

Analytical study on nestle and its competitive survival strategy

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ABSTRACT

To understand how the brand nestle and its competitor is functioning, is the main objective of this extract . Nestle believes to be highly competitive among all its competitors all over the world where as Parle believes to be more concentrated in the Indian market as stated by Parle in its vision statement. Nestles mission statement explains how it would like to be the preferred product among all its competitors satisfying its stakeholders, Parle wants to be a part of a major chunk of the market share involving no stakeholders here, and involve about the fact they are innovative and want to be market leaders with this idea of being innovators. Moving on the Nestles goal states the line about health wellness and nutrition taking about their primary goals, and how their primary goals are to precisely produce quality products. Other than that nestles goal is also to have a sustainable financial performance to gain the trust of the stakeholders, thus what can be derived from this is that Nestle is a stakeholder oriented company. Like most Asian countries Parle is more of a business of ethics and culture which means the business is employee oriented as it talk about the people and parle not only being a business making it sound like the primary goal is not profit making it different from Nestle, parle's goal states the terms of sustainability and social responsibility which means it considers more CSR activities contributing to the society at the same time as doing business.

Keywords - nestle, parle, competition, SWOT, strategies, stakeholder mapping.

1. Assess how business missions, visions, objectives, goals and core competencies inform strategic planning -

According to (nestle.co.za,2017) Nestle's Vision is 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.

According to (nestle-ea.com,2017)

Nestle's Goals are – Nutrition, Health and Wellness Sustainable Financial Performance leading to Trust by all stakeholders

According to (nestle.com,2017) the mission is good food good life

According to (nestle.com 2017) Nestle's

Objectives are - To ensure continuous improvement of nestles environmental performance. To achieve compatibility with international voluntary standards on environmental management systems.

To ensure continuous improvement of nestles environmental performance

For the competitive company Parle-

Our Business Statement: according to (Parleagro.com, 2017)

"We are in the business of refreshing India with our products, refreshing the market with new categories and refreshing ourselves through innovation."

Our Vision: (Parleagro.com, 2017)

"To be the leaders in our business. We will stand apart from the competition by being the first in the market to innovate."

Our Mission: (Parleagro.com, 2017)

"We will be the leaders in our business by - maintaining high quality, introducing new and innovative products, reaching every part of India, remaining customer-centric, constantly upgrading our knowledge and skills."

Goal- according to: (Parleagro.com, 2017) "At Parle Agro, it's not just about the business. It's how we go about it. It's about the people. It's about the culture and ethics. It's also about sustainability and social responsibility."

Customer reviews for Parle state a lot of satisfaction among the consumers, according to (Userreviewd.com, 2017). Where people have rated Parle 5/5 for the food products showing how content the people are with the products Parle is providing.

Userreviewd.com. (2017). Parle - g biscuit Customer Reviews, Feedback, Report, Complaints, Customer Care, Experience. [online] Available at: <http://www.userreviewd.com/food-and-beverage/parle-g-biscuit> [Accessed 27 Sep. 2017].

At the same time also in contrast according to the Indian consumer complaints forum (Care, 2017) it shows customer reviews dissatisfaction with the problems faced by the consumers as shown below 45% of the consumers that Parle have are unhappy and are facing issues

Thus the statistics state that there have been a total of 172 problems faced by consumers of which 61 are resolved and 66 are pending

