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Strategic Analysis on FMCG Goods: A Case Study on Nestle

Gedela Rakesh Varma
Research Scholar,
Department of Commerce and Management Studies,
Andhra University, Visakhapatnam-530003.

Prof. Jaladi Ravi
Professor,
Department of Commerce and Management Studies,
Andhra University, Visakhapatnam-530003.

Abstract:
Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products which are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, soaps, medicinies, processed foods and many other consumables. FMCG have a short shelf life, either as a result of high consumer interest or because the product deteriorates rapidly. some might be highly pershiable and other have high turnover rates. strategic Analysis is the process of The method of conducting research on the business environment within which an organization operates and also on the organization itself, in an effort to formulate strategy. To take full advantage of the path of least resistance to attain your goal. When to use it? When you are planning to make a change in your enterprise, and you need to determine the best method to take.in this paper we discuss about strategic analysis on product of nestle

Key words:
Strategic Analysis, Strategy Formulation, Fmcg Industry.

Preface:
Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products which are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, soaps, medicinies, processed foods and many other consumables. FMCG have a short shelf life, either as a result of high consumer interest or because the product deteriorates rapidly. some might be highly pershiable and other have high turnover rates.

Some FMCGs, such as meat, fruits and vegetables, dairy products, and baked goods, are highly perishable. Other goods, such as alcohol, toiletries, pre-packaged foods, soft drinks, chocolate, tea,coffee, candies, and cleaning products, have high turnover rates. The sales are sometimes influenced by some vacation and season. Though the profit margin made on FMCG products is comparatively small they usually are sold in bulk quantities; thus, the cumulative gain on such products can be substantial. FMCG is a classic case of low margin and high volume business.

Review of Literature:
Strategy is first and foremost a broad and complex concept. In an attempt to provide a definition, Porter (1996) states: “Strategy is the creation of a unique and valuable position, involving a different set of activities.”Porter (1996), p 68 The essence of strategic positioning is to choose activities that yield superior profitability because they are different from rivals’ and thus create a sustainable competitive advantage. Note that a competitive advantage is not necessarily enduring, which is why strategy must be distinguished from operational effectiveness (OE). Both elements can generate competitive advantage, which improves performance, but OE is relatively easy to imitate and, consequently, the competitive advantage risks eroding. In fact, Saloner, Shepard & Podolny (2001) mean that the major threat to the sustainability of a competitive advantage is that rivals can diagnose and duplicate or make obsolete the competitive advantage. Saloner, Shepard & Podolny (2001), p 65Strategy encompasses not just the cumulative policies and resources of a firm but the common thread of logic that links them together into a coherent and consistent whole

(Andrews, 1971; Ansoff, 1965). Whilst there are numerous definitions of strategy, the following demonstrates the importance that has historically been placed on fit between resources, strategies, environment (opportunities/ threats) and performance;"a strategy describes the fundamental characteristics of the match that an organization achieves amongst its skills and resources and the opportunities and threats in its external environment that enables it to achieve its goals and objectives" (Chrisman et al., 1988, p. 414).The original term strategy derives from the Greek word, strategos , and was originally used in the military arena. However, "businesspeople have always liked military analogies, so it is not surprising that they have embraced the notion of strategy" (Harvard Business Essentials, 2005, p.xii). Strategy is a "plan that aims to give the enterprise a competitive advantage over rivals through differentiation" (Harvard Business Essentials, 2005, p. xiv), as well as, as Michael Porter suggests, a plan focused on "positioning...[and] operational effectiveness" (1998, p. 73).

