

Assignment 2

Marketing Fundamentals

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INTRODUCTION

Marketing is the strategies which is used by the company to promote their goods and services. Every marketing activity is carried by the marketing team. Digital marketing is evaluating nowadays. More and more companies are adopting this for their marketing work. Nestle is the Switzerland based multinational company. It is the food and drink company and also the largest company in the world under this segment. Its product range include snacks, baby food, water, medical etc. this report will discuss the process and stages of the marketing mix. Understanding of company's pestle analysis. Segmentation, targeting and positioning are also discussed. Complete understanding of stakeholders and along with the external and internal stakeholders.

MAIN BODY

1 Processes and stages of marketing including the role of marketing mix

Define marketing

Marketing is the process which is used by the company when they are doing their promotional activity like the buying and selling of the products and services in the

market (Esty and Fisher, 2019). The process involves advertisement, promotions, selling and making sure by the company that goods are reaching towards the customers.

Define marketing process

If the company want to reach towards their target audience then they should identify the problems, marketing opportunities and marketing models which has to be their so that company can generate high profits and sustainability in the market.

Illustration 1: Marketing process

Source: MARKETING PROCESS, 2016

Mission statement

The mission statement of nestle is “ goof future, good life” to provide consumers the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

Situational analysis

Swot analysis: it is the framework which is done to analyse the internal environment of the company.

Strengths:

Nestle is the multinational company which is known worldwide. It is the most reputed brand. It provides high quality of goods which attract large customer towards the company (Nadube and Didia, 2018). It has adopted effective branding strategies which is enough to create the awareness for the brand globally. Nestle has covered many large markets of the developed and of the developing countries so that they can earn more revenue from that, the company is not stick to particular markets only it has wide market approach. It is successful in targeting large market value. It has wide product portfolio near about 8000 or more variety of products. The company is having the most known brands which include kitkat, Maggie, Gerber etc. they are also having good relationships with other big companies. It has strong research and development team which help them to achieve the competitive advantages. They also have strong distribution channels.

Weaknesses:

Nestle get their sales from the big retail companies like Walmart, Tesco etc. if these retail stores do price fluctuations like increasing or decreasing the prices then it will affect the sales and profits of nestle. The company is having large organisational structure under that they have many brands which is the challenge in managing of the brands which ofens create issues. The water controversy of the company is the another weakness. The company also have to face social criticisms, they are target by the media many times in the label misleading case, child labour case etc. which hurt the reputation of the company. The Maggie noodles controversy which was there in India in which the lead content was found and in that country the company has lost the majority of market share in that year.

Opportunities:

Venturing is the opportunity for the company. They can even do partnership with the small food start up companies so that they can do promotion of the company. Nestle can increase their sales through online shopping platforms because E commerce is on boom these days so company can take advantage of this. Online shopping is the more convenient and comfortable shopping experience (Brimah Bulley and Anore, 2017). Nestle should also promote shopping through their website which will increase the sales and facilitates company's promotion. Company should work on the products like ready to drink beverages. This is very trending and consumers now are demanding ready to drink coffee or tea. To gain the trust of the customers the company should work on their labelling and avoid giving false information.

Threats:

The rising of the competition is the threat for the company because company like Unilever is also offering same goods to the customers, and they are also easily available to them. As the company is operating worldwide so the different government have different regulations which can affect the operations of the company. If there is rise in the commodity prices then company will also increase the price of their products which will cut down their sales.

Objectives

- Nestle want to increase the market share by 20% by the end of 2021.
- The company want to increase the number of customers in the developing countries.
- To increase the overall revenue by 15% in the period of one year.

Strategy

Porters 5 forces

Porters five forces is the tool which is used to identify the competition of the company and also helps in determining the strengths and weaknesses of the company. The five forces are:

competitive rivalry:

Nestle comes under food industry segment which faces massive competition. The competitors of the company are Kraft, Unilever, P&G etc (Varma and Ravi, 2017). in the breakfast segment the company is facing intense competition from Kellogg's company which are also provided cornflakes and other breakfast cereals. The company is not facing competition in the pricing but also facing competition in the variety of products. Their rival brands are doing good promotional tactics to attract consumers. Their market share is in danger so the competitive rivalry of the company is high.

Threat of new entrants:

It is very tough for the new company to enter the food market as it is the diverse industry. It has high entry barriers. This segment has big companies which are already having large market segment who have good experience, and they very well know the needs and demands of the customers. The company have high customer loyalty which they had built with the time. As it is the food industry so it seems easily to enter so many new companies enter this industry every year but only very

few companies get success. The distribution channels or system of the company is strong which help the company in providing goods at low costs and also achieving the economies of scale.

Bargaining power of suppliers:

Nestle is the big company so it requires many suppliers. The suppliers of the company are very happy with the company as the company orders in bulk. As a result the supplier of the company never or rarely bargain with the company regarding the prices. The company take care of their suppliers, they assure that the suppliers are satisfied. They have good relationships with them and always want them to supply good quality of products. The company do not change their suppliers easily because if they does that then they have to enter into new contracts with them.

