

# Nestle fruit yogurt company



**ASSIGN  
BUSTER**

**Abstract**

Nestle Fruit Yogurt is one of the famous product launched by Nestle all over the world. Most of the countries where Nestle has launched it, have accepted the product very well. This shows that product has potential and if marketed properly can do wonder by enhancing Financial statement profits for Nestle. Here we are making an analysis of UAE as Nestlé's future destination of launching Fruit Yogurt. In this study we are seeking financial, marketing and Resource planning of Nestlé's launching campaign in very first year. This analysis can help Nestle in making deciding whether to launch the product in Emirates and how to launch the product.

**Executive Summary**

A marketing plan usually provides a sound framework for development of marketing strategy for any product. There is a list of action items inclusive of objective, sales budget requirement, resource requirement etc. It's very relevant part of the total business plan. In our first submission, we had talked at length regarding cultural and economic analysis related to market and features of offered product. This project submission will be taking us forward from where we had left in the last assignment. Here, We will take closer look at the nuances of running a good business like understanding target market, designing suitable promotion strategy, having total overview of distribution marketing and production processes.

The last part has explained in detail about the benefits of the Nestle Fruit Yogurt. It has also explained how it is suitable for UAE climate and how its launch in United Arab Emirates will make a new trend of having healthy

snacks and lunch. We, in last part, also analyzed that the market condition of UAE and preference and desires of Emirates.

Now, in this study, we are going to study how to market the product & how will it work in the UAE. We are going to analyze fully what will attract Emirates to our product.

Traditional approach to look at any product that is based on marketing involves the understanding of:

- Financial data.
- Product data
- Sales and distribution data
- Advertising and sales promotion data

We are going to approach this study in this traditional approach to make a detailed Market launch analysis of the product. (Yogurt)

## **Marketing Plan**

### **Introduction**

Marketing Plan will analyze how to strategize the launch of Nestle fruit Yogurt in UAE. It will check out the advertisement, Promotion and Packaging plans for this new product. The detailed will work as the initial plan for the launch of the product in UAE and it will be subjected to change gradually as the sale will follow the expectation or will deviate from its initial plan.

### **Marketing Objective**

#### **Target Market**

Since Nestlé's fruit Yogurt will be totally new product in UAE and therefore is not well known. In our last submission, we had highlighted about specifically

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targeting the age group of 15-35. This was basically based on the consumption trend of this group.

### **Expected Sales**

Sales objectives define the projected quantity of goods that can be sold. Hence it is very relevant for the success of businesses that realistic and achievable objectives should be set. We are expecting the total sale of 650 tonnages of Nestle fruit Yogurt in United Arab Emirates. Our expectation is very optimistic as it is nearly 60% of the total present market.

### **Profit Expectation**

As we are planning to have 650 tonnages of sale in UAE, therefore we are expecting Nestle to have at least profit of 9% around on the product which comes in the range of 0.09 percent\*650 tonnages \*9463 AED per tonnage ~ 553,385 AED which is really decent as we can see that this is just a launch year.

### **Promotion Mix**

#### **Advertising**

#### **Objective**

Main objective of advertisement is that it will be to drawing attention of the health conscious customers towards Nestle fruit Yogurt. Since the Nestle Fruit Yogurt belongs to premium segment where more stress will be provided to attract urban area customers who are willing to use something new.

Actually if we start trying segmenting of the people of UAE, we can segregate UAE people into two major categories. One who usually prefers to have new products present in the market and these people are usually called

experimenters. Other kind of category which tries to retain their own age-old family used brand which usually bar them from taking any new product.

Seeing this, we need to make its Nestlé's image to look as fashionable and premium class. To make this image, we can try using some Hollywood star who can endorse our product and which is youth icon famous among Emirates.

### **Media Mix**

We are planning to use the media mix in such a way to approach every single people in Emirates to make them aware of this new product coming in the market. Since ours will be the first company launching this product on such a large scale in UAE therefore it can become a tough task to inform & to educate consumers about health benefits and differentiation of our product from the entire existing product in the Emirate market. Hence we need to use below given promotion media mix:

- Kiosks
- Advertisement in magazines, television and newspapers.
- TV program.
- Banners
- Billboards.

The way we are planning to make this promotion is to have it in various phases. Actually, In first phase, we are planning to have awareness program. Then in next phase we are planning to market the real product among the Emirates through use of hoarding, kiosks, banners and all the other media methods.

