

Pest analysis – nestle



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POLITICAL - business decisions which are influenced by political and legal decisions. Political decisions can affect Nestle for the good and the bad, because if taxes increase, therefore consumers decrease and sales of stock decrease. However if taxes decrease the likelihood is that consumers will buy more.

The confectionery has been criticised for unhealthy products with high levels of sugar in chocolate and an advertising campaign for health eating has been launched. The confectionery market operates within the wider food industry and, as such, is subject to stringent regulation. There are a number of regulations affecting cocoa and cocoa products, including the following: The Cocoa and Chocolate Products Regulations 1976, The Cocoa and Chocolate Products (Amendment) Regulations 1982, The Food Safety Act 1990 and The Food Labelling Regulations 1996. There have been ongoing disagreements between the EC and the UK regarding the definition of milk chocolate.

It is likely that the EU will introduce new regulations for UK produces like Nestle. Raw Materials for example coco supplied by countries like South Africa so if war breaks out supply could be short and cut back on production. There could also be imports restrictions bought in by the government. If the government continue to not lower petrol taxes, it could result in another petrol crisis, which has a knock on effect the distribution chain, and stops factory workers from getting to their work place, putting a halt on production.

There could be bans, quotas or a high tariff on imports into other countries i. e. there were strict standards that English chocolate had to meet before it could be imported into Holland a few years ago. ECONOMIC - influenced by domestic economic policies and world economic trends. The interest rates can affect Nestle (and KitKat) because if the interest rates were high then Nestle would not want to borrow as much money for expansion.

In addition, if consumers had loans they would again have less disposable income to buy luxury items. If the minimum wage were brought down, this would mean more money for Nestle but would also result in low sales from the consumers and vice versa. The government can also raise taxes, which would bring a decrease in the sales of chocolate. There could also be a tax put on sweets to encourage consumers to eat healthier food.

Advertisement costs could rise on television due to increase costs from taxes, interest rates on unrelated business like the media. A high unemployment rate would mean employees could be obtained more easily and could be paid cheaper wages. On the other hand unemployment rate could be low therefore employees are hard to obtain and to attract the right people higher wages must be paid. SOCIAL - close analysis of society
If Nestle factories do not control their pollution levels or have big buildings destroying the landscape with noise and traffic congestion, then the local residents would complain to their local council resulting to possible incentives for bringing in jobs for the community being stopped. On the other hand, local residents with small businesses near to Nestle Factories would benefit due to the money being brought in by workers at the factory.

Consumers eating less chocolate because of health risks or a seasonal

variation in the summer months where Ice Cream is more popular (Ice cream version of the KitKat egg). Consumers spending their disposable income on new technology like mobile phones, computer games and young children spending money on new toys etc. TECHNOLOGICAL - developments in manufacturing and business processes. If the cost of machinery rises due to an increase in the cost of producing that machinery means production costs of the new KitKat will be higher than before the increase. There could be new machinery enter the market that allows production to be carried out more effectively and efficiently than before, which saves on labour costs. Maintenance cost of machinery may increase because better-trained skilled personnel are needed to maintain the machinery through advanced technology. Employees may need training for advancing IT within the business which makes the job more reliant on skilled computer operators rather than packers etc. It may be necessary to upgrade old machines to improve the company's efficiency in producing the new KitKat egg because of the shape of the product moulds will be needed and better protective packaging. Advances in transport of goods/cost/lorries because the shape of the KitKat will require greater care when transporting it to the customers like Tesco.