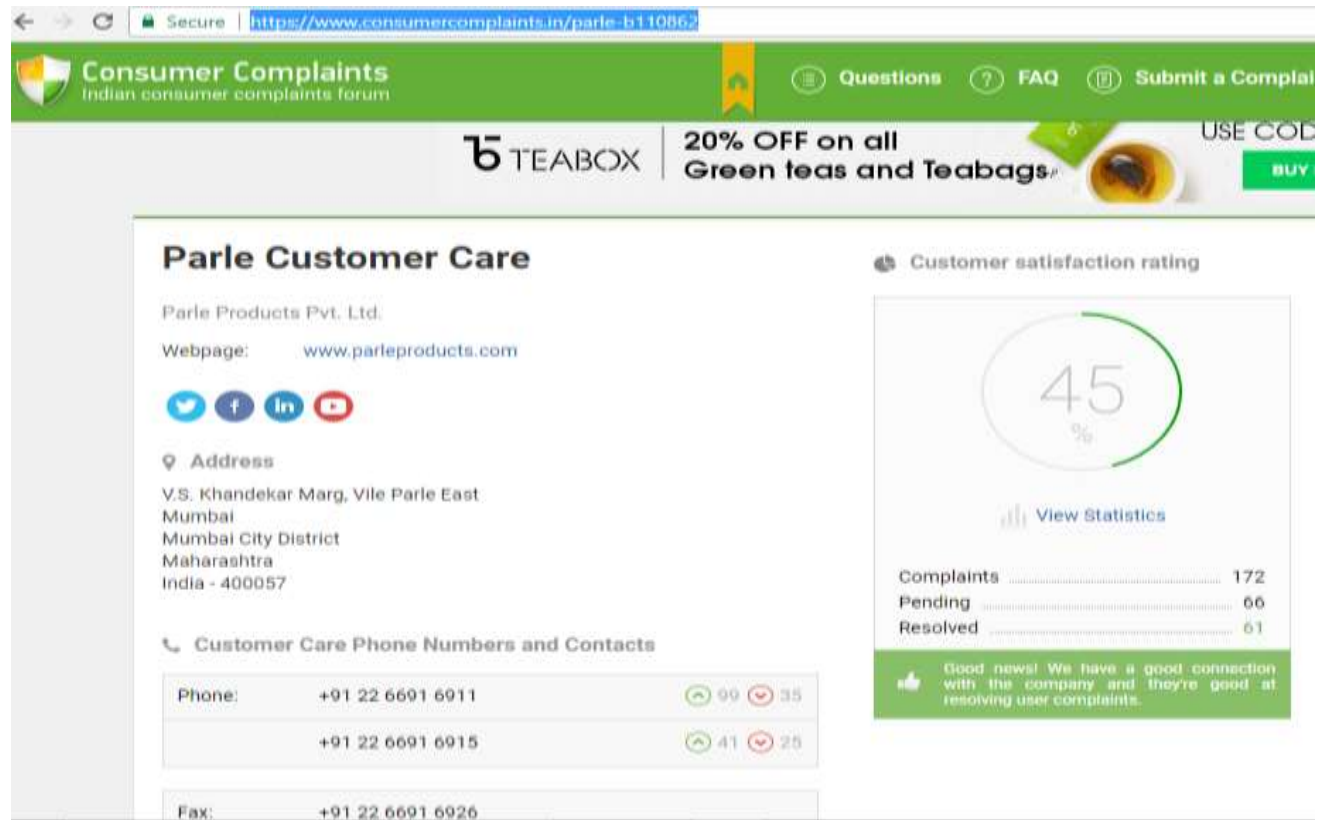


Figure1 parle customer care

Moving to nestle customer reviews and satisfaction level is different depending on consumer taste and demand, according to (Amazon.in, 2017) the average rating a nestle everyday product gets is 4.3/5 stars which shows high consumer satisfaction is high.

(infoscout.co, 2017)



Figure2 nestle consumer rating

(infoscout.co, 2017) Talking about the overall rating of the product nestle hold is quite strong, a 9.2 on 10 which shows the brand image nestle carries and the trust among the consumers that they have in nestle.

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2. Analyze the factors that have to be considered when formulating strategic plans

Short SWOT analysis-

Strengths- Finest strength that Nestle includes is it's research and development as mentioned in the case study. Great supply chain management which allows market penetration letting Nestle to supply its products to the last supplier making the availability of stock high, making the products vulnerable to be sold against its competitors. Nestles increasing market share

Weakness- too much investment in research in development leading to high costs and high labor input, in the product nesquik.

Opportunities – easier markets such as cheese could have been tapped earlier while there was less competition in the markets of cheese, nestle could have been able to be well established and could have been able to be in another segment of milk products

Threats - Competitors launching products before them, failure due to lack of knowledge in newer markets, before nesquik was launched there were existing chocolate drink products in the market like the Cadbury bournvita and other Cadbury hot chocolate drinks, which did not allow nesquik to be established well, also in the milk segment of curd there is a lot of competition nestle has faced with Danone.

one failed strategy by nestle -is the fact that nestle spent a lot on the research and development as according to the given case study the research for the subordinate brand nesquik was under the research and development since 1948 but was introduced in the market in the year 1994. The business had spent 350 million swiss francs along with 1400 employees working in the R and D and is increasing the investment and number of employees ahead in the coming years. So thus, the increased expenditure in research and development causes high expenditure leading to normal growth in profits from 12786 swiss francs to 14434 swiss francs having a growth of 1648 in profits. Source case study and (<http://www.nestle-ea.com>, 2017) <http://www.nestle-ea.com>. (2017). NESQUIK®. [online] Available at: <http://www.nestle-ea.com/en/Brands/NESQUIK> [Accessed 9 Aug. 2017].

One successful strategy by nestle is that they entered new markets like coffee instant noodles chocolates etc as nestle was mainly oriented over milk products they spread through with other sectors in new markets. Along with strong local supply chains locally which was then taken to other countries like, Latin America, the Caribbean, Asia, Africa, and most recently Inner Mongolia. To have a better market share and gain higher profits. Nestle was involved in a range of acquisitions like purchase of 25% interest in French cosmetics company loreal, also secondly the acquisition Alcon laboratories a firm specializing in eye care products, the Anglo swiss condensed milk co. and many more brands

Value chain analysis

Primary-

research and development – the entire case study states about how Nestle invests a lot in the research and development, the case states Nestlé constantly developed new products improved and adapted existing ones to suit changing consumer tastes. In 1937, after eight years of development, Nestlé R&D laboratories invented the “Nescafe” thus this states how much Nestle invests in research and development.