In more simple terms, strategy links an organization's current purpose and activity to achieving that organization's goals for the future. The importance of strategic management emerged in the 1950s when Selznick (1957) introduced the need to bring an organization's 'internal state' and 'external expectations' together for creating goals and plans. A key part of strategy is the implementation of it. While some scholars argue that implementation of strategy is a separate notion all together, for the purpose of this study, implementation of a strategy is considered part of strategic planning as a whole.Strategy types have been identified in a number of several industries, e.g. Galbraith &Schendel (1983) in consumer products and industrial products, Hatten et al (1978) in brewing, Newman (1978) in chemical process, Fiegenbaum & Thomas (1990) in U.S. insurance industry). However, Miles & Snow's (1978) and Porter's (1980) generic strategic typology classification schemes have come forth as the most popular and widely used. Their appeal springs from the fact that generic strategies, by definition, are not limited to any particular industry or context. In particular Porter's (1980) model of generic strategies has outperformed all other contributions in terms of the impact on business-strategy formulation. After analyzing the external and internal environments, the firm is able to decide which competitive strategies should be used to achieve its competitive objective. The competitive strategies could be used to "exploit opportunities in the firm's environment with the firm's strength, and neutralizes threats in the firm's environment while avoiding the firm's weaknesses" (Barney, 2007, P12).The competitive strategies are used to gain competitive advantage, which aims to outperforming other firms in an industry, and earn a higher rate of profit than the industry norm. (Barney, 1991)

The essence of strategic positioning is to choose activities that yield superior profitability because they are different from rivals' and thus create a sustainable competitive advantage. Note that a competitive advantage is not necessarily enduring, which is why strategy must be distinguished from operational effectiveness (OE). Both elements can generate competitive advantage, which improves performance, but OE is relatively easy to imitate and, consequently, the competitive advantage risks eroding. In fact, Saloner, Sheppard & Podgorny (2001) mean that the major threat to the sustainability of a competitive advantage is that rivals can diagnose and duplicate or make obsolete the competitive advantage. One group of authors, Boardman, Shapiro and Veining (2004), advocate that a strategic analysis should consist of three main analyses: the external analysis, the fulcrum analysis and the solution analysis. The framework developed by Boardman et al. (2004) outlines a number of detailed and sequential research steps that enable a researcher to execute a comprehensive strategic analysis that can be used to solve a strategic issue. In addition to Boardman et al. (2004) there are a

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number of other authors that provide input for executing a strategic analysis, including: Porter (1980; 1985), Austin (1990) and Johnson, Scholes and Whittington.

Need for the Study:

The nescafe has adopted many innovative ideas in their business strategy , so this study has made an attempt to provide strategic anyalze of Nescafe

Objective:

The main objective of this paper is to study strategic Analysis of nescafe

Methodology:

This paper mainly based on secondary data. The articles which are published in the area of strategic analysis in fmcg sector have collected for the study and from website of nescafe.

Strategy, mission, values of nescafe.

Mission

NESCAFÉ is dedicated to making great tasting coffees for you to enjoy every day.

Our vision and values

To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.

Business Principles

Integrity, honesty, respect, fair dealing and full compliance with the law

Being a part of the Nestlé Group, Nestlé Nespresso SA is committed to the same business principles and core values as its parent company. Integrity, honesty, fair dealing and full compliance with all applicable laws govern our operations and form the basis for our company culture worldwide.

Our employees are bound by the standards of behaviour established in the Nestlé Corporate Business Principles and the Nestlé Code of Business Conduct. They are also bound to respect local legislation, cultural and religious practices.

From Creating Shared Value to Ecolaboration™

We believe that long-term success relies on full compliance with all applicable legal requirements, on sustainable business practices and on creating shared value. The Nestlé concept of Creating Shared Value seeks to optimise value creation both for society and shareholders, by collaborating with relevant stakeholders.

The principles by which our actions are governed

Attitude as important as performance

We are proud to work for a sustainable quality organization that creates long-term value for all stakeholders.

This is acquired through trust, and in order to build that trust, we need to live up to our values and promote transparency, respect and humility. The actions of our leaders uphold these values. We at Nespresso are the brand's most fervent ambassadors.