**Message**

Nestle Fruit Yogurt should be aiming to recognized as a healthy food product company. This company wants to be known as a firm which usually provides high quality health products. Idea will be to convey its young and premium image to the consumers. Message should be something similar to “ Taste with Health!!!..... Try me!!”.

**Cost**

## Advertisement

TV Advertisement 40000

Newspaper  
Advertisement 20000Kiosk  
Advertisement 10000Magazine  
Advertisement 20000

Banners 10000

BillBoards 10000

Promotion 10000

Advertising	\$ 120,
Expense	000. 00

## **Sales Promotion**

### **Objective**

The objective of sales promotion is usually to attract more and more consumer in the very first year. This will be done by the help of affordable micro packaging of size small as 100g. This will be the smallest container that should be available among the customer because tinier than this package can affect the brand image of Nestle which is the last thing Nestle company want to do.

### **Premiums**

Premium is used in a way in order to associate our product with real use product needed by segment we are planning to target. Since here for Nestle fruit yogurt we are targeting premium segments youth who are really conscious about their health we can offer them some diet free sugar product.

### **Coupon**

Other kind of consumer attraction tactics that usually comes when some new product is launched is the Coupon Tactics. Here with Nestle fruit yogurt we can plan to give some consumers who are winning lucky draw, a free gym coupon to some posh area gym.

### **Cost**

Cost allotted with promotional strategy will be less only as company will be targeting more of awareness and less of sales. Therefore company will be <https://assignbuster.com/nestle-fruit-yogurt-company/>

stressing more on advertisement and less of promotion which appears from the budget itself which allots \$10000 only for promotion activities.

### **Personal Selling**

In the initial stage company is not planning to sell its product the personal selling as this will reduce the company's brand image which is really good considering the international brand image of Nestle.

### **Other Promotional Method**

Promotional strategy which Nestle is planning is already mentioned. As of now, Nestle fruit Yogurt product will not be experimented using some strange and innovative promotional technique. May be it can work Nestle will not be taking risk in UAE market.

### **Distribution from Origin to Destination**

#### **Mode of Distribution**

Nestle like all of its dairy product will prefer roadways mode of transportation. It will distribute its product to the wholesalers and retailers through Nestle Van which will have freezing facility available with it. Products are of lesser expiry date therefore it will be preferable for Nestle to have its own distribution system to avoid delayed delivery.

### **Packaging**

#### **Marking and Labeling Regulations**

Usually, on any package, many kinds of labels are used. Many may include product certifications and trademarks and the food authority approvals. In order to utilize full use of packaging, it is suggestible to publicize the health benefits related with Nestle fruit Yogurt through labeling.



**Containerization**

To avoid piracy and ease operational requirement company should always use bar codes, identification and RFID numbers. This should be done for trouble-free shipment & tracking of the goods. Another related important aspect which needs to be considered is the container standards. It should be of international standard.

**Costs**

Packaging use a significant portion of total cost related with a product. For example, in Dairy Product industry, packaging cost may be as high as 30% of total cost. Whatever be the case company should try to reduce this cost as much as possible. Following international standard of hygiene and maintain a premium quality forces price to increase to go beyond the limits. Therefore company should try to use some beneficial strategy to reduce the packaging cost to be as low as 10% of the product in long term.

**Price Determination****Transportation Cost**

It will be there as always but usually depends who is going to bear this charge company, wholesaler or retailer. Here it will be borne totally by wholesaler only. Wholesaler will need something in order to take this cost and keep making profit. Therefore company is giving hefty commission to the wholesalers @ 13.5 %.

### Handling Expenses

Handling expense for making the product to reach on board to fulfill the requirement of FOB will be borne by company itself. This cost will be included in other miscellaneous cost.

