

Marketing plan of nestle



**ASSIGN
BUSTER**

MARKETING PLAN OF NESTLE

NESTLE

Nestle had setup its first plant in 1961 in Moga (Punjab). The company is acknowledged as one of the leading companies in the FMCG sector with “ Top rated wealth creators of India “. It is progressively evolving into food, beverage, nutrition, health, wellness, and touching lives of people. Nestle India has strong brands like Maggi, Nescafe, Cerelac, Lactogen, Kit, Kat Polo, Milo and Polo. It has set up “ Cafe Nescafe “ and “ Coffee Corners” in mini metros. Nestle is leveraging the vast consumer base in India. There has been continuous focus on values.

NESCAFE

In Hebrew, the word “ NES” means Miracle & “ CAFE” means Coffee so together it’s a miracle with coffee. Nescafe believes in innovation, improvement, thrust on value for money. Nescafe leads the market of instant coffee with Rs. 361 crore. The company’s beverage products generate 22% of the company’s total revenue. Nescafe has pushed into more diverse media. Global Coffee market s segregated into three segments:

- Instant Coffee
- Roast And Ground Coffee
- Chicory

Despite the ever increasing choice available to the consumer, Nescafe original maintains its position as not only the nation’s favourite coffee, but also the leading hot beverage brand overall.

In 1930, the chairman of Nestle in Switzerland was approached by the Brazilian coffee institute and asked to develop coffee that was soluble in hot water and retained its flavour. From these beginnings came not only the world's first instant coffee, but also the emergence of a classic brand of the millennium. After years of painstaking research, scientists at the Nestle research laboratory in Switzerland finally achieved the desired results, and on April 1, 1938, Nescafe was launched in Switzerland.

Nescafe original holds the pre-eminent position with a 36.5% retail share of the instant coffee market. The coffee sector is led by Nescafe brands which account for 55% of all instant coffee sales in the UK.

BUSINESS STATEMENT

Nescafe business objective, and that of management and employees at all levels, is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for shareholders, employees, consumers, business partners and the large national economies in which Nescafe operates. Nescafe is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and the responsible attitude of its management and employees. It continues to maintain its commitment to follow and respect all applicable local laws in each of its markets. It is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and the responsible attitude of its management and the employees. Therefore recruitment of the right people and ongoing training and development are crucial.

MARKETING OBJECTIVES

We are going to use the method SMART:

- **Specific:** The objectives have to be clear. For example, in each shop, the company of “ NESCAFE” must achieve the selling objectives. The turnover to reach will not be the same in the different shop because we make the selling objectives according to size of the shop, the frequentation, the type of the clients.
- **Measurable:** The company has to follow the different targets in the sales outlets and if each Shop allowed reaching the objectives. To measure the sales we can calculate the sales by day In order to understand how the client bought the product. With these data we can improve The strategy and the sales. The commercials can ask to the supermarket to put the product in A different way or to make more promotion.
- **Achievable:** The targets have to be realist. At the beginning the turnover would grow slowly and after the promotion, it would have a faster expansion. If we reach to win clients from Our main competitor (in a first time) and from the others tea brand (in a second time), the Sales would grow increasingly. The firm should have a long term’s vision and should bereactive in front of decisions or problems which can occur.
- **Relevant:** the objectives have to be founded on fact and not on suppositions. The firm has to Respect its general strategy and its image. The firm should take into consideration the sales Of its competitors in order to be based on relevant objectives.

- Timed target: each objective should have a deadline. It can allow measuring the different Sales of the day, of the week, of the month, according to these data, the firm can change the Objectives or makes promotion to reach these objectives.

INDUSTRY ANALYSIS

TRENDS:

In 2005, the tea industry reached the \$1. 7 billion category and it is expected to continue growing indefinitely (Mintel 2005). Market analyst believe the tea industry will continue to boom and is not expected to reach saturation level in the near future. The favourable movement in the tea industry can be attributed to two major factors: (a) Consumers need for convenience and time-saving services; and (b) the positive press given to tea.

For the last decade, the health benefits of tea have gained wide coverage in the media. Studies continue to show the beneficial properties of tea, with health benefits ranging from lower cholesterol levels to improve arterial health and decreasing chance of cancer. This positive press has definitely catapulted the demand for tea.

Consumers believe that tea is very good for the body, thus, it is more logical to drink more tea and less soda pop and other drinks. Consumer considers Nestea as a healthy habit.

COMPETITOR:

One of the major competitor for Nescafe tea in the world tea markets Lipton tea. Moreover the alliance between Unilever and PepsiCo is expected to enable Lipton to strengthen its global position. Lipton tea is going above and

above these days, so the competition would be strong. There are other tea also, like Tetley who s gaining good market.

CUSTOMER PROFILE:

There are two major target markets for ready-to-drink tea. One group s the consumers on the go. These are the employees, students, and other consumers who lead a busy lifestyle. Thus, there is a need for products that are accessible and readily available. Convenience has dominated the market, particularly the food and beverage industry.

The other group is made up of health conscious consumers, specifically the baby boomers who patronize anything healthy.

SWOT ANALYSIS

Strengths

- Great leap forward in media.
- Sustained improvement in customer service levels.
- Global leader in instant coffee – the company has a clear global lead in the important coffee sector, which is growing significantly in emerging markets, accounting for 21% of global value in 2007.
- It has solid financial base. Nestle has a number of cost-saving programmes in place and as a result , has been able to place itself in a position where it is able to afford sizeable investment in brand development.

Weaknesses

- Agencies spent all their time fighting each other.
- Adopted a pricing strategy higher than competitors.

- The mass-market positioning of Nescafe, presents significant difficulties in terms of tapping into the growing demand for premium coffee products.
- Nescafe has developed only minimal presence in tea, a sector which is benefiting notably from the rise in consumer health-consciousness.

Opportunities

- Shortage of tea supply unlikely.
- Consumers are living a healthier lifestyle. Growth in tea market due to promotional efforts of healthy attributes of tea.
- Euro monitor International forecasts that Asia-Pacific will be the fastest growing market for hot drinks over the 2007-2012 periods. As Nescafe's largest regional market, Asia-Pacific therefore presents significant opportunities for the company in spite of poor conditions in major Western European markets.
- It could further develop its confectionary brands in other hot drinks along the lines of existing products.

Threats

- High quality tea prices will increase moderately.
- Tea market is very competitive and relative elastic.
- Sluggish prospects in developed markets – market maturity and aggressive competition amongst retailers are set to constrain hot drinks growth severely in major developed markets during the forecast period.
- Increasing transport and raw material costs, mainly relating to rising bean, oil and packaging prices, are placing significant pressure on margins in the company's beverage operations.

MARKETING STRATEGIES

- Nescafe FMCG giants wants to be a “ preferred client”.
- Strike balance between tapping into local knowledge of markets and disseminating global practice.
- Communication efforts are directed effectively and with maximum return on investment.
- To work with the limited number of agencies so that they really know the business.
- Encourage its agencies and employees by making changes in remuneration.
- Nescafe has even in the past resorted to low-key market penetration strategies.
- Nescafe can take advantage of the positive press on the health benefits of tea to boost the sales of its tea product line. The company can use recent studies on the health benefits of tea as the basis of its press releases and advertising campaigns.

TARGET MARKET

We want to touch the target group in a progressive way. At the beginning, it is important to touch the consumers of black tea, fruit tea and health tea. In second time, we should attract consumers of the main competitor “ LIPTON TEA”. The next step will be to touch the tea drinkers in general and at the end, the consumers of coffee. We can argue for the coffee drinkers that the black tea is as strong as the coffee and good for the health.

DISTRIBUTION CHANNEL

- Mc cann and publicis mojo is the lead global agency of Nescafe.

- Products are sold throughout India and also are exported to Russia, Hungary and several other countries.
- Visibility and availability of product had been supported by smaller stock keeping units.

MARKETING MIX

Product

Nestea will be a high quality product offered as specially blended Black tea as well as Fruit and Herbs.

- Contents of the Nestea black are: 40 bags, 80 bags, 150 bags, 250 bags (Family pack)
- The amount of bag refers to different target groups. 40 bags for singles, 80 bags for couples, 150 bags and 250 bags are Family packs.
- Contents of Nestea fruit and Nestea herbal is 25 bags. This is standard size, very common on the tea market (comparison with competitors)
- The different tastes offered will be:

Peppermint, citrus fruit, mango and peach, apple, vanilla.

Place

- Tea is imported from India because the company is able to get high quality for a reasonable price. The final product will be distributed to Retailers such as supermarkets and small shops so the end consumer has easy access to it.
- Place in supermarkets: The fruit and herbal tea boxes should be placed on the top of the shelves in the supermarkets. Beneath them on the middle and lower levels the black tea should be placed according to

the content of tea bags. 40 bags should be placed higher than the ones containing more bags.

Price

Nestea price would be

Content Price

Nestea Black 40 bags Rs. 40. 99

Nestea Black 80 bags Rs. 78. 99

Nestea Black 150 bags Rs. 145. 99

Nestea Black 250 bags Rs. 235. 99

Peppermint 25 bags Rs. 49. 99

Mango & Peach 25 bags Rs. 39. 99

Apple 25 bags Rs. 40. 99

Vanilla 25 bags Rs. 41. 99

Promotion

- The promotion is the most important point to launch our products because we want to be able to compete with our biggest competitor “Lipton Tea”.
- We are going to set up original events in order to attract new customers and consumers of the other tea brands.

- Promotion in supermarkets: We want to set up a stand in the supermarket in order to make tasting to the supermarkets clients. The stand should represent the brand with the colour of the company
- During the launch of our product, all the customers at the supermarket will receive a sample of “Nestea” for free at the cashiers including a voucher which explains the game to win a trip to London.
- Promotional offers during the year: If a client buys a box of 150 bags, he will get a free cup or a spoon. If he buys a box of 250 bags, he will get a free box of vanilla tea.
- The top companies markets spend 40% of their budget on TV.

FINANCIAL PROJECTIONS

Updated General Fund Projection for FY 2008

There are no specific fiscal actions that result from acceptance of this report. The Fiscal impact of the FY 2008 budget projection will be considered as part of the FY 2008 budget process. As a result of updating the FY 2008 current level of services, the estimated deficit faced by the County is between \$201.6 million and \$238 million, which is, at the high range, \$36.4 million above our August estimate. Between now and June, the projected County deficit could also change as a result of new information, and State and/or Federal budget impacts. As part of the County Executive’s FY 2008 Recommended Budget, the Administration is likely to propose modified solutions to address the deficit above the original \$201.6 million

CATEGORY	FALL 2006 PROJECTIONS	FEBRUARY 2007 PROJECTIONS	VARIANCE
Salaries and	\$1, 079, 122, 529	\$1, 104, 392, 402	\$25, 269,

Benefits			873
Services and Supplies	\$980, 299, 690	\$985, 905, 536	\$5, 605, 8
Other Charges	\$14, 975, 229	\$13, 419, 939	(\$1, 555, 290)
Operating/Equity Transfers	\$312, 285, 789	\$319, 670, 115	\$7, 384, 3
Expenditure Transfers/ Reimbursements	(\$191, 727, 494)	(\$203, 671, 731)	(\$11, 944, 237)
Total Net Expenditures	\$2, 194, 955, 743	\$2, 219, 716, 262	\$24, 760, 519
Total Revenues	\$1, 993, 330, 215	\$1, 992, 472, 684	(\$857, 53
Net Cost	(\$201, 625, 528)	(\$232, 176, 299)	(\$25, 618, 050)

CONCLUSION

This new product will definitely help Nescafe to grow better and better. The only thing that the strategies used should be according to the plan. As according to the plan first preference should be the customer's taste. The competitors are strong so in the starting we should be on our toes.

Ultimately the goal s to make it big and really big. This Nestea will definitely make a change to NESCAFE.

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