

The product brand line of maggi marketing essay



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Part 1

Introduction

In 1863, Maggi was founded by Julius Michael Johannes Maggi in Switzerland. Julius Maggi developed a flavours recipe to bring added taste to meals. This signified the establishment of the Maggi brand and its product line that is convenient products.

In 1882, due to his well-known for nutrition-oriented approach, a physician called Dr. Fridolin Schuler and the Swiss Government met up with Julius Maggi and told him about the problem of the labouring classes who were suffering from malnutrition. After that, he was asked to seek for a solution in order to improve the nutritional values of meals. Therefore, he created the protein based vegetable food products, which were two instant pea soups and an instant bean soup. These two products were quick to be prepared, easy to be digested and sold in a low price. The products were successfully overcame the problem of woman who were lack of time in preparing meals as more and more woman were working outside. By the turn of the century, the Maggi company also produced other types of products such as bouillon cubes, sauces and flavorings.

In 1947, Alimentana S. A., the manufacturer of Maggi seasonings and soups merged with Nestlé to form Nestlé-Alimentana S. A. Today, MAGGI® has been offering high quality, convenient, innovative, and nutritious products. MAGGI® products help us to prepare nutritious and delicious meals. Its bouillons, soups, seasonings and sauces are useful while cooking and add flavour into our food.

The product brand line of MAGGI®

Culinary products is the product brand line of MAGGI®. Now, in the year of 2013, the products produced by MAGGI® basically can be categorized into four different groups which are noodles, MAGGI® flavour world, sauces and light meals. Among all these products, different kinds of flavours were provided so that the consumers have a variety of choices and select what they want based on personal needs and favourites.

The table below showed all the products produced by MAGGI®:

Category

Products

Noodles

1. MAGGI Hot Bowl Instant Noodle
2. MAGGI Hot Cup Instant Noodle
3. MAGGI 2-Minutes Noodles
4. MAGGI Mi-Goreng

MAGGI® flavour world

1. MAGGI Stock Cubes
2. MAGGI CUKUP RASA
3. MAGGI Liquid Stocks
4. MAGGI HARI-HARI FAVOURITES

Sauces

1. MAGGI Oyster Sauce
2. MAGGI Seasoning
3. MAGGI Red Sauce

Light meals

1. MAGGI Soup
2. MAGGI Porridge

The MAGGI 2-Minutes Noodles Curry

MAGGI 2-Minutes Noodles was first introduced in India by Nestle India Limited in 1982 and act as a market leader in selling instant noodles. Therefore, it becomes a well-known instant noodles brand among all the consumers and many people call noodles as “ Maggi”.

MAGGI 2-Minutes Noodles Curry is one of flavour in the series of MAGGI 2-Minutes Noodles. It is sold in a pack of five. The servings size of each small pack is 79grams for one serving. The noodle contains 48. 6 grams of carbohydrate per serving that provides the energy that we need. It is a convenient product that can be easily found in any marketplace. The package of this product was changed from time to time. The latest packaging carries the new ‘ Protein dari Gandum’ seal as each pack MAGGI 2-Minute Noodles serves as source of protein from wheat.

MAGGI 2-Minutes Noodles Curry – Inferior Product

Inferior products are the products for which there is a direct relationship between changes in income and its demand curve.

Based on our understanding, we categorized MAGGI 2-Minutes Noodles Curry is as a inferior product because the purchasing rate of the consumer is basically based on the income of the consumers. When the income of consumers rises, the demand will be reduced and the amount of buying this product will become less as they will choose to buy a more value based product that deliver higher quality. Conversely, the demand of consumers will increase when there is a fall in their income.

Complement and substitute goods for MAGGI 2-Minutes Noodles Curry

Complementary goods are the goods that jointly consumed with MAGGI 2-Minutes Noodles Curry. The complement goods are as follow:

eggs

sausages

fish balls

crab meats

prawns

carrots

tomatoes

vegetables

bell peppers

caraways

Whereas, substitute goods are the goods that competes with MAGGI 2-Minutes Noodles Curry for consumer purchases. The substitute goods are as follow:

Sajimee mee curry flavoured instant noodles

Ibumie Mi curry flavoured instant noodles

Adabi curry flavored instant noodles

Mamee curry flavoured instant noodles

Cintan curry flavoured instant noodles

Tesco choice curry flavoured instant noodles

Market structure of MAGGI 2-Minutes Noodles Curry – Monopolistic Competition

Part 2

Comparison of the price of MAGGI 2-Minutes Noodles Curry with _____

Based on the research found in Tesco, Kampar, Perak, MAGGI 2-Minutes Noodles Curry are sold at the price of RM4. 39.