### Whole and Retail Mark Up and Discounts

Product Cost	Percentage of Cost
Fruit \$ 1,	
Yogurt 100,	
Cost(650 000.	72. 7%
ton) 00	
	\$
Packaging 110,	
Cost 000.	7. 3%
00	
	\$ 85,
Selling 000.	5. 6%
Expense 00	
	\$
Advertisin 120,	
g Expense 000.	7. 9%
00	

\$ 93,  
 Distributio  
 000. 6. 1%  
 n Expense  
 00

\$ 5,  
 Misc  
 000. 0. 3%  
 Expense  
 00

\$ 1,  
 513,  
 000.  
 00

Selling \$ 1,  
 price(Profi 644,  
 t Margin 631.  
 8. 7%) 00

AED  
**Final Price** price

AED  
 \$ 1,  
 5,  
 513,  
 Product Cost 555,  
 000.  
 736.  
 00  
 00

Selling \$ 1, AED  
 price(Profit 644,6,

Margin 8. 7%) 039,  
631.  
085.  
00  
03

Selling Quantity

we are targeting 650

(Ton)

**Company Price**

Selling price per ton AED  
\$ 2, 9,  
530.  
290.  
20  
90

Selling price per Kg \$2. AED  
53 9. 29

Selling price per 250g Pack \$0. AED  
63 2. 32

Selling Price per 100g pack \$ 0. AED  
025 0. 09

**Wholesale Price  
(@13. 5% WS  
Commission)**

Selling price per Kg \$2. AED  
87 10.

55

Selling price per \$0. AED

250g Pack 72 2. 64

Selling Price per \$0. AED

100g pack 03 0. 11

**Retail Price  
(@13% Retail  
Commission)**

		AED
Selling price per	\$3.	11.
Kg	25	92

Selling price per \$0. AED

250g Pack 81 2. 98

Selling Price per \$0. AED

100g pack 03 0. 12

(Statistics, 2003)

**Pro-formal financial Statement and Budget**

**Introduction**

In this plan we are going to study detailed financials about the Nestle Yogurt Product. The product financial will include product costing and product pricing for the UAE market. Most of the pricing we are doing in \$ terms and at last we are converting them in AED terms.

**Marketing Budget**

**Advertisement/Promotion Expense**

**Advertisement**

		AED
TV	\$40,	146,
Advertisemen	000.	880.
t	00	00

		AED
Newspaper	\$20,	73,
Advertisemen	000.	440.
t	00	00

		AED
Kiosk	\$10,	36,
Advertisemen	000.	720.
t	00	00

		AED
Magazine	\$20,	73,
Advertisemen	000.	440.
t	00	00

		AED
	\$10,	36,
Banners	000.	720.
	00	00

		AED
	\$10,	36,
BillBoards	000.	720.
	00	00

		AED
	\$10,	36,
Promotion	000.	720.
	00	00

		AED
	\$ 120,	440,
Advertising	000.	640.
Expense	00	00

**Distribution Expense**

**Distribution Cost**

		AED
	\$ 20,	73,
Store Payroll	000.	440.
	00	00

		AED
	\$ 10,	36,
Store	000.	720.
Management	00	00

		AED
	\$ 10,	
		36,
Rent	000.	720.
	00	00

		AED
	\$ 10,	
		36,
Utilities	000.	720.
	00	00

		AED
	\$ 10,	
		36,
Depreciation	000.	720.
	00	00

		AED
	\$ 20,	
		73,
Repair	000.	440.
	00	00

		AED
	\$ 13,	
		47,
Maintenance	000.	736.
	00	00



		AED
<b>Total</b>	<b>\$ 93,</b>	341,
<b>Distribution</b>	<b>000.</b>	496.
<b>Expense</b>	<b>00</b>	00

### Product Cost

Processing Milk to Yogurt

cost

	\$800,
<b>Raw product</b>	000.
<b>Milk(600</b>	
<b>ton)</b>	00

### Processing Variable Cost

Sugar

Stabilize

rs

Fruit

/Flavors

Bacteria

Culture

Fuel

**Total** \$200,000.00

**Processing Fixed Cost** \$100,000.00

**Final Yogurt product(620 ton)** \$ 1,100,000.00

**Product Cost Percentage of Cost**

Fruit \$ 1,100,000.00  
 Yogurt 100,000.00  
 Cost(650 ton) 72.7%

\$  
 Packaging 110,000.00  
 Cost 7.3%

Selling \$ 85,000.00  
 Expense 5.6%

00

\$

Advertising Expense 120,000. 7.9%

00

Distribution Expense \$ 93,000. 6.1%

Miscellaneous Expense \$ 5,000. 0.3%

\$ 1,

513,

000.

