

Ferrero spa is an italian manufacturer marketing essay



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Nutella is the brand name of a hazelnut-based sweet spread registered by the Italian company Ferrero at the end of 1963. Mr. Pietro Ferrero, a pastry maker and founder of the Ferrero Company, created Nutella spread, in its earliest form, in the 1940s. In 1949 Ferrero altered the original recipe so it could be spread easily on bread. Eventually in 1964 in recognition of the international appeal of the unique hazelnut taste, the product was re-named Nutella. Nutella Spread is available in 200 g, 400 g and 750 g versions and is now available in over seventy-five countries and continues its expansion.

This product is a delicious, high in energy, low in calories bread spread with hazelnut and chocolate base. In addition, Ferrero produces many other products in its product mix varying from the chocolates, Ferrero Rocher to candy, Tic Tac breathe mints. Ferrero also produces the Kinder product series, including the famously known Kinder Eggs.

A market is a group of customers with heterogeneous needs and wants. Marketers seek to identify and understand those parts of the market that they can offer the most value. These parts of the total market form the organisation's target market. Market segments are subgroups within the total market that are relatively similar in regards to certain characteristics. Therefore developing target marketing. An approach to marketing based on identifying, understanding and developing an offering for those segments of the total market that the organisation can best serve. Target marketing is based on the premises where individual or group of buyers can be identified, sellers understand the needs of buyers and sellers will seek to shape their offer to meet the needs of target buyers.

Market segmentation is the process of splitting a market into distinct groups of buyers in order to better meet their needs. The main methods of market segmentation are based on demographic, geographic and psychographic factors. Demographic is the study of the characteristics of the human population within a certain area or region. The characteristics compose of age groups, race and ethnicity, income and socio-economic classes. Segmentation by geographic factors are the geographic location of customers that has a implication for segmentation. Location and climate are the considerations in segmentation by geographic factors. Segmentation by psychographic factors are those that consider the emotions and lifestyle of customers, such as their habits, hobbies, interests and values. Market targeting is the selection of target markets resulting from the evaluation of the market segments that have been identified. The choice of target market is made upon the criteria's of sales potential and competitive situation.

The targets for the product are children. But the mothers of those children form the target for communication. Furthermore, the target market tends to focus on middle to upper class mothers with children of five years to fourteen years of age as Nutella adopts a prestige pricing in comparison to its substitutes. Not only does this product target customers in demographic characteristics, but it also penetrates the psychographic characteristics of potential customers. Since Nutella doesn't need to be refrigerated, it makes it a favorable choice to be brought for hiking, camping, long road trips, picnics, parties and other outdoor activities.

A product is a good, service or idea offered to the market for exchange.

Nutella is a consumers' product as well as a convenience product.

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Consumers' products are defined to be products purchased to satisfy personal and family needs. It is classified as a convenience product as it is inexpensive, frequently purchased with little engagement in the decision-making process. Nutella is a self-service product and so packaging plays a major role in grabbing consumers' attention. It can be further classified as a staple product, which are products that are bought and used by consumers regularly.

Packaging performs both functional and marketing roles. The primary purpose of packaging is to make them more convenient to store and use, and to protect them from waste, damage or spoilage. As well as its functional features, a package is also used as a marketing tool to gain people's attention at the retailer, making customers aware of the product. A product that can essentially grab customers' attention and encourages them to examine the product is known as an 'Effective Packaging.' Through verbal and nonverbal symbols, the packaging should inform potential buyers about the product's features and uses.

Nutella's packaging can be easily seen as a chocolate bread spread at first glance. Ferrero also recommends the spread is to be part of a breakfast meal through verbal and nonverbal symbols. It has included the slogan on its packaging " Kids do a lot living in a day, providing them with a balanced breakfast can make the difference." This creates awareness for potential customers of its attributes. Furthermore, it has given an example of what should be included in a balanced breakfast meal and has stated that there are no added colors and preservatives to its product. In the nonverbal aspect of the packaging, it has two slices of bread with Nutella spreading on it, a <https://assignbuster.com/ferrero-spa-is-an-italian-manufacturer-marketing-essay/>

glass of milk and a bowl of fruits in the background. Nutella has done a great job in promoting a healthy image towards the potential buyer.

An effective packaging should 'protect what it sells and to sell what it protects.' It can be seen that the packaging of Nutella 750 g is a great example to what is known as an 'effective packaging.' Not only does effective packaging help differentiate it from the competitors' product but it also helps promote the product's brand itself.

Labelling usually forms part of the package and provides identifying, promotional, legal, and other information. At its most basic level, the label would identify the product and display the brand name. Some of the information provided on labels is compulsory such as; brand name and logo, product name, size of packaging, statement of quantity, origin of goods, name and address of packer or manufacturer, nutritional information, ingredients list, use-by date or date of packaging and bar code. Nutella has provided all of the above information on its packaging.

Ferrero has pursued individual branding for Nutella as it gives it a specific identity. This potentially helps Nutella gain a solid positioning in the marketplace and each a different market segment from its other product mix. By developing an individual branding for Nutella, it allows a different image to be built upon the product from its mother company, Ferrero. As Nutella is now a favourable brand for bread spread, customers would prefer purchasing Nutella instead of other brands in the market; this creates what is known as brand loyalty. Brand loyalty allows Nutella to gain competitive

advantage, which allows them to carry out various pricing methods that would maximize their profitability.

Price is a visible expression of the value of the product to be exchanged. The key to successful marketing lies in the creation of a mutually beneficial exchange of value between one party and another. For the buyer, the benefit is the satisfaction derived from the consumption of the product. For the seller, the benefit is primarily the revenue.

Pricing is the management of price and the objectives of that are derived from the organisational objectives. Nutella focuses its pricing objectives based on the issues of profitability and positioning. As Ferrero is a for-profit organisation, their objective would be to generate profit to reward the business's owners for the risk they take in investing in the business. In simpler terms, they would have to generate total revenue that exists the total cost.

Price is a fundamental factor of how customers would perceive the positioning of the organisation's offering in its target market segment. As Nutella has a well-established product and brand image, they have the ability to adopt prestige pricing. Prestige pricing involves setting prices high to convey an image of prestige, quality and exclusivity. However, as there are many substitutes to Nutella in the market place, Nutella would have to compete on price to generate greater sales volume from time to time. This is known as price competition as Nutella is not significantly differentiated in the minds of consumers. Nutella in recent years seek to emphasize the uniqueness of their product in terms of quality, brand image and local

convenience; their success is remarkable as now they are the third largest selling branded spread in Australian supermarkets. Contrary, adopting low prices may generate high sales volume, but may also conflict with a high quality, and the perceived value in the brand and product.

There are different pricing tactics in which Nutella adopts, such as adopting a value-based pricing, comparison discount and random discounting approach. Comparison discounting is the practice of explicitly quoting a discounted price and the regular higher price together. As of Woolsworths's Nutella, it has quoted a saving of \$0.44. Random discounting is when retailers carry out temporary price reductions on their products in an unpredictable fashion. This stimulates the demand for the Nutella as special pricing are unconditional.

Nutella has adopted a value-based pricing which is to implement pricing that is appreciably lower; it is a psychological pricing method. The Nutella Spread was originally \$7.39, which may be perceived by the customer that it is appreciably lower than \$7.40. After its reduced price, it is \$6.95; this may psychologically be significantly more attractive than it being \$7.00. This psychological pricing method is known as the odd-even pricing. Pricing based on the theory that odd prices are perceived as significantly cheaper than even prices.

Place refers to the means of making the offering available to the customer at the right time and place. The fundamentals of place can be understood by placing products in the hands of the ultimate customer. Marketing intermediaries are individuals or organisations that act in the distribution

chain between the product and end user. Nutella relies on specialist intermediaries to efficiently move the product closer to customers. The judgement of choosing the optimum intermediary is essential for the success of the product in the market place. The judgements are based on the intermediary's expertise, equipment, experience, contacts, skills and scales of economy.

Nutella carries out an intensive distribution method in its product offering. Intensive distribution is an approach to market coverage that distributes products through every suitable intermediary. Customers' make their decisions based on convenience and invest little effort into decision making for the Nutella consumption, as it is a convenience product.

Intermediaries can add considerable value to a producer's offering. Supermarkets are a form of intermediary that exposes the product to potential customers. It is a self-service retailer that carries a large range of food and non-food grocery items. Hence, where the product is set up on the shelf in the supermarket may potentially increase or decrease its sales volume. Nutella 750 g is placed in the middle to bottom of the shelf with no other chocolate spreads placed near it. This allows competitive advantage to be developed, as there are no alternatives in sight for comparison.

Nutella Spread is made available in all supermarkets. The benefits of using retailers such as Woolsworth and Coles are that it creates time and place utility for consumers. Having products available when the customer wants them creates time utility; customers are ensured that they can make purchases when they need them. Making products available in locations

where customers wish to purchase them creates Place utility; it eliminates the limited purchasing factors of consumers needing to go directly to producers or wholesalers to make purchases.

The purpose of promotion focuses on creating awareness of new products or line extensions. In addition to choosing a mix of promotional tools, marketing organisations must choose whether to primarily aim their promotions at customers or at marketing partners such as retailers, or both. Pull policy is an approach in which the producer promotes its product to consumers, usually through advertising and sales promotion, which then generates demand upward through the marketing distribution channel. Push policy is an approach in which the product is promoted to the next organisation down the marketing distribution channel.

Nutella's primary aim of promotion is to remind customers that the spread can be used for breakfast, lunch and tea. There are four main elements of a promotion mix but only three in concern of Nutella - advertising, public relations and sales promotion.

Advertising is the transmission of paid messages about an organisation, brand or product to a mass audience. Nutella in recent years have carried out an advertisement approach such as television, magazine and Internet advertisement to stimulate the demand for the spread in the market. The advantages of the advertisement approach is that the choice of the right media can add to the brand image of the product and while advertising may be considered as an expensive promotional method, it has the ability to reach a lot of people at a relatively low cost per person. Advertisements do

have their limitations; it is difficult to measure its effectiveness, whether or not the advertisement directly affected the sales of the spread. Nutella in recent years have carried out reminder and reinforcement advertising.

Reminder advertising tells customers that an established brand is still around and reminds consumers about the product's uses, characteristics and benefits. Reinforcement advertising assures current users they have made the right brand choice and tells them how to get the most satisfaction from it.

Public relations refer to communications aimed at creating and maintaining relationships between the marketing organisation and its stakeholders. As reported of a discovery of the use of melamine in Nutella, Ferrero has suffered major sales downturn as well as damage to its company's image. However, the company went out of its way to explain the causes of the failures and highlights the point that this type of failure is the first and are unlikely to happen again. It also credited to the customers that holds affected products to have a replacement or refunding at all retail stores that sells Nutella.

Sales promotions offer extra value to resellers, salespeople and consumers in a bid to increase sales. They are short-term activities that are designed to encourage consumers to purchase a product or encourage resellers to stock and sell a product. Nutella uses sales promotion methods aimed at the consumer including – free samples and event sponsorships.

Nutella in recent years have provided free sample spreads for consumers to experience the spread without having to commit to a purchase. The free

sample of Nutella is attached to Ferrero's other product lines such as Ferrero Rocher chocolate. Free samples remove any monetary disincentive to trial a product. This allows the potential customer to have experienced the features of the product, and now they are in a better position to decide whether to purchase.

Sponsorship is the paid association of a brand with an event or person.

Nutella is well known for its sponsorship in local junior soccer leagues. This sponsorship campaign has a direct connection as Nutella provides the primary daily nutrition for a child as well as its product feature of not being needed to be refrigerated, it allows potential customers to be aware of this product and provide it to their children.

Nutella a delicious, high in energy, low in calories bread spread with hazelnut and chocolate base can be classified as a successful product in its target market since its launch. The success of this product is based upon the factors of product, price, place and promotion. Nutella spread composes attributes that are inexhaustibly unique and high quality; and its effective packaging captures potential consumers' attention. There is no doubt that their well-established brand allows them to be a price leader in the market place. Furthermore, Nutella adopts different pricing tactics to generate higher sales volume and turnovers. Its distribution allows Nutella to gain competitive advantage due to its product placement on retailer's shelves such as Woolsworths and Coles. The promotion activities Nutella has carried out includes television, magazine and Internet advertisements has stimulated the demand for its product. The success of Nutella is remarkable

on the global scale and allows Nutella to establish competitive advantage in the global market.