Part 3

Advantages and disadvantages for MAGGI® company of being monopolistic competition firm

Advantages

Easy Entry and Exit

Monopolistic competition is an easy entry and exit market because this market face low barriers to entry Unlike a monopoly market, MAGGI® easily entered into a monopolistic competition market and start the business because the products produced are not sole control of any other company. Therefore, MAGGI® can attract the consumes to buy its products as long as they can satisfy the consumers' needs. Besides that, while entering into this market, MAGGI® does not face much problem on government franchises and licenses as well as the patents and copyright as the company will not be restricted to enter into this market.

Price takes

MAGGI® has the authority to set the price for its products in order to maximize its revenue. For example, MAGGI® can increase the selling price when they increase the quality of products to the consumers. The company also can increase the selling price when the input price becomes higher so that they will still earn a constant revenue but not facing a loss. Unlike in the perfect competition market, the consumers might still choose to buy its products even though the price has been increased as long as the products can satisfy the consumers.

Differentiated products will attract buyers to stay loyal

The differentiated products of MAGGI® will attract more buyers and maintain the current consumers to stay loyal since the products have the unique features compare to others. Normally, the consumers will not easily switch to another brand when they are attracted by its special characteristic of the products. This will result in a constant revenue since the consumers might consume the products continuously for a long period of time if they do not find any substitute that is better than the current consuming products.

Disadvantages

Many competitors

Since monopolistic competition market is easy to entry and exit, many companies might enter into this market and thus MAGGI® has to face many competitors. For example, the competitors for MAGGI® are Sajimee, Ibumie, Adabi, Mamee, Cintan and Tesco. The consumers might easily switch to buy the same type of products from another brands if they think it is worth to buy it from other brands rather than from MAGGI®. Therefore, MAGGI® has to consistently observe the strategies of its competitors so that MAGGI® can make suitable action to face the competitor and make its customers to stay loyal.

Higher cost and expenses

Since MAGGI® face a huge numbers of competitors, it is compulsory for a monopolistic competitor to take suitable strategies to attract more buyers.

One of the ways is via advertising its products. We can see that MAGGI®

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advertise its products through television and do many different types of promotion such as buy one get one free, give food testing to the customers, give discounts and organise a contest for the consumers and give out something else as prizes. All these advertisement and promotion required a lot of cost and expenses.

Need to produce differentiated products

In order to compete with other close substitutes, MAGGI® has to come up with differentiated products, which is the products that have real or apparent differences with other substitutes. MAGGI® must be creative and innovative enough to make their product more distinctive and differentiate their products from other competitors in order to attract more buyers and also maintain its current consumers. MAGGI® also has to do certain research and improve its products from time to time to make its products more unique no matter is on the quality, price or packaging.

Earn zero-economic profit in long-run

Unlike a monopolist, MAGGI® will not earn an economic profit but earn a zero-economic in long-run. In long-run, more and more firms will enter into this market structure and the some of the current market share of MAGGI® might be taken away by those new firms. This shows the decrease in the consumers' demand. Therefore MAGGI® will do more advertising to recapture the market share. This will results in the increase of the long-run average cost. The decrease of demand and increase of long-run average cost will continues in long-run until MAGGI® earns a zero economic-profit.

Advantages and disadvantages for a customer of buying a product under monopolistic competition market

Advantages

More innovative product

In the monopolistic competition market, there are many competitors and buyers. In order to attract a large scale of customers, the company needs to produce more innovative product continuously so that they can compete with other competitors and survive in the market place. MAGGI® as monopolistic competition firm will choose to produce more different flavour of instant noodle instead of just produce one type of noodle because it needs to fight against massive of competitor forces. Therefore a customer can enjoy having different types of MAGGI® products and have more choices.

Comparable prices

There are many sellers in the monopolistic competition market. The buyers can compare the prices of the same type of product among different producers so that they could choose to buy the products that offered in an affordable price. For example, consumers can choose either to buy MAGGI® instant noodles or other brands of instant noodles like Mamee and Mi Sedaap.

Convenience for buyers to know the details of the product

Sellers in the monopolistic competition tend to create more advertisements to deliver the information about their products to the public and also develop a stronger position in consumers' mind. Usually the detailed information

about the MAGGI® products such as the new flavour, price, and places that are available to buy the products. The information given will provide convenience for consumers in the process of choosing and buying the product.

Disadvantages

The price of products might not matched with the quality of products

The sellers in monopolistic competition market are free to set the price of products. The seller might set a higher price to earn more revenue but they do not produce the products with higher quality. Therefore the consumers are forced to buy the products expensively. For example, if MAGGI® might produce the same instant noodles but they raise the price to a higher level. Consequently, the consumers have to buy it at an expensive price but they still enjoy the same quality of instant noodles.

Negative impact of advertising

In monopolistic competition, the sellers spend a lot of money in advertising their products. It is a benefit for the consumers to know more about the product but it also has negative impact on customer supremacy. Customers are going to be manipulated by the advertisement and about what they want. For example, customers become attracted over the perception of differentiation, they believe information in the advertisement and buy the product without compare the price or quality.