

# Nescafe's global strategy



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## About Nescafe

Nestle, the largest confectionary, nutrition and Food Company in the world. Nescafe is one of its renowned brands in the business of traditional hot and cold energizing solubles like coffee and is available almost in every part of the world in different forms and variants. It was named as one of the top 100 brands of the world by Bloomberg business week (Top 100 Brands of 2008, 2008). Today, its offerings are available in 32 countries including France, China, Canada, Pakistan, India, UK, USA and others(Nescafé, 2010).

## **Nescafe's Global Strategy**

Nescafe has build a strong brand equity through the use of aggressive marketing strategies globally. Each country/region's Nescafe forms its own strategy to effectively target its audience and generate sales accordingly for the profitability and growth of the company. It is for this reason that some variants are designed and marketed to cater to the needs of that particular segment of the market. It has been noted that Nescafe as a brand is in a intermediary phase from being an exclusive utilitarian consumption product when it used to be just an instant coffee to becoming more of a product with hedonic consumption when it started to create and sell different blends in different markets. Each variant has its own specific feature and personality to add value to the brand under the same name. The company aims at providing products to consumers wherever, whenever and however is required.

Nescafe focuses on the coffee tradition and its historical value. Nescafe's global brand personality can be sincere, down-to-earth, warm and honest and excitement related to friendly, youth and energy however it can be just

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one of the two mentioned above or a mix of both depending upon the target market and the variation.

### Target Market, Promotion Strategies and Media

Nescafe has different target market for its different variants. In the UK, the target market is young adult consumers aged between 20-35 of middle and upper class who have lived with consumption soft drinks and energy drinks like redbull. To capture that market, Nescafe along with its advertising agency decided on building consumer trust and develop work showing lengths that Nescafe users will go to stay away from other substitute goods. A 360 degree campaign was designed which was launched with a TVC, billboards, radio ads, posters, magazines, news paper and many other media's.

In India, with its different variants, is leveraging to vast consumer base and cateting to all segments of the market. The market has been divided on the basis of geographic regions like North, South, East and West, psychographics and demographics. The strategy however has been to focus on values and low-key market penetration using 360 degree promotion campaign.

The Greek market was consuming the traditional Greek Coffee which was served in a tiny cup and with a glass of cold water intended to be drunk first. Nescafe captured this opportunity to grab the market share by introducing its Nescafe Frappe in the Greek Market that change habit of the Greek coffee drinkers. It has been heavily marketed to the target audience aged between 17-30 using clever visuals to show a trendy world of partying and dancing including a stylish living for the younger generation. (Butler, 1988)

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With a deal with MTV to launch a style campaign for the new generation of consumers aged between 16-24 years old, Nescafe has decided to relaunch the brand with a \$30 Million global campaign. Nescafe has been working on targeting its market through the use of interactive youth oriented websites ' Nescafe Live' where consumer will exchange ideas and information regarding images and videos aimed at 16-24 years old consumers of the global market.

In Australia, the marketing mix is aimed at targeting diverse market segments of all age groups. For the young adult café culture segment, they offer their range of latte with a sponsoring campaigns like ' Nescafe Short Film Awards' & ' Win the Nescafe Latte Lounge' of which teaser and TVC's were created. Also, a website was created for information regarding products, competitions and events.

#### Marketing Communication Agencies

Nescafe's lead global agencies are McCann Erickson & Publicis Mojo while also have MindShare as their global media & creative Agency (Jain, 2007). These global agencies have either affiliations with local agencies in different countries or have their own subsidiaries. Thus, the affiliated agencies or the subsidiaries become the local agencies of their clients and work with their global partner to create a universal image, perception and equity of the brand. Like the local agency in Sweden for Nescafe is Storakers McCann which is affiliated with McCann Erikson while in Pakistan its Orient McErikson. In France, it is Publicis Conseil which has affiliation with Publicis Mojo.

#### Importance of Advertising for Nescafe

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Advertising for Nescafe is important to create positive feeling and attitude of consumers towards the brand which will eventually lead to purchase.

Advertising plays a vital part in communicating a competitive advantage and to make consumers feel that the product suits their requirements and has the same personality as theirs.

Due to factors like culture and differences in attitudes and behaviors in each country/region that has its own beverage used as stimulant or energizers.

Like in some regions its tree and in others its green tea or coffee. Thus, to capture the non-coffee drinking markets, it is essential to aggressively advertise the energizing and stimulating effects of coffee. The red color of the mug is used to emphasize the energy of the drink while red suits to project that state of mind.

Nescafe has a very diversified base of consumers belonging to different personalities which have different cultures and tradition and coffee just might not be a part of any of it. It is through advertising that they can create value for customers. For the same reason, Nescafe with the help of local agencies creates offerings based on consumers attitudes, personalities, and behavior and the culture and tradition of that country/region while keeping a broader global brand image, conviction and positioning. If Nescafe just had a global agency responsible for creating and designing products and brands and market them to the global market at large, it would fail to effectively communicate with the customers or to create a competitive advantage in the markets due to the diversified consumer base as needs, attitudes, culture, behaviours and many other factors of consumers choice and preference differ from region to region and country to country. Thus, a

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balance has to be maintained between the local market perspective and the global outlook as well for the success of the brand and company(Amanda, n. d.).

### Recommendation

To be able to capture and grab the market share of different markets, Nescafe should be associated with the current agencies in order to create offerings using both global and local perspective. However, their promotional strategy should not completely be diverted towards the coffee drinkers of future and should carry out activities for the adults and old-age consumers as well. The use of 360 degree marketing campaigns is a very effective way of reaching out to the target consumers which should be carried on further.

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