

# [Research paper on nestle and marketing](https://assignbuster.com/research-paper-on-nestle-and-marketing/)

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Nestlé’s Market Sustainability:
Nestlé has transformed how corporations view market sustainability by expanding the scope of how it ascertains social and environmental impact of its products. Nestle analyzes all stages in a product lifespan and includes all industry partners in this analysis.
Nestlé’s policy on sustainable environmental practices accounts for environmental considerations in the supply chain from raw materials to the final consumer. This enables them transform perishable goods into safe and high quality food products that meet consumer needs. Systemic management of environmental performance is therefore a key factor in Nestlé’s sustainable development strategy.
In terms of sustainable social development, Nestlé’s future growth and existence depends wholly on meeting consumer needs. This is accomplished by creating companies in every country to be close to consumers and develop long-term trust bonds. This way of doing business invests heavily in the skills of people in each country thus creating long term relationships and trust with suppliers, employees, governments, business partners and society as a whole. The Nestle Corporate Business principles lay out the guidelines each employee should follow to successfully implement this long-term approach to business.

## QUESTIONS:

Question 1: Factors to be considered in price setting:
A firm’s pricing decisions are usually affected by both internal and external environmental factors.
Internal factors that affect pricing decisions:
Marketing objectives: Market positioning mainly influences the pricing strategy. The firm may also seek out other marketing objectives such as survival of the firm, profit maximization, market share and product quality leadership.
Marketing mix strategies: Pricing is one of the marketing mix elements that can be used by a firm to achieve its objectives. Pricing decisions must be well coordinated with other market mix elements such as distribution, product design and promotion decisions to form an effective and consistent marketing program. Decisions made for these marketing mix elements may also affect pricing decisions.
Costs: Costs set the pricing threshold for a product. Firms will thus set prices covering costs of production, distribution and sales. The prices set should also deliver a fair return rate for risk and effort. Companies with lower costs can set low prices to boost sales.
Organizational considerations: The management must decide who sets prices in a firm. In smaller firms, top management usually set prices while in large firms with departments, price setting is handled by department and product line management. While sales persons may be allowed to negotiate prices with customers within certain ranges, top management usually sets the pricing objectives and policies and approves prices proposed by lower level management.

## External factors that affect pricing decisions:

Market nature and demand: Costs usually set the pricing threshold, but it is the market and demand that usually set the upper limit. Industrial and consumer buyers will usually balance the product or service price against the benefits of owning it. The marketer must therefore understand the relationship between demand and price for a product and the market. The various markets include pure monopoly market, pure, monopolistic and oligopolistic competition markets.
Consumers’ perception of value and prices: Consumers expect value for money of the product they get. Buyer oriented pricing therefore involves understanding how much value consumers place on the benefits received from a product and setting a price befitting this value.
Competitors’ prices, costs and offers: The nature of competition is usually influenced by the pricing strategies chosen. While low pricing and low margin strategies usually inhibit competition, high pricing and high margin strategies will often attract competition. The best balance is achieved when a firm benchmarks costs against their competitors’.
Other external factors affecting pricing include inflation, interest rates and boom or recession. All these affect the product cost and customer perception of the product. The firm must also consider the impact of pricing on other parties that as resellers and the profits they get.

## Most important factor to consider when setting product price:

While factors such as cost, markets and competitor prices are important factors to consider when pricing. The most important factor is for a firm to have clearly set marketing objectives. This will help an organization determine their pricing policies and strategies by balancing all other factors. The key to successful pricing is thus to have well-planned and established strategies and policies, and constantly monitor prices and costs to ensure good profits.

## Importance of adapting product price:

Price adaptation refers to the ability of a business to change its product pricing models to suit various consumer demands, geographical areas and prevailing incomes. Prices adaptation is significant because it determines what prices to be set for which regions, discounts to be made, product promotion etc. The price set must therefore be flexible since high prices will result in low sales while low costs may result in low profit margins. Careful consideration is thus needed when adapting prices.

## Question 2: What important role does staff satisfaction play in the management of service quality?

Employee attitudes and how they feel about their job has a significant impact on their work experience and output. Tangible business outcomes such as sales, profits and customer relations also depend on employee satisfaction. More productivity is realized when employees have a customer centric approach towards their work and work related interactions, but they only tend to do so when they are satisfied with their current job. Employee satisfaction can be achieved by proper motivation in terms of remuneration, allowing them in the decision making processes, regulation of work hour and good cross cultural practices among other factors.