00

Selling price (Profit Margin 8.7%) \$ 1,644,631.00

AED

**Final Price** price

Product Cost \$ 1, AED

	5,
	513,
	555,
	000.
	736.
	00
	00
	AED
	\$ 1,
Selling	6,
price(Profit	644,
Margin 8. 7%)	039,
	631.
	085.
	00
	03

Selling Quantity

we are targeting 650

(Ton)

**Company Price**

	AED
	\$ 2,
Selling price per	9,
ton	530.
	290.
	20
	90

Selling price per \$2. AED

Kg 53 9. 29

Selling price per \$0. AED

250g Pack 63 2. 32

Selling Price per \$ 0. AED

100g pack          025 0. 09

**Wholesale Price  
(@13.5% WS  
Commission)**

Selling price per \$2.          AED  
Kg                                  10.  
87                                  55

Selling price per \$0. AED

250g Pack          72 2. 64

Selling Price per \$0. AED

100g pack          03 0. 11

**Retail Price  
(@13% Retail  
Commission)**

Selling price per \$3.          AED  
Kg                                  11.  
25                                  92

Selling price per \$0. AED

250g Pack          81 2. 98

Selling Price per \$0. AED

100g pack          03 0. 12

**Other Cost**

Misc \$ 4, 000.

Expense 00

**Pro forma annual profit and loss statement (Profit year)**

**Profit And Loss Statement** AED

\$ 1, AED  
 644, 6,  
 Revenue  
**Income** 631. 039,  
 00 085

**Expense**

AED  
 Cost of 800,  
 Goods 000. 2,  
 Sold 00 937,  
 600

Processin  
 200, AED  
 g  
 000. 734,  
 Variable  
 00 400  
 Expense

Processin 100, AED  
 g Fixed 000. 367,  
 expense 00 200

Packagin \$ AED  
 g Cost 110, 403,

	000.	
	920	
	00	
	\$ 85,AED	
Selling	000. 312,	
Expense	00 120	
	\$	
Advertisi	AED	
	120,	
ng	440,	
	000.	
Expense	640	
	00	
Distributi	\$ 93,AED	
on	000. 341,	
Expense	00 496	
	\$ 5, AED	
Misc	000. 18,	
Expense	00 360	
	1, AED	
Total	513, 5,	
Expense	000. 555,	
	00 736	

	\$	
		AED
	131,	
		483,
<b>EBIT</b>	631.	
		349
	00	
	\$ 55,	AED
	000.	201,
<b>Interest</b>	00	960
	\$ 76,	AED
	631.	281,
<b>EBT</b>	00	389
	\$ 15,	AED
	326.	56,
<b>Tax @</b>	20	278
<b>20%</b>		
	\$ 61,	AED
	304.	225,
<b>Net</b>	80	111
<b>Income</b>		

(Ng, 2007)

## Resource Requirements

### Introduction

Whatever is the marketing plan, until and unless you are not getting your Resource requirement fulfilled, you cannot start a business. This section, we will study about the way the company will be able to get its resources right.



**Finances**

Usually Company gets its finances from either debt or equity or through some stake acquisition by some other firm. It will be totally dependent on cost of capital of raising money from the market and cost of debt of raising money from debt. We are assuming to have overall cost of capital as 5%. The launching project will include total requirement of 1. 1 million out of which company can plan to have 6 million as debt and 5 million as equity.

**Personnel**

Any firm while expanding or launching a new product will require some Personnel. The company should be ready with kind of skills portfolio which company will need for its operation. There can be many skills portfolios which company can look into while planning for the launch of new product like:

- HR personnel
- Marketing Personnel
- Finance Personnel
- Operation Personnel
- Sales Personnel
- Labors
- Machine specialists
- Distributor personnel

Depending on the scale which we are launching, Company's requirement will be decided. For the 650 tonnages of requirement company will need as per follows:

Marketing                      60

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Sales	600
Operations (including distribution and packaging)	120 0
Finance	10
Human Resource	40
Information Technology	5

### **Production Capacity**

Production capacity should be planned as per company's aim of expanding in future. As per seeing Nestlé's trend of expansion plan in other countries, we can assume following as company's capacity requirement in future.

- First year 650 tonnages
- Second Year 900 tonnages
- Third Year 1050 tonnages
- Fourth Year 1200 tonnages
- Fifth Year 1400 tonnages

Nestle should have production capacity accordingly.

## **Conclusion**

As we can see from the analysis, we can conclude that the launch of Nestle Fruit Yogurt in United Arab Emirates will be a sure success. Estimated Income statement of very first year is showing Net Income of