Values

1. **Courage:** We stand up for what we believe in and are ready to face all consequences
2. **Innovation:** We create an environment where new ideas prosper
3. **Proactive Cooperation:** We work together in order to achieve more
4. **Result Focus:** We know what we need to deliver, and we are determined to achieve it
5. **Practising what you preach:** We say what we do, and we do what we say

Cultural Drivers

1. **Trust:** We have confidence in each other and our company

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2. **Transparency:** We are clear and open in what we say and do
3. **Proud to be part of the team:** We identify ourselves with our company and share our experience
4. **Respect others:** We treat others as equals and are open to their beliefs
5. **Humility:** We are confident yet humble

Introduction

This report presents a strategic analysis of Nestlé. Critically analysing the internal workings of the firm, this report presents a SWOT analysis to reveal an identification of the internal strengths, weaknesses, opportunities and threats seen within Nestlé. Nestlé is a company with a varied brand portfolio consisting of a wide range of products including a number of household brands: Nescafe, Rowntree's Fruit Pastilles and Nesquik. Earlier this year, Forbes (2014, p.1) referred to Nescafe, one of Nestlé's core brands as the 27th most valuable brand in the world. Employing over 8000 employees, Nestlé is present in a number of domestic and international markets. With their headquarters in Switzerland, Nestlé is a firm, which in total operates within 86 countries of which North America is their largest and most profitable market (Shotter, 2012, p.1). The firm's strong internationalization strategy reflects the firm's commitment to resource and capability development in the external environment. This will be explored further through the use of a PESTLE analysis to determine the key external forces present within the macro environment and, how importantly Nestlé respond to such forces in a strategic manner. A look back at the history of the firm reveals a strong commitment to product development. It all began back in the mid-1860s when Nestlé created a new baby formula to offer to the market. Seeing a gap in the market underpinned by those mothers who could not breastfeed, Nestlé developed a formula to be offered to the European market.

This very early development within Nestlé soon developed to include an expansion of products within the firm with chocolate being added to milk products to reach a larger target market. Since its first product offerings, Nestlé has gone on to have a varied brand portfolio with annual sales of $100.64 billion (Nestlé, 2014, p.1).

Nestlé's mission

Nestlé's mission statement is supported by the expression 'good food, good life' (Nestlé, 2014, p. 1). Meaning more than the nutritional values of the food they produce, Nestlé support the need to show a commitment to quality, safety and ultimately convenience for the consumer to enhance enjoyment. The notion of the creation of 'shared value' is a main focus of the firm and is an area which is supported by the firm's ability to 'go beyond compliance and sustainability and create new and greater value for our people, our shareholders and society as a whole' (Nestlé , 2014, p.1). This statement supports the integrated approach Nestlé adopt through their commitment to recognising the responsibility the firm has to the wider external environment, which moves beyond a simple aspiration of profit.

SWOT analysis

This section presents a SWOT analysis to review the micro environment of the firm reflecting specifically upon the strengths and weaknesses of Nestlé and the opportunities and threats the firm must respond to through an alignment of firm strengths to such forces. A SWOT analysis is often used, as a strategic tool to allow a presentation of the firm's resources and capabilities, which can be further, developed to aid competitive advantage. A SWOT analysis therefore underpins the development of future strategic options. As seen within the work of Barney (1991, p. 99) and Teece (2009, p. 12) a desirable competitive advantage is one obtained through a minimisation of threats aligned with the seizing of opportunities.

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Table One: SWOT analysis

Table one below reveals the internal dynamics of Nestlé and the opportunities/threats facing the firm.

