

Swot of nescafe

[Finance](#), [Financial Analysis](#)



Background Nestle is a Swiss multinational company which was founded in 1866 and finally formed in 1905 by merging two companies, and it is the largest food company in the world which products include breakfast cereals, pet care, ice cream, bottled water, dairy products, baby foods, chocolate and confectionery, sports nutrition, weight management, food service, culinary, chilled and frozen food, healthcare nutrition, drinks as well as coffee, and it launches a presence in almost every country in the world.

And it aims at providing good foods, beverages to customers in order to enhance their lives. As we found that Nestle has nearly 8000 brands in worldwide, we decided to focus on Nescafe which is launched in 1938, a brand of instant coffee. The first instant coffee has been developed for seven years, and it has a huge successful after launching during World War II period. And it can be found in 43 countries in worldwide. And it has different types of products in Nescafe, for instance: single serve coffee, house blend, instant coffee in jars and aluminum packs, etc.

It has also launched a coffee machine lately which is greatly helpful in expanding their market share in coffee market. Strengths As Nestle is a well known brand in the world, which means it has a certain and broad geographic coverage in world, so this is good for Nescafe to make any further development and it is believed that Nescafe is the major player in coffee market and it has a strong brand names because of associating with Nestle which has mass market share in the world.

Besides, Nescafe has various products in different flavor and packing which can be fit into different market segment, for example, it has house blend coffee for customers who can make coffee at home whenever they want,

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also instant coffee in jars and aluminum packs which offer customers an experience in drinking coffee in everywhere at anytime. Moreover, Nescafe has a great position as UK's No. 1 soluble coffee brand also dominant instant coffee market in some countries. So it has a certain amount of loyal customers and good word of mouth is guaranteed.

Nevertheless, Nescafe is set at a reasonable price that consumers can afford it easily and it can attract more new customers. Weaknesses Although Nescafe has quite a lot of strength, it still has its weaknesses which are coffee market is nearly saturated and people starts concerning health problems; it is because Nescafe has already been introduced coffee in different forms which are no more new forms can be found, which means Nescafe can only expand their market share by extending the product line.

Moreover, it has been recently claimed that caffeine is a central nervous system and metabolic stimulant and it has physically and psychological effect on people if consuming too much; and this can be found in coffee, thus, it may cause a decrease in consumption in coffee as people start caring health problems. Opportunity Even if Nescafe has a big success in coffee market, there are always many opportunities waiting for it.

As I have mentioned before that people start concerning their health problem, it will be a weakness also an opportunity for Nescafe. And it is believed that it will be new and long lasting trend for Nescafe to introduce some new kind of coffee, for example, it has already been launched sugar free coffee, it may also develop organic coffee bean or else coffee which has

lower caffeine. Furthermore, Nescafe can open up a Nescafe store which is operating like Starbucks or Pacific coffee company.

Actually it is a potential opportunity for Nescafe to maximize its profit and increase its market share, because it can sell Nescafe's products in the store, also adding some food or new flavor of coffee for consumers. On the other hands, Nescafe should keep tracking on the latest trend which is helpful for it to innovate new flavors which can win acceptance, for examples, developing a new flavor like green tea latte in whatever form. It will definitely gain consumers' attention and keep strengthening customers' loyalty.

Last but not least, Nescafe can try to tie-up with some restaurants to provide its products, in order to spread its product all over the world and customers can buy and enjoy it everywhere. Threat Somehow, Nescafe is facing some threats like Starbucks which is an experienced and well known coffee shop that may drag its market share away. Besides, some coffee lovers may in love with the freshness of Starbucks which is selling just in time coffee.

Plus, there will always be some instant coffee brands with relatively lower price; it is affecting Nescafe that some instant coffee lovers would like to choose the brands according to price instead of quality. And now the world is facing inflation, so does Nescafe is confronting the same problem. It is because inflation leads the cost of Nescafe rise, and Nescafe have to balance between cost and quality which it cannot lower the quality standard to decrease the cost. Vice versa, it has a rising cost caused by keeping good quality standard.