Product analysis of maggi noodles in india

The Indian subsidiary of the global FMCG giant, Nestle SA – Nestle India Limited introduced the brand Maggi in India in 1982. This launch of Maggi no0odles was the platform for an entirely new food category of instant noodles in India. It quickly gained popularity as a quick snack and was widely accepted in the Indian market. The company got the first mover advantage in this category and as a result, was able to retain its successful leader position in the category till the early 2000s. In order to target the health conscious consumers, in the year 2005, Nestle India Limited expanded by brand extension – offering various healthy food products under the brand name Maggi.

In an effort to extend its healthy foods concept, in May 2006, Nestle India Limited, launched a new variety of instant noodles product called Maggi Dal Atta Noodles (Dal Atta Noodles) under the popular Maggi brand. These Dal Atta Noodles, unlike the traditional Maggi noodles, were made of whole wheat and pulses, and were positioned as a ‘ healthy’ instant noodles. In addition to the instant noodles, Nestle India Limited also offeres a variety of other food products such as soups, sauces and ketchups, cooking aids (seasonings), etc., under the Maggi brand.

Positioning [by product & attribute]

Maggi noodles by nestle comes under the food products category & can be specifically placed under instant food category. Maggi was introduced in 1982 as a snack food and since then has been tweaked with a series of repositioning and brand extension strategies to feed the need of the time.

‘ Fast to Cook Good to Eat’ is the tagline for Maggi. Nestle India Limited (NIL) in the past years has aggressively promoted Maggi noodles via various methods like free sample distribution, distributing gifts in exchange of empty packs, etc. The company used its advertising strategically to create an effective impact on the communication of the benefits of the product to target consumers. Its advertisements projected magi as a fun snack for the kids which gave the mothers ease of preparation. Use of taglines like ‘ Mummy, bhookh lagi hai’ (Mom, I’m hungry), ‘ Bas 2-Minute,’ (Only 2 minutes) and ‘ Fast to Cook Good to Eat’ effectively communicated the product’s benefits to target consumers.

Maggi is positioned for consumption for the SEC A & B consumption household. Its primary target audience is the children in the age group between – “ 6-14 years.” It has tried to cater to the low income householder’s by introducing the Rs. 5/- pack. It was designed to be consumed as a evening snack. The commercial designed for the same show kids of the fore-mentioned age group in the evening time consuming Maggi. Over the period of time with the need for healthy food (Vegetable Atta Noodles) gaining ground it repositioned itself by positioning it as healthy food. This was of paramount importance as the buyer in this case were mother who were going to feed there children who were in the growing age group. Given the special care that mother take of children in this age group Nestle has been trying to promote the healthy part more and more.

It is packaged in bright yellow color given that this color is quite attractive to younger people. This color makes Maggi both easily distinguishable and also lively. It has a strong distribution and its availability is present in both traditional retail (kirana stores) and up-market posh supermarkets. It sells mostly in single size serving however it has innovatively changed the packaging allowing multiple serving inside the same packet. Through this it wants to increase brand loyalty. Typically the higher sizes are for regular consumption households and are available at slight discounts.

Also from time to time it has been trying to leverage and rejuvenate the brand with interesting Brand extensions.

Brand Extensions

Maggi Soups – 1988

Indian Ethnic Foods

Pickles

Sambhar

Dosa Batter

Vada Batter

Macroni

Maggi Coconut Milk

Maggi Tamarind Sauce

Maggie Chinese Noodles

MAGGI CUPPA MANIA

MAGGI Sauces

MAGGI Pichkoo

MAGGI Pizza Mazza

MAGGI MAGIC Cubes

MAGGI Bhuna Masala

Market Analysis

Nestle India Limited

NIL operates in Four Segments in India:

Prepared Dishes and Cooking Aids Segment

Milk Products and Nutrition Segment

Chocolate and Confectionery Segment

Beverages Segment

Prepared Dishes and Cooking Aids segment – Maggi is the premium brand in this segment with the highest growth rate of 24. 1 per cent in sales by value. The segment has also been a witness of a growth rate of 18. 2 per cent in volume sales at 3. 46 lakh tonnes during the period. Overall, Milk Products and Nutrition segment consisted of 47 per cent of the company's net sales during first quarter of 2008 (46. 3 per cent in Q1 of 2008), followed by Prepared Dishes and Cooking Aids at 23. 3 per cent (21. 8 per cent), Beverages at 15. 8 per cent (17. 8 per cent) and Chocolate and Confectionery at 14. 1 per cent (13. 9 per cent)

Maggi Sales

The food processing business in India is at a nascent stage and is well poised to go into higher orbit. Presently, the share of the processed and packaged food consumption forms only 15% of the output. Penetration levels as well as per capita consumption in India is also low, as traditionally, Indians have been believers in consuming fresh stuff rather than packaged or frozen. However, the trend is changing and the new fast food generation is slowly altering its habits towards healthy food. The rise in income levels, urbanization, favorable demographics and changing lifestyle are the key drivers going forward.

With around 200 Million people expected to shift to processed and packaged food by 2010, there lies a huge opportunity for makers of such products like Nestle India Limited to convert these potential consumers into loyal customers. Processed food market which was valued at Rs 4, 600 billion in the year 2004, is expected to touch Rs 13, 500 billion by 2015.

With respect to Maggi Brand, the industry can be broadly classified into three sectors:

Soups

Sauces, Dressings and Condiments

Noodles

Soup

The soup sector is rather small in India, but it is growing at a very rapid pace, registering a 16% CAGR in current value terms between 2003 and 2007 and increased by 20% in 2008-09, to reach a value of Rs942 million. Hindustan Unilever and Nestlé India are the sectors leaders.

Growth in soup sales in 2008-09 has been driven by wider options in soups, aggressive promotions and advertising activities by the main players and an increased reliance on instant foods, such as soups, by busy urban consumers. Soup players are trying to position their offerings as healthy snacks and meal solutions.

Nestlé India has positioned its Sanjeevani range of soups as wellness meal solutions due to the addition of healthy ingredients, such as almonds and amla, along with the addition of vegetables, no added colours or MSG, as well as being low in fat and cholesterol.

Knorr and Maggi are the two premium soup brands in India, mainly due to their higher pricing, wide range of flavours and wellness positioning. Domestic soup brands such as MTR and Bambino are considered standard brands, due to their lower pricing. Canned soup brands are all positioned in the economy segment, with leading brands Ching's Secret having lower prices.

Major Brands and Companies in Soups sector are:

Brand

Company

2004- 05

2005-06

2006-07

2007-08

2008-09

Knorr

Hindustan Unilever Group

56. 6

57. 2

56. 9

58. 6

57. 1

Maggi

Nestlé SA

28. 5

29. 1

30. 6

31. 5

28

Ching’s Secret

Capital Foods Ltd

0. 9

0. 9

0. 9

0. 8

8. 6

MTR

Orkla Group

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–

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1. 9

1. 2

SAUCES, DRESSINGS AND CONDIMENTS

Retail value sales of sauces, dressings and condiments have grown by 11% in 2008-09 to Rs25. 4 billion. This increase is mainly attributed to the increase in regional brands due to the entrance of number of local players into the organized sector from the unorganized sector. Ketchup has registered the fastest value growth in sauces, dressings and condiments in 2008-09, at 13%. The rapid growth in sales of ketchup was driven by a combination of factors, including aggressive promotion in retail outlets and advertising by Hindustan Unilever and Nestlé India, and the launch of new variants, such as Kissan Chatakdaar and Maggi Pichkoo. With a wider range of flavours which go well with Indian snacks, and small pack sizes which can be used for a single serving, ketchup maintained its high level of growth in 2008-09.

The sauces, dressings and condiments sector is highly fragmented, with a large number of regional players. There are a few national players in the herbs and spices and dry sauces subsector and Hindustan Unilever and Nestlé India are the two notable multinational players, with shares of around 5% each.

Major Brands and Companies in Sauces, Dressings and Condiments sector are:

Brand

Company

2004-05

2005-06

2006-07

2007-08

2008-09

Everest

S Narendrakumar & Co

17. 9

18

17. 6

17. 6

17. 4

MDH

Mahashian Di Hatti Pvt Ltd

12. 7

12. 9

12. 5

12. 6

12. 3

Priya

Ushodaya Enterprises Ltd

8. 8

8. 3

8. 7

9

8. 4

Eastern

Eastern Group

4. 2

4. 7

5. 6

5. 9

6. 9

Mother’s Recipe

Desai Brothers Ltd

5. 6

5. 7

5. 7

5. 8

6

Hommade

Dabur India Ltd

4. 3

4. 5

4. 9

5. 2

5. 5

Maggi

Nestlé SA

4. 4

4. 6

4. 8

4. 8

5

Kissan

Hindustan Unilever Group

4. 7

4. 9

4. 9

5

4. 9

Noodles

Sales of Noodles have grown by 20% in 2008-09 to Rs 15. 6 Billion. With Indian consumers leading increasingly busy lifestyles, less time is being devoted to cooking food at home, and urban consumers are opting for easy-to-cook solutions, such as noodles. As a result, instant noodles continue to dominate sales, accounting for almost 73% of retail value in 2008-09. While plain noodles, in the form of vermicelli, have traditionally been popular in South India to make full meals, more consumers are shifting to instant and plain noodles, which are easy to cook, for either full meals or snacks.