	Positive Factors	Negative Factors
Internal Factors	Strengths 1. Strong cultural values stemming from the firms integrated approach to business and commitment to their stakeholders (Schein, 2012, p.3). 2. Current strategic position of Nestlé supported by three key areas of business 'quality leadership, customer satisfaction and sustainability' (Business Green, 2013, p. 1). 3. Nestlé have a strong commitment to corporate social responsibility with reference being made to 'long term commitment never being sacrificed for short-term performance' (CSR Wire, 2014, p. 1). 4. Diversified and varied brand portfolio. 5. Global recognition driven by the number of strong brands within the firm's portfolio. 6. The reputation of Nestlé's brand is estimated to be valued at $7billion (Nestlé, 2014b, p.1). 7. Nestlé has a place in the heart of consumers due to its longstanding history. 8. Development of trust and loyalty highlighting the capability development of the firm. 9. Strong teamwork within the firm promoting good levels of job satisfaction and employee commitment.	Weakness 1. A number of Nestlé's products have faced criticism as a result of their nutritional value. Increased emphasis has been placed on healthy eating through government initiatives and Nestlé would benefit from reviewing a number of their products to support their mission of 'good food and good life' in a changing social environment i.e. rising levels of child obesity. 2. The past of Nestlé is tainted in parts by negative public relations as a result of what is referred to as the baby milk scandal. Noted in a recent article by Muller (2013, p.1) it was stated that the scandal had 'grown up but not gone away'. 3. Recognizing the need for stability and consistency in the processes found within the company's global supply chain. International standards demand a need for standardization yet this has to be balanced with the firm's strategic need for adaptation to different cultural environments.

The SWOT analysis above reveals that Nestlé have a number of strengths, which translate into the development of core resources and capabilities, which aids their competitive position. Notably, one of the core strengths of Nestlé is the strong brand image they have which inspires trust in consumers. Nestlé are able to build on this reputation to extend their brand categories. Further, recent efforts to follow corporate social responsibility strategies have heightened the firms approach to sustainability, which is aligned to current expectations from the consumer market for firms to take a greater responsibility towards the wider macro environment. Moving on to a critical analysis of the weaknesses of the company, one of the core weaknesses of Nestlé is the content of some of their products, which marks a move away from healthy eating initiatives.

For example, Nestlé produce a number of confectionary goods including sweets and chocolate bars. Nestlé will in the future have to work with the UK government to ensure that a clear marketing message is put across for such treats to only be enjoyed alongside a balanced diet. Overall, however, Nestlé's strengths overshadow their weaknesses and many of the weaknesses are being tackled by strategic actions. Recognition of the firm's opportunities and threats leads to a discussion of the value of internationalization and in particular the opportunities present within emerging economies. Further, the development of capabilities and thus the translation of strengths into intangible and inimitable capabilities is an area, which could see the firm, further develop their sustainable competitive advantage. Developing from the opportunities of the firm, it is also necessary to consider the threats, which face Nestlé. The SWOT analysis revealed one of the core threats is the increasingly competitive nature of the industry and the challenges, which arise from this level of competition. As a result, a great threat facing the firm is the level of dynamism and turbulence to contend with which influences the nature and direction of strategic choices.

PESTLE analysis

A PESTLE analysis is used as a strategic tool to measure industry dynamics through recognition of the core political, economic, social, technological, legal and environmental forces/changes having influence on the industry (Henry, 2007, p.23). Table two below presents a PESTLE analysis for the industry Nestlé are present within and this information is then used to form a critical discussion for the future strategic options available to the firm.

Table Two: PESTLE analysis

The PESTLE analysis below identifies a number of forces, which have an influence on industry dynamics. Of these forces, perhaps the most prominent are social forces, which relate to differences in consumer behaviour. As an international firm, Nestlé have to be

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able to ensure a level of adaptation, which is appropriate to different markets driven by different cultures and consumer preferences.