Marketing-the case states every time there was a Nescafe had to launch a product they had special events for the product launch, and kiosks set up for the testing which helps in the marketing

Services - . The case study explains how well service oriented the brand is and thus it could mean they are building on brand loyalty increasing the customer base and market share. Nestlé HomeCare provided a broader offering by

providing patients with a full service at home that included training by a dietician, product delivery, and access to a 24-hour hot-line.

Support activities-

Human Resources- Nestle believes in good relations between the employees and thus for this reason the case study it explains that nestle invests a lot in training and in giving cross experiences thus to make sure the employees are efficient in working and gain experiences from the other workers allowing a strong bond among employees

Technology- GLOBE was designed to capture data and maintain a database for the the units and inventory management and easy data accumulation for purchases raw materials and distribution management.

Raw materials/ Procurement- Nestle links the raw materials with the technology and logistics that sets them apart from the other competitors allowing efficient delivery and products manufacturing.

Chart -1 stakeholder analysis in one line about the impact then on the analyses grid.

<i>Stakeholders</i>	<i>Stakeholders Interests</i>	<i>Assessment of Impact</i>	<i>Potential Strategies</i>
<i>Employees</i>	Sales revenue increase , bonuses due to new products motivation working on new product	high	So that the employees are loyal and work in the firm diligently the new launch of the product could help them be more engaged in new work not making the work mundane
<i>Customers</i>	Quality of products, new product improvised products variety of products	High	New products would attract the consumers and better quality would make them loyal customers
<i>shareholders</i>	To make sure the financials of the products are good and the sales are high giving good returns in shares	low	Frequent product launches to attract the shareholders to be loyal
<i>Government Regulators</i>	Tax revenue increase GDP increase as a result of the fact there would be more employment opportunities	low	Create more employment opportunities and more CSR activities for betterment of the society
<i>Suppliers</i>	New suppliers in the market for the reason being the new raw materials for the new product	high	Suppliers would be interested for the reason being all the raw materials and products would be given by the suppliers and the logistics would be handled by them.
<i>Investors</i>	Investors would look for the product to do well in order to receive returns.	high	To know the fact if the money invested in the right direction the know the very fact the money invested is growing

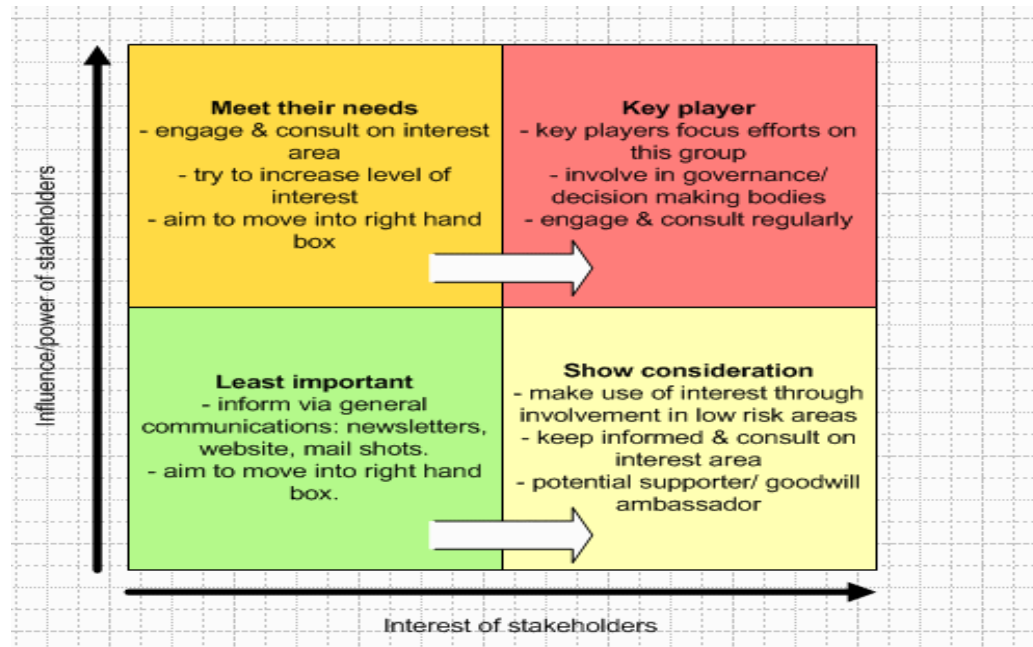


Fig 1 -stakeholder mapping

Stakeholder mapping

Meet their needs – government, as a result the government may engage as it has power over any organization and have high level of interest when it relates to the employment and taxation.

Key player -employees, as a result the employees are the core of the system of the business managing the work and are a part of the major decision making.

Least important – investors, for the reason being that once the investors invest all they expect in return is the appreciation of the money in return and have no other action to perform in the organization.

Show consideration – for the reason being nestle is partly consumer oriented for the reason being it has special help line numbers that would help clear the doubts of the consumers and also affect the goodwill of the brand

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