

# Company Analysis on “Nestle”

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**Abstract:** The purpose of this research project was to understand and analyze Nestlé as a company and how a company works. The project includes data right from the company’s basic information to the products that the company manufactures to marketing strategies. Nestlé is a renowned international multinational company that has acquired its position in the markets nationwide. The company has developed and changed widely catering to the changing preferences, demands and tastes of the consumer. The company not only aims to the objectives, but also the needs and tastes of the consumers. This project included the information about the founding and establishment of this company. It was a company in Swiss and now it’s a huge industry that manufactures huge variety of products and it never fails to maintain its value and purpose.

**Keywords:** NESTLE, SWOT analysis, management.

## 1. Introduction

### A. Overview of the Company

NESTLÉ is a Swiss multinational company that deals with food and drink processing company. The Nestlé Company was formed in the year 1905, by the merger of

Anglo-Swiss Milk Company. It was established by George and Charles Page, and Farine Lactee Nestlé in year 1899, and founded by Henri Nestlé. The headquarter is situated in Vevey, Vaud, Switzerland. It is the world’s largest Food Company, which was ranked No.64 on the Fortune Global 500 in year 2017, and in the 2016 edition of the Fortune Global 2000 list of public companies, the company ranked No.33.

The company has 447 factories located in 189 different countries and there are around 339,000 people working. 29 of Nestlé’s brands have annual sales of over about US\$1.1 billion (CHF 1 billion, according to Swiss currency), which includes Nescafé, Kit Kat, Nespresso, Maggie and many more. The company is also one of the main shareholders of L’Oreal, which is world’s largest cosmetics company.

### B. Products

The NESTLÉ Company is indulged in varies types of products, which includes:

1. Baby food,
2. Medical food,
3. Breakfast cereals,
4. Coffee and tea,
5. Items of confectionary,
6. Dairy products,
7. Frozen foods.



Fig. 1.

## 2. Value Creation Strategy

### A. How do nestle create long term value?

Nestle has an attractive product portfolio in growing categories with leading market positions. They have powerful, valuable products, which consumers trust. Their products reach more than 1 billion across the world every day. They have a leading Resource and Development capabilities that support their Health, Nutrition and wellness strategy and also their innovation initiatives. The company creates value by following ways, such as:

- 1) Increasing Growth
  - 2) Improving operational efficiency
  - 3) Allocating their capital and resources with discipline and clear priorities
- 1) *Increasing Growth*
- i. According to the study, the five high development food and Beverage’s classifications which have interesting development rates, such as: espresso, pet care, coffee, and water. If you combine the items, together, they represent 57% of sales and 61% of the basic exchanging working benefit. In 2018, natural development was 9(benefit) +4.0%.
  - ii. They get specific significance from a capital distribution point of view, with enormous interests in Resource and Development, advertising, capital use and external development at whatever point reasonable. These organizations are overseen for development and worth. In 2018, they developed by +4.9%, multiple times quicker than creating markets

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and with a higher hidden exchanging working net revenue. In the greater part of these developing markets, Nestlé has been available for a long time and the brands that they've teamed up with appreciate a high level of trust.

- iii. The company has taken significant actions to improve underperforming businesses through taking initiatives such as a new innovation, having better consumer understanding and management changes whenever necessary.

The company focuses more on rapid innovations and bringing their products to the market as fast as they can.

- iv. By information and innovation, they modernize their current brands and business tasks while growing new ones. Effectively 10% of all customer contacts are customized. Besides, in 2018, the online business deals grew multiple times quicker than the normal of the gathering and came to up to 7.4% of the all out Nestlé's deals. The organization deals with its portfolio well overall. The organization attempted to fortify their organization's situation in espresso through the securing of the unceasing worldwide permit of Starbucks. Their point is to disturb and amplify the estimation of the current business and they do it in an exceptionally restrained manner.

## 2) *Improving operational efficiency*

The company kept a program to program to simplify and standardize processes, which helped reduce administrative costs. They have expanded the access of their mutual administration focuses from 17% to 35% and are on target to reach at half by 2020. They have additionally proceeded to convey efficiencies in R&D and advertising. The essential focal point of these projects is to free up assets to give fuel to development and development. They have kept on adjusting the association to be more straightforward and quicker. They are engaging our market and regional groups to drive development.

## 3) *Allocating their capital and resources with discipline and clear priorities*

They put resources into their business through R&D, brand backing and capital consumption to help top-line development. They follow the method of thorough and perceiving. They are distributing more assets behind those organizations with the most elevated potential to make financial benefit. They have likewise kept on concentrating on decreasing working capital. They prioritize their high-development classes and regions. Additionally, they consistently survey their capital structure to guarantee it is suitable with regards to economic situations and our key needs.

## B. *Connecting their brands*

The company currently has over 2000 brands, with a wide range of products across a large number of markets. They are classified into categories such as:

Powdered and liquid beverages, Nutrition and health science, pet care, cooking aids and prepared dishes, confectionary and water.

- 1) Powdered and liquid beverages: This covers coffee,

cocoa and malt beverages and also tea categories. It features some of the brands such as: Nescafé, which is considered as world's favourite coffee brand; Nespresso, which they say it as their premium coffee experience; and Milo, which is the world's most popular chocolate malt drink.

- 2) Nutrition and health science: The Company's nutrition and health business includes baby food and infant formula. Nestlé Health Science is an additional growth platform for Nestlé Company and is well positioned for leadership in medical nutrition, consumer care, and in vitamins, minerals and supplements. It features some of the brands such as: Nestlé NAN, Nestlé cerelac, Nestlé BEBA, Pronourish, and many more.

- 3) Milk and Ice-cream products:

- i. Milk products are their main dairy products under the Nido brand, which is also considered as a key pillar of the company's Nutrition, Health and Wellness strategy. The company's aims to provide individuals and families with dairy products to support healthy diets for all stages of life, right from childhood to old age, which indeed is done by their scientific and nutritional expertise. The company has a market-leading brand, which is Coffee Mate and the company has its constant innovation with the brand. Some of them are: Nestlé NIDO, Nestlé Nesvita, Nestlé Carnation, etc.

- ii. When it comes to ice cream products, the company has a huge range and variety of delicious and indulgent products, right from affordable price points to premium offerings. Some of them are: Häagen Dazs, Dreyer's, Nestlé Drumstick, Ice cream Nestle, etc.

- 4) Pet care:

Nestlé has Purina as their leading brands. It includes:

- i. Pro Plan,
- ii. Purina ONE,
- iii. Gourmet and Merrick.

These are some ways the company try to continue to improve their products:

- they address consumer preferences for natural pet food,
- advance their e commerce capabilities and
- Recommends new personalized Direct to Consumer experiences.

The company continue to invest in their worldwide manufacturing footprint in order to support global demand for their brands in both emerging and developed markets. Their focus is to help pets live better, longer lives.

- 5) Cooking aids and prepared dishes: This category contains a wide range of daily staples, such as:

- bouillons,
- soups,
- ambient and chilled culinary products,
- Frozen food and pizzas.

They have a number of iconic brands, including:

- Maggie,
- Stouffer's and Buitoni that supply to regional and local tastes.
- Herta
- Original Wagner
- Lean Cuisine
- Chef
- Sweet Earth and many more.

The company is committed to restore their product portfolio with more natural, tasty and healthy ingredients.

- 6) Confectionary: This group includes the iconic global brand Kit Kat and a large group of some local brands. The company aims to continue to focus on innovation of new products. The company also aims to provide their consumers with healthier options. So they launched a product which is Milky bar Wowsomes, it is a new chocolate bar with 30% less sugar. Some more products are:

- Cailler
- Nestle Easton Street
- Kitkat, which have variety of different types and flavours

- 7) Water: The Company Nestlé is leading in a fast-growing when it comes to this category, which is Waters. Here the consumers are increasingly seeking healthier alternative to:

- sugary drinks and juices,
- Hydration options with functional benefits.

The Water's business includes:

- Nestlé Pure Life, which is ranked as the world's biggest bottled water brand, which provides affordable healthy hydration in many markets worldwide.
- Meanwhile, their international hygienic water brands, - S.Pellegrino and Perrier, continue to enjoy strong growth in the premium segment.

Some more products/brands are: Vittel, Doland Spring.



Fig. 2.

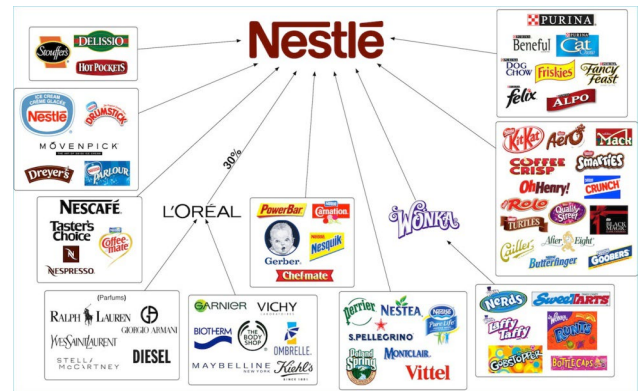


Fig. 3.

### 3. SWOT Analysis

*Nestlé's Strengths:*

- 1) Reputed brand name – Nestle is the most famous brand on the planet. Settle has built up a regarded notoriety in the food and drinks segment and they offer top notch items for ordinary use over the globe.
- 2) Globally perceived brand – Through its powerful promoting and marking techniques, Nestle has made impressive mindfulness and built up a fruitful brand picture far and wide. As indicated by the Fortune Global 500, Nestle is among the World's biggest companies and is positioned at 69th situation in 2018 rundown.
- 3) Highly expanded organization – Nestle sells its items in 189 nations. It has caught the sizeable market in a great deal of created and creating nations to gain the majority of its income. Its driving markets incorporate the US, China, France, and Brazil. In 2017, it created CHF 26.7 billion from the US advertise alone.
- 4) World's most significant brand – According to 2018 Forbes Global, Nestle is among the top as the world's most important organization concerning most elevated income, benefits, resources, and market esteem.
- 5) Extensive item portfolio – Nestle possesses in excess of 2000 brands internationally and remodel more than 8000 items for nourishment and wellbeing. As per its Annual Review 2017, It is one of the world's greatest organizations with the broadest item portfolio.
- 6) Well-built up connections and mainstream brands– Nestle has a portion of the world's most recognized brands under its name, for example, Nescafe, Kit Kat, Gerber, Milo, and Maggie. Besides, it has settled associations with other trusted and amazing brands like Colgate Palmolive, Coca Cola, General Mills, and L'Oreal.
- 7) Efficient R&D framework – Nestle has the world's biggest food and nourishment research association with 21 R&D focuses. Its innovative work capacity is one of its key upper hands. There are in excess of 5000 workers engaged with R&D tasks. It spent about 1.72 billion Swiss Franc on R&D in 2017.
- 8) Environmental supportability rehearses – Nestle invests critical amounts of energy in ecological

manageability practices and take inventive activities in improving its nature of items. It creates propelled answers for decrease squander, water utilization, non-sustainable power source use and bundling material use. To convey manageability benefits with its clients and keeping the earth clean, Nestle propelled a free versatile application that causes individuals to reuse squander bundling material accurately.

- 9) Large conveyance framework – Nestle claims a boundless and enhanced dissemination framework that isn't just infiltrated in urban regions yet in addition provincial districts. It has adjusted neighbourhood dispersion strategies and decentralized way to deal with maintains the business proficiently in separate nations.
- 10) Settle has solid associations with providers, retailers, merchants, and wholesalers.

#### *Nestlé's Weaknesses:*

- 1) Price changes by retail giants – Nestlé's basic food item deals are significantly accomplished through colossal retail giants like: Walmart, Tesco, and Kroger. Any decline or increment in costs by these retailers can influence the organization's deals.
- 2) Span of control and organisational structure – Nestlé is sorted out in a framework structure, which proposes that an outsized number of brands are under a proportionate gathering which makes the organization to some degree testing to deal with the huge organization and individual brands that can frequently wind up in a contention and irreconcilable situation.
- 3) Water controversy: Recently, the organization was blamed for unlawfully siphoning a large number of litres of water in 6 countries where the occupants are oppressed of drinking water.
- 4) Social reactions – The media had focused on the organization over and over again. The case to privatize water, deceiving naming, and a claim for chocolate making utilizing youngster and slave work are some of the models that necessities to debilitate its market notoriety.
- 5) Maggie Noodles discussion – In 2017, the organization didn't clear a research facility test in India. That made an exposure publicity as individuals boycotted Nestle, it caused to the loss of 80% of piece of the pie inside the nation. Settle asserted 'No additional MSG' inside the Noodles bundles. Nonetheless, multiple times more lead was found inside the item in the wake of testing.

#### *Nestlé's Opportunities:*

- 1) Venturing small food new businesses – Nestle has a fabulous chance to develop the quantity of small food businesses under its well-known brand name. Settle can likewise team up with the new companies to advance its image name.
- 2) Internet shopping – Nestle has a momentous chance to help its web-based business destinations and web based shopping stage. Not many CPGs are offering on

the web administrations to make the shopping experience increasingly agreeable and lovely. In spite of the fact that Nestle has its online stores in a couple of nations.

- 3) Market infiltration for breakfast cereals – Nestlé's oats and oats showcase have demonstrated quick development as of late. Hence, infiltrating this market more would be exceptionally rewarding for the organization.
- 4) Extending prepared to-drink tea and espresso advertise – The interest for tea and espresso is constantly on rise, rendering a beneficial open door for Nestle to prep this market more.
- 5) Organizations – Strategic unions with other food and drink giants are likewise an extraordinary open door for the organization to build its incomes and benefits.
- 6) Authentic labelling – Nestle has been criticized for giving misleading nutritional data on its names. Along these lines, there's a chance to improve its practices by giving dependable data and precisely naming its items.

#### *Nestlé's Threats:*

- 1) Unlawful rainforest obliteration discussion – In 2017, Nestle was claimed of association in the devastation of Sumatra's last tract of rainforest. It confronted serious reactions from NGOs and hippies in such manner.
- 2) Water shortage – Nestlé's creation is exceptionally subject to water utilization. Getting to the spotless water through less expensive sources has gotten hard for the organization because of numerous reasons. These incorporate expanding populace, environmental change, developing interest for food and water, expanding contamination, water wastage, and overexploitation of assets.
- 3) Rising rivalry – Many CPG organizations like Mondelez and Unilever offer comparative food and refreshment items. It is difficult for Nestle to contend in such a circumstance where the substitute items are effectively open.
- 4) Government guidelines and costs – Government guidelines can influence the business tasks of Nestle. Also, the expanding costs of wares power the organization to build the costs of its items. It will prompt deals decrease as purchasers can change to different brands which are accessible at low expenses.

## **4. BCG Matrix in Marketing Strategy of Nestlé**

### *A. Distribution*

With its expanded and wide item portfolio, Nestle has had the option to make its item accessible to the end buyer through its broad system of dispersion. Creating countries have been the greatest open door for an organization like Nestle as there is difficulties and opportunity in entering the market. Settle utilizes multi-channel procedure to appropriate its items.

### *B. Brand Equity*

Nestle is Fortune 500 organization and it does singular

marking of their brands which help it in making high visibility and awareness. Negative marking also worked for the organization when some countries prohibited Maggie Noodles because of the nearness of lead content which later was settled and the restricted was uplifted.

### C. Competitive Analysis

The health, Nutrition and wellness advertise is exceptionally serious and is stuffed with nearby and global players. Likewise, nestle is confronting rivalry from pharmaceuticals organizations.

### D. Marketing Analysis

With an enormous number of players battling in a similar market, entrance to the undiscovered market is the thing that is driving the business to advance development. Nestlé has hardly any item classifications which are not unreasonably well known and are confronting extreme rivalry from the opponents.

### E. Customer Analysis

With such a wide scope of items in various categories, Nestle serves diverse pocket size as well. Being a worldwide organization, it takes into account the changing needs of the number of inhabitants in a specific country appropriately and seriously.

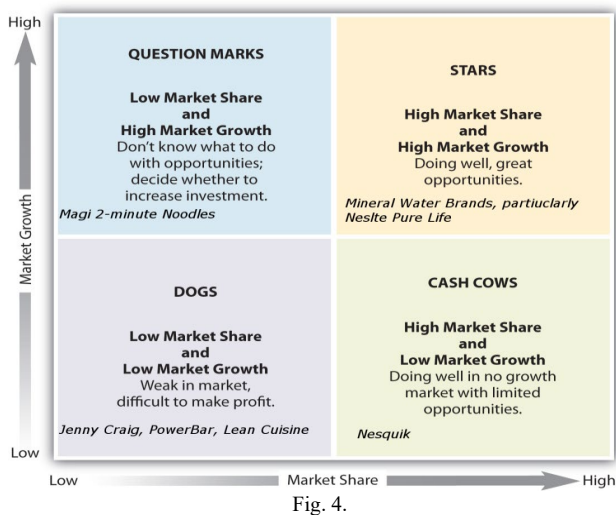


Fig. 4.

## 5. Conclusion

The research on Nestlé has definitely helped me of the advantages and knowledge. Nestle is the largest world's leading food manufacturing company and it is the market leader in Coffee, mineral water and it also produces a huge variety of products which includes cooking aids, prepared dishes, milk products, cereals, baby foods and pet care products as well.

Nestlé applies great efforts to achieve its vision to have the company be leading in Nutrition, Health and Wellness by manufacturing good quality products to the consumers. The company learns the consumers needs every now and then and fulfil the needs of the customers as much as they can. Nestlé has special qualities, such as higher financial abilities, great marketing strategy, strong R&D, and solid innovative work. Their great leaders and administrations have helped them go through the obstacles.

Moreover, Nestlé centres around its mission and guarantees consistency by making the correct decisions to oversee and manufacture the products and its business to convey the guarantee of GOOD FOOD, GOOD LIFE everywhere throughout the world.

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