

# The importance of strategic marketing plan for nestle marketing essay



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The definition of FMCG is Fast Moving Consumer Goods which is alternative for CPG (consumer packaged goods) inclusive of production, marketing and distribution. FMCG are durables that are consumed regularly. The industry involves selling, supply chain management, production, financing, activities that generate an income on sales due to fast turnover. The purchase cycle of some of these items is small in comparison to other durables.

### **1. 1 FMCG industry economy**

FMCG is wide industry with many competitors. The number of manufacturers is growing. The investment in this industry is also growing.

### **1. 2 Common FMCG products**

**Some of the examples of FMCG products are:**

- \* Coffee,
  
- \* Tea,
  
- \* Dry cells,
  
- \* Greeting cards,
  
- \* Gifts,
  
- \* Detergents,
  
- \* Tobacco and cigarettes,
  
- \* Watches,
  
- \* Soaps,

- \* Plastic goods,
- \* Paper products,
- \* Batteries,
- \* Bulbs,
- \* Cosmetics

**Some common FMCG product categories include:**

- \* Food and dairy products,
- \* Glassware,
- \* Paper products,
- \* Pharmaceuticals,
- \* Consumer electronics,
- \* packaged food products,
- \* Printing and stationery,
- \* Household products,
- \* Photography,
- \* Drinks

## **One of the leading companies in Sri Lanka that is well known for FMCG is Nestles.**

### **2. 0 Introduction**

Nestle Lanka PLC deals in the manufacturing of food and beverages in Sri Lanka . The food items are mainly dairy products. The company produces noodles and coconut milk powder products too. The brand names used by Nestle Lanka PLC are, NESTOMALT, MAGGI, NESPRAY, MILO, and CERELAC. This company is globally situated with the Head office in Sri Lanka.

### **3. 0 Areas looked into in the strategic plan**

Introduction

SWOT Analysis

STPD Analysis

BGC Matrix

Michael Porter's Five Forces Model

Brand Recall Value & Future Trends

Marketing Strategy

Marketing Targets from the financial year 2010-2011

The 4 P's-Products, Promotion, Price, Place

Marketing Research

Marketing Budget

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## Implementation Controls

### **3. 1 The Noodle Market**

Basically made of flour under modern production facilities. Each production requires a 'good for consumption' certification. Other than bread noodles in Sri Lanka has a quite a large demand. Noodles differ according to the raw material used. It also differentiated according to the size of the noodle. Some of the popular noodles are Rice vermicelli in Sri Lanka, Beehoon in Malaysia, Mee fun in China, Bifun in Japan, and the list goes on. But the largest consumption is by China and Japan.

#### **3. 1. 1 Maggi Noodles**

Maggi is very popular among Sri Lankan as the 2 minutes noodle. This is an instant product. Although this was popular among busy women in the urban areas, the semi urban women who made it a point to cook each day, was extremely concerned of the nutrition value of the food that their children had turned a blind eye to this product. Although there was a lot of money spent on advertising, Maggi sales were slow. Months of research showed Nestles that there target market was wrong. They needed to target the children for they were the ones who enjoyed the flavour. Maggi moved from being a convenient product to fun product. The slogan went on to say 'Fast to cook, good to eat.'

Maggi was aggressively promoted by sponsoring children's events, giving free samples, media advertising showing a 2 minute preparation to feed hungry children after play. The sole purpose being communicated of the benefits and convenience of this 2 minutes meal. 5. JPG

It was in late 2000 that the instant soupy noodles were introduced. The ad will bring a smile in many as you hear the words “ Appi podi sellamak karamu, Ammi kiyana kota kanna, bonna”

In addition Nestles offered other Maggi products like sauces, ketchups, seasonings, etc., but the noodles was the most popular of them all.

There was a decline in the market with Prima put out an instant noodle that was palatable to Sri Lankans called Prima Kottu Mee. But Nestles was quick to counter act with spice flavoured Maggi noodles, which helped win back the lost market share. There after Maggi had very little competition, till early 2008 when information spread on the unhealthiness of the substance in the sachet.

#### **4. 0 SWOT Analysis**

SWOT analyses Strengths, Weaknesses, Opportunities, and Threats of the business. SWOT looks in-depth into internal and external factors that affect the objective of Nestles noodles.

##### **Strengths**

Market leader, Brand loyalty, Distribution channels, Advertising strategy

##### **Weaknesses**

Heavily dependent on One flavour , Minor distribution problems, Health related issues

## **Opportunities**

Unexploited rural markets, Increasing number of working youth, Innovative flavours for Sri Lankan taste buds

## **Threats**

Strong presence of regional competitors, Competitive pricing (Prima), Affinity of Sri Lankan to Chinese food

## **5. 0 STPD Analysis of Maggi Noodles**

Segmentation: Based on lifestyle and habits of urban families

Targeting: Kids, Office goers

Positioning: With statements such as “ 2 minute noodles” and “ Easy to cook, good to eat”

Differentiation: Taste, Flavours, Packaging

## **6. 0 BCG matrix**

The BCG matrix is known in many names. (Aka B. C. G. analysis, B. C. G.-matrix, Boston Box, Boston Consulting Group analysis) The creator is Bruce Henderson for the Boston Consulting Group in 1970. Helps businesses to use analytical tools to allocate resources in strategic management.

bcg. bmp

## **6. 1 Michael Porter's Five Forces Model**

Porter's five forces were developed by Michael E. Porter in 1980. This is an analysis of competitors and their strategies. This is an important tool when structuring a strategic process

Porter identifies forces affect all markets and sectors and their profitability within the industry. With the information acquired from the Porters five the Nestles will be able to decide ways to manipulate the industry.

### **Rivalry among Competing Firms**

Rivalry among competitors is very fierce. There are scarce customers because the industry is highly saturated and the competitors try to snatch their share of market. Market Players use all sorts of tactics and activities from intensive advertisement campaigns to promotional stuff and price wars etc. Hence the intensity of rivalry is very high

### **Bargaining Power of Consumers**

Bargaining power of consumers is also very high. This is because switching costs of most of the goods is very low and there is no threat of buying one product over other. Customers are never reluctant to buy or try new things off the shelf.

### **Potential Development of Substitute Products**

There are complex and never ending consumer needs and no firm can satisfy all sorts of needs alone. There are plenty of substitute goods available in the market that can be re-placed if consumers are not satisfied with one. The wide range of choices and needs give a sufficient room for new product



development that can replace existing goods. This leads to higher consumer's expectation.

## **Potential Entry of New Competitors**

Does not have any measures which can control the entry of new firms. The resistance is very low and the structure of the industry is so complex that new firms can easily enter and also offer tough competition due to cost effectiveness. Hence potential entry of new firms is highly viable.

## **Bargaining Power of Suppliers**

The bargaining power of suppliers of raw materials and intermediate goods is not very high. There is ample number of substitute suppliers available and the raw materials are also readily available and most of the raw materials are homogeneous. There is no monopoly situation in the supplier side because the suppliers are also competing among themselves.

## **7.0 Marketing Strategies**

### **7.1 Financial objective**

To increase profit by 15% from the profit declared as at Dec 2010. The budget for the marketing promotion is Rs. 2, 000, 000/-

Budgeted Profit & Loss Account 2011-2012

Rupees in Millions11. gif

Sales

25

Cost Of Goods sold

5

Gross Sales 6. jpg

20

Administrative Expenses

1

Marketing Expenses

2

R & D

0.5

Promotion

1

Distribution

0.5

Marketing Research

1

Miscellaneous

0.5

## **7.2 The 4 P's**

**Product:** Introduction of a healthier noodle. A red rice flour to be introduced. Increase the fibre contents. Add artificial nutrients. Make the product cheaper for the rural folk. 100 grams, 200grams, 400 grams packets to be introduced.

**Price:** Healthier noodles to attract health conscious clientele. A family pack to be introduced at a discount of 5%. The packet that goes at Rs 40 to be sold at Rs. 35. 9. jpg

**Place:** Large distribution network. Distribution to small shop lets. Have a mobile van distributing samples at a Sunday fair. Get a renowned chef famous among the rural folk e. g.: Mr. Pabilis Silva to demonstrate certain dishes with the use of Maggi noodles.

**Promotion:** Communicate to the public the health aspects in consuming Maggi noodles. Advertise using rural children running through paddy fields to capture the hearts of semi urban. Use young public figures, icons; brand ambassadors may it be sports like Tehani Guruge for Squash, Charith Rajapaksha for Cricket under 17. or child actors and actresses. Promote in schools.

## **7.3 Time line**

## **7.4 Future trends**

### **7.4.1 Objectives 8. jpg**

Introduction of characters that attract the attention of kids.

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Organizing of programs and competitions for kids at Vihara Maha Devi Park or children schools.

Cooking demonstrations with the use of Maggi- awards and hampers for innovative recipes.

## **8. 0 Research methodology**

Target Area: Small towns

Customers: Kids, House wives

Shop sample: Minimum 25

Customer Sample Size: Minimum 75

## **8. 1 Implementation Controls**

Monitoring, review and control will be done by the Director Marketing at Nestles. Monthly review with Director Finance and CEO of Nestles.

### **8. 1. 1 Areas of monitoring**

Implementation of marketing plan

Actual to targeted goals.

Gap of analysis

Corrective action

Redo marketing plan after review

## **9. 0 Conclusion**

### **9. 1 Re-launch of Maggi**

Till 2008 Maggi was a core brand for Nestles. It was at the beginning

2011that Nestles decided to go healthy with new tastes and added nutrition.

<http://www.google.lk/images?q=tbn:ANd9GcToIkd3Q->

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### **9. 2 Maggi takes the Health Route**

In May 2011, Nestles introduced Maggi Rathu Kakulu.