Bargaining power of buyers:

The buyer's bargaining power is very high because many companies are available in the market which offers the identical products. So customer can easily switch to another brand. If their competitors lowers the price then it will affect the sales of the company because customer get attracted towards low price goods. Nestle knows that the buyer have the power, so they make sure that they always satisfy the customers by providing good customer services to them.

Threat of substitutes:

The substitution of the company is very high in the products like bottled water and milk, baby foods etc. there is the controversy for the company that it some products are not fit for the consumption which give advantage to the substitutes companies in increasing their sales (Ahmed, 2020). Nestle have to regular come up with the innovative products so that they can hold their market share and threat of substitution also becomes less.

Implementation and control

Company should make lot of changes which influence the performance. Nestle should take timely feedbacks form their employees and customers so the company can know that where there is the need for the improvement. The company should monitor the performances of their employees so that they do not get affected from the internal and external environment. Company should provide good working environment to their workforce so that they get motivated to work which will increase their productivity and eventually revenue of the business.

Segmentation, targeting and positioning

Segmentation:

Market segmentation includes people who are following the same brand. There are different types of market segmentation which are one-to-one marketing, niche marketing, mass marketing etc. in the mass marketing every customer get same treatment. One to one marketing is dealing with the individual customer and niche marketing focus on particular areas. Its is base on demographic, geographic and psychographic. In Singapore the company has segmented the market for the nescafe brand which is based on the weather of the country. The company consider the culture and region of the country before launching products. Company is expert in identifying the needs and wants of the customers of different region. The

demographic is based on the gender, age, income, interest etc. nestle manufactures products for different age group like they make flavoured milk powder for kids and coffee for adults. The company also make products according to the lifestyle of the people. The company manufactures high price goods and low prices goods so that the person can buy according to the income of them.

Targeting:

After the customer is segmented now the time has come to target them. Targeting means selection of the customers whom the company want to target. Here company analysed their strength in which they are good, so they start serving the customers to make them happy and to gain loyal customers and increase the profitability of the company (Lotfifard and Borojerdi, 2018). Differentiated marketing strategy is chosen by the company where company is able to provide different products to the different customers based on the age, income, gender, occupation etc. for example the company having different coffee which can be consumed on the basis of taste of the customer or climate of the region. Company make advertisement according to the targeted audience.

Positioning:

It is the process to identify the position of the company in the market and what are the views of the company have by customers like on what position they think that the company is. Once the company come to know that where it is then they can make strategies about the future where they want to be. Company can apply the marketing mix to know this. For the target customer they manufacture different products which depends on the needs of the targeted audience. The distribution channel of the nestle is very smooth they have very efficient salesperson and have good transportation facility through which products reach on time to the customers. The brand nestle is soo famous that it is easily identified by the customers. They offer good quality of services to their customers. They have the customer care number from which the customer can call anytime and solve their queries.

Marketing mix

Product:

Nestle have wide products portfolio. Nescafe, a coffee brand is the most popular brand of the company which comes under beverages (Ogedengbe, 2017). Along with coffee the company also offers tea in the name of nestea. Their products range also include milk products which includes nestle everyday and milk maid. With the growing demand of the people for less time-consuming cooking the company has come up with Maggie noodles or pastas. As they take less time and efforts to make so it attracts large customer groups. The company has also gone into the range of sauces and dips. Chocolate is the segment which the company is dominating over. For example kitkat, milky bar etc. are the famous and recognized brand of the company. For the chocolates company have large market share.

Price:

Company adopt the pricing strategy according to the market and the spending power of the consumers. For example Maggie is the leader of the market so the price of Maggie is high then the competition. The company is able to do this because of the

quality of products they are offering and also the customer loyalty that is why customers do not switch easily. The price of the products also depends on the packaging and labelling of the goods. Nestle opt competitive pricing for those products in which they are facing huge competition. If in any region the purchasing power of the customer is low then the company adopt cost-efficient pricing strategy.

Place:

The product of nestle reaches to the customers through the agents, distributors and retailers. The company have good sales network worldwide. Company regularly gives discounts and offers to their distributors so that they remain happy. Company come with the strategy that if the distributor purchase the weak product from the company like those products which are less in demand then they will get discount of the products which are high in demand. Company faces challenge in the chocolate segment where there is tough competition so company adopt such promotional tactics to attract more customers towards the products.

Promotion:

Effective promotion methods are adopted by the company. They do the promotions about quality of products they offer. There promotions are soo innovative which are enough to attract large customer group. They are very active on social media and social media is used by many consumers nowadays so company regular update their social media handles and the company also solve the query of the customers through social media as doing promotion through this saves time, efforts and money. Company should also focus on their website because the website of the company can also generate good sales. So the website should have easy shopping and payments options. Along with the modern technique like digital marketing company also consider traditional methods for marketing like giving advertisement on TV, newspapers etc.

People:

People are the most important thing for the company. And efficient workforce can help the company to reach towards its goals. Company make sure that they recruit the right staff and give proper training to them so that they can contribute in the profit of the company. Their staff give good customer service which builds loyal customer (Jia Wen and Jia Qi, 2020). Their staffs are trained in such a manner that they attract the customers easily.