Political 1. Changing regulation surrounding food standards and marketing actions. 2. Government stability in new emerging economies – question of risk as part of the internationalisation process (Kumar et al, 2013, p.205). 3. Changing global regulations – standardised practice yet adaptation to different political forces (De Mooij, 2013, p.61).	Economic 1. Awareness and knowledge of changing inflation, economic growth rates and income levels. 2. Changing consumer budgets, rise of the cost conscious consumer. 3. Rising price of raw material goods in relation to the need to source from sustainable suppliers (Kumar et al, 2013, p.205).
Social 1. Changing consumer attitudes – move towards healthier products in line with government initiatives (Newman et al, 2014, p.15) supporting balanced diets and the dangers of sugar. 2. Changing lifestyle – return back to home cooking and the promotion of family time in a world of convenience. 3. The need to adapt to different cultural settings i.e. language, religious beliefs and family settings. 4. Understanding of consumer behaviour is crucial to ensuring a personal approach to marketing. 5. Consumers viewing the firm as an agency for power in the wider external environment (Eisenhardt et al, 2010: 1263).	Technological 1. Rise of social media, consumers interacting with firms and being able to do so across a range of platforms. 2. Innovation fuelled by technological developments. 3. E-commerce as a platform for development (Lin et al, 2014, p.3).
Legal 1.Changing nature of regulation. 2. Need to adhere to global regulations and changes across different international markets (Schaffer et al, 2014, p. 12).	Environmental 1. Increased attention directed towards corporate social responsibility (Servaes and Tamayo, 2013, p. 1045). 2. Environmental concerns from consumers including concerns over packaging/recycling (Dubois, 2012,

Corporate Objectives

It is important that an alignment exists between corporate objectives, brand image and firm activities (Cornelissen, 2014, p.55). Commonly used as a strategic tool to support this analysis, Ansoff's matrix can be applied to Nestlé to review the different strategic options available to the firm (Ansoff, 1980, p. 133). The overall corporate objective of Nestlé is to be one of the world's best and largest brands in the food industry. To break this down further, there is a need to apply individual firm level marketing objectives to a specific brand within their portfolio. This section focuses upon the presentation of marketing objectives and strategies for Nestlé's baby milk products.

Marketing Objectives

Marketing objectives identify a target market and market need and apply this to the brands they are offering. With regards to the baby milk products Nestlé offers, one of their core marketing objectives should relate to improving sales through the use of social media outlets. Aligned to the rise of relationship marketing and the need to develop a deeper, emotional connection with consumers it is argued that one of the marketing objectives for increasing sales of this product needs to be related to understanding the consumer base. The following marketing objectives are proposed in relation to the firm's baby milk products:

1. To increase interaction with consumers using social media as a platform.
2. To increase sales by 10% through a promotional campaign across an integrated set of marketing platforms.
3. To follow a relationship marketing campaign to increase interactions with consumers to enhance understanding of the consumer base.

Ansoff's matrix

Ansoff's growth matrix is a marketing tool often used to understand the different strategic options available to a firm (Ansoff, 1980, p. 131). Looking at the opportunities available in both new and existing markets, emphasis within the matrix is placed on the benefits and challenges of each strategic option and the extent to which the options are aligned to the internal resources and capabilities of the firm.

Market Penetration

Market penetration is a strategy, which sees growth underpinned by pushing existing products to existing markets. Through a focus on market penetration the firm would be able to maintain current product lines and focus upon increasing sales in this area through promotional activities and advertising.

Volume No:2, Issue No:4 (April-2017) ISSN No : 2455–7595 (Online)
International Journal of Research in Management Studies
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Market penetration is a strategy, which would secure growth in the market and would allow the firm to draw on their knowledge of the market to expand sales in this area.

Market Development

The second strategic option refers to the use of selling existing products to new markets. A new market in this case could be a new consumer base or a new geographical base. Reflecting upon the nature of the product, it is unlikely Nestlé would be able to target a new customer base and thus it is advised that if this strategic option were to be followed emphasis would be placed on opening up to new emerging markets with existing products.

Product Development

Moving away from a focus on the market, the third strategic option offered by Ansoff places emphasis on the importance of product development. This strategic option would require the firm to develop new competencies, which would appeal to existing markets. Under this strategic option, Nestlé could focus on the development of a new extension of products in the baby market to offer to the consumer base.

Diversification

The final option outlined is that of diversification. Diversification is a strategy, which refers to growth achieved by offering new products to new markets. This type of strