

Nestle milo

Business



This research paper investigates the literature available on the company “NestleMilo”, with regards to the Singapore market. It takes a critical look at the market situation, with particular focus on target market, consumer purchase capacity and their purchase trends. In addition, the research paper establishes the current trends in the market and how the company can utilize them to maximize their profits. Further, the paper evaluates the descriptive information using relevant marketing theories to determine the strengths, weaknesses, opportunities and threats (SWOT) that are currently facing the company or its product brands. According to literature, Milo is a typical chocolate and malt powder that is produced by the Nestle Company. This company initially operated in Sydney, Australia, but supplied its products to several countries around the globe.

The product comes in form of powder packaged into green tins with drawings that depict various sporting activities. Milo is generally available in various forms depending on the country where it is marketed. For instance, it exists in the form of pre-mixed beverage in various Asian countries or as a snack bar in other countries. The main intention of the manufacturing company is to suit the taste of the concerned markets. In fact, that is the reason that the composition and taste of the product differ from one country to another.

The product has the largest market in Singapore and Malaysia where it has become synonymous with drinks containing chocolate flavor. However, this is mainly historical in the sense that Milo was once a nutrient supplement in the countries. As a result, it significantly gained popularity as the drink of choice for both young and old generations. In Singapore Milo is dissolved in hot water to produce a smooth chocolate drink that can either be drunk hot

or cold with addition of ice cubes. In the past, “Milo vans”, which were particularly made for school children, were popular in primary schools where pupils would make long queues to collect their cups of the drink using coupons.

Essentially, this is the reason that the product remains in command of a big market share in Singapore (Curley & Mark 1990). The market situation for Milo in Singapore is quite good. However, the marketers had to be more aggressive in their marketing strategies so as to maintain a large market share. In 2010, for instance, Milo producers entered into business partnership with Singapore Sports Council in launching what was known as “National Well Wishing Campaign”. This partnership was supposed to appeal to well-wishers in order to penetrate the market. By launching a youth project such as sport, the company intended to tap into the young population that forms a great percentage in the overall Singaporean market.

In fact, the partnership coincided with the “Youth Olympic Games” and Commonwealth Games that had attracted young people from different parts of the country. By the end of these events, the campaign had made significant gains in creating general awareness, especially for malt-based Milo hot drink. Furthermore, the focus on young population during these games helped to portray the product as a nutritional energy drink that is the best for athletes. According to literature, the status of Milo drink as energy drink was reinstated during these games to a great extent. In fact, that is why Milo tins in the country bear drawings that depict various sporting activities, especially those which are popular among the youth.

Essentially, this leaves no doubt that the company has always targeted the youth in promoting their product. Nonetheless, these efforts have yielded positive results as consumer statistics indicate that most buyers are people below the age of 25. In fact, this group buys Milo products in bulk, suggesting that it has become a popular culture among the youth in the country. However, the interesting thing about this approach is the fact that it has not stopped the older generation from using Milo. In fact, Milo consumption in this section of the inhabitants of Singapore is so high that no product promotion is necessary.

That is probably why there has been a major focus on the young generation. According to literature, the older generation grew up at a time when this product was first launched into the market and have remained loyal customers since then (Christensen, 1997). The strength of the product made the company retain its exemplary innovativeness and unrivaled brand strength. This certainly conforms to the theory that marketers should focus on the market demands and modify their products, so that they can suit the market preferences. According to the literature available, the company has always introduced new products into the market in order to suit the ever-changing market preferences in Singapore.

Eventually, this has greatly enhanced their penetration of the general market as every citizen ends up getting a product that they like, thus inducing customer loyalty. Although this is quite an expensive venture considering that the company has to conduct extensive research, it is worth the expense. In fact, it is one of the factors that have maintained the company at the top of the beverage market in Singapore. In addition, the company has enjoyed <https://assignbuster.com/nestle-milo/>

immense support from its parent company, which has branches all over the world. In most cases, the marketers find it very easy to launch new products into the market so long as they associate it with the parent company, due to the fact that the company name has itself become a brand (Curley & Mark, 1990).

However, the company has also had its share of weaknesses that cannot be ignored. For instance, the product has not significantly penetrated the international market. In 2003, the company only exported 11% of its produce to the global market. Yet still, 67% was sent to Russia. Essentially, this meant that what made it to the global market was quite insignificant. According to literature, Russia has been a volatile market for Milo over the years.

As such, it gets quite tricky when it becomes the main focus of international sales. In addition, the supply chain that has been adopted in the Singaporean market is quite shaky. Ideally, it does not allow for proper maintenance of hygiene and quality of edible inputs (Galdston, 1960). The main market opportunity that the company can perfectly exploit is the chance to expand to smaller towns in Singapore. In fact, this could be a great advantage considering the fact that the country's demographic profile is slowly changing in a manner that is likely to favor the consumption class.

Accordingly, this portends a bright future for the consumption of the product.

In addition, there is also the opportunity to expand by introducing products that the parent company is already famed for. These may include things like caramels and chocolates. On the other hand, the main threat to the

company and its products is the level of competition from other sectors that are certainly more organized. In fact, the idea of market liberalization has caused a generalized reduction in import duties, thereby, opening the market for foreign investors. Moreover, the ever-changing consumer trends have certainly complicated things for the company.

This is mainly due to the fact that the company has to constantly modify its products to suit the emerging market trends (Christensen, 1997). In conclusion, the Milo Company has remained relevant in the market for quite a long time. However, they have currently decided to focus on the youth population by associating themselves with sporting activities. Although this has assured them a significant portion of the market, it has not completely helped them to evade certain market challenges, among them competition and changing consumer trends.