Recommendation:

The recommendation to the company is nestle should acquire companies so that this can be helpful for the company in increasing the market share by reducing the competition. Company should analyse the market trends carefully so that they can bring the products which can be high in demand and can increase the revenue of the company. Also, focus on training their old employees.

2. Stakeholder engagement and impact

Define stakeholders:

Organizational stakeholder can be a individual or a group which are having high amount of interest in organizational activities because they are able to affect or are affected by the organizational activities because of which they are having high

interest in organizational activities. This is important because through this analysis of stakeholders organizations can develop effective grouping on stakeholders on the basis of their participation in organizational activities (Galli and Voutsouras, 2020). Through this organizations like Nestle can develop effective working strategies in such a way that it is able to achieve high level of work productivity by which chances of facing resistance for new developed strategy can be minimized. This is necessary because stakeholders are the able to affect the organizational working of Nestle because of which if organization is not able to clarify the organizational vision then in that case it may have to face stoning in its path to goal achievement. Therefore organizational stakeholders have to be categorized on the basis of power and their amount of interest in organizational activities. In which Nestle must manage closely the stakeholders which are having high interest and high power of affect the working due to which it can increase the chances of goal achievement by facing minimum resistance and similarly low efforts have to be made for stakeholders which are having low power and low interest.

Internal and external stakeholders:

Organizational stakeholders can be grouped into two main categories on the basis of their participation in organizational working because of which it can develop effective working strategy by which chances of goal achievement can be increased. Stakeholders of organizations like Nestle can be grouped in internal and external stakeholders, in which internal stakeholders can be its employees, investors and many other which are having a direct engagement with the organization (Dhanesh and Sriramesh, 2018). Whereas external stakeholders are the people which may not be having a direct contact with the organization but are affected by the organizational working, external stakeholders consists on customers, suppliers and many more. Thus Nestle can group its stakeholders in different segments which may consist of customers, governments, financial communities, etc. Through this action company can make sure that stakeholders are arranged on the basis of their power and interest in organization's goal achievement capabilities.

Illustration 2: Stakeholder analysis

Source: MindTools, 2020

Thus Nestle has to make sure that effective categorization of stakeholders is done in such a way that organizational efforts are concentrated on specific targetted stakeholders on the basis of their participation in organizational working because of which Nestle can increasing their loyalty with the company. By which it can achieve high output in minimum expenditures and minimum input efforts because of which it can increase the chances of goal achievement and also at the same time reduce the chances of brand switching (Yamoah, 2019). Thus by concentrating organizational efforts on its valuable stakeholders Nestle can make sure that it is able to reduce the chances of brand switching because of which the stakeholder engagement is increased because of which company can implement chances. Such a way that it is able to achieve its targets because of which it can make sure that it is able to provide

new and rare products to the customers due to which Nestle can achieve an efficient competitive edge over market competitions.

Communication with stakeholders and impact of stakeholders on marketing activities:

Nestle is having a good communication with the stakeholders of the company so that there is going to be effective working which is going to be present. There are a lot of actions which are taking place in the market so that there is going to be collectively right measures and decisions which can be made. Stakeholders have to be loyal and trust of them has to be present in the company therefore Nestle is putting in their best so that they are able to make the right planning for the company (Putri and Triyono, 2020). Customers have to be informed properly about the changes which are coming in the company so that there is going to be effective working which is going to be present. Society has changed a lot therefore the stakeholders of Nestle are making sure that they are taking the right actions accordingly so that there is going to be effective working. There has to be good relationship also which needs to be maintained by the company so that there are going to be higher objectives which can be done. Barriers can rise if there are going to be limitations in communication and that is not a good factor for the company to have. For keeping the brand reputation and value of the company high in the market there has to be effective working and operations which are going to be present in the business.

Impact of stakeholders on marketing activities-

Stakeholders are the individual and group which are having an authority of affecting organizations working capabilities because of which company has to make sure that it develop effective relation with the stakeholders. If company faces restrictions from its stakeholders then in that case organization has to face limitations in its marketing strategies because of which it may have to face limitations in customer's engagement due to which negative impact on sales can be seen. Stakeholders of organization can be any individual which is affecting organizational activities even if like organizational employees, company's customers, raw material suppliers and many others (Farache, Tetchner and Kollat, 2018). Due to which if internal stakeholders like employees are not able to work according to the organizational requirements then in that case company cannot provide new and rare products to the customers because of which it may have to face limitation in sales because of which negative impact on economic growth can be observed. With that it Nestle is not able to concentrate its efforts in developing effective relation with the external stakeholders like suppliers then there are high chances that company has to face high pricing from the suppliers side because of the limitations of alternative and due to which high prices has to be paid by the organization.

CONCLUSION

Through this report it can be concluded that Nestle is the big company and constantly trying to capture more and more market share. Discussion of the marketing mix of the company along with mission statement of the company. Situation analysis is done through SWOT analysis under which the strength, weakness, opportunities and

threats of the company are evaluated. The objectives of the company is formed and also given recommendations which company can implement in their business. Segmentation, targeting and positioning of the company are done and under the strategy porters five forces are analysed.

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