. So, there's an opportunity to improve its practices by giving trustworthy information and accurately labeling its products.

7. Expand through Acquisitions – In 2019, Nestle offloaded several low-performing brands like Herta Charcuterie and is switching to acquisitions in 2020. The company's acquisition of gastrointestinal medication brand Zenpep was completed in January 2020 and it is the first of many more acquisitions slotted for 2020. Expanding portfolio with high performing SMB acquisitions offers immense opportunities for Nestle to grow.

8. Refocus on Profitable Ventures – Having too many brands can stretch a company's resources to the limit and undermine overall performance. Nestle has been grappling under the weight of too many unprofitable brands and is seeking to sell its North American water brands like Pure Life and shift focus on strengthening the best and highly profitable brands in its portfolio.

Nestle's Threats

1. Illegal rainforest destruction controversy – In 2017, Nestle was alleged of involvement in the destruction of Sumatra's last tract of rainforest. It faced severe criticisms from NGOs and environmentalists in this regard.

2. Water scarcity – Nestlé's production is highly dependent on water usage. Accessing the clean water through less costly sources has become difficult for the company due to many reasons. These include increasing population, climate change, growing demand for food and water, increasing pollution, water wastage, and overexploitation of resources.

3. Rising competition – Many CPG companies like Mondelez and Unilever offer similar food and beverage products. It is hard for Nestle to compete in such a situation where the substitute products are easily accessible.

4. Government regulations and prices – Government regulations can affect the business operations of Nestle. Additionally, the increasing prices of commodities force the company to increase the prices of its products. It will lead to sales reduction as consumers can switch to other brands which are available at low costs.

5. Economic Uncertainty – Even though Nestlé's sales increased by 4.3% and e-commerce jumped to over 10% of total sales in Q1 of 2020, the increase is attributed to panic buying catalyzed by recent events. The company's revenue from commercial businesses like hotels and restaurants are threatened by economic uncertainty in the global markets and can decrease as these entities remain closed or collapse due to the crisis.

6. Haunting Dark Past – The US Supreme Court is reviewing whether to open human rights probe against Nestle subsidiary for knowingly helping to perpetuate slavery in cocoa farms in the African nation of Ivory Coast. Even

though the events occurred over a century ago, Nestlé's racist past can haunt the company and affect its sales, profitability, and growth for years to come.

in how they do business at Nestlé.

OVERVIEW

Although Nestle has been associated with India since the beginning of the century through the importing and trading of infant food and condensed milk, manufacturing in India only began with the setting up of the factory in Moga in 1962. The first product to be manufactured was Milkmaid. In the last 35 years the company has shown rapid progress and has increased its product range to 80 products as of October 1997. Nestle India Ltd. Now rank 22nd amongst India's most valuable companies (Annexure B). Its gross revenue has increased from Rs. 1001.1 crores to Rs. 1213.8 crores in 1996. This remarkable growth has been achieved through:

- Rapidly creating greater manufacturing capacity, both at factories as well as with copackers.
- Taking measures to ensure availability and improved quality of key raw materials-fresh milk in particular.
- Strengthening of the sales and distribution network (particularly in smaller towns).
- Ambitious and cohesive manpower training and development programs for the personnel of the company across all disciplines.

The company's exports also resulted in a very successful year in this area as exports grew by 27% to Rs. 250.8 crores in 1996. The main contributors to this increase were the export of tea and coffee to USA, Japan, Russia, Hungary and Taiwan. Nestle India Ltd. Wants to further increase its operations in India and has started construction of its sixth Factory at Bicholim, Goa for the manufacture of culinary products (a key thrust area) for this purpose.

Conclusion

The research on Nestle company in this Business Communication report has definitely benefited me in knowledge. Nestle is the largest company which is in the world's leading food manufacturer and the market leader in both coffee and mineral water, products including prepared dishes and cooking aids milk-based products, cereal, instant coffee and baby food. Nestle is a market leader due to different reasons. Its price is high against its competitors but it matches its quality with its competitors. Its packing is good. It has always maintained the quality of its products. We can easily find nestle from any retailer shop. Due to advertisement, nestle attract more customers. Nestle is using its brand name to promote its products and it is very popular as compared to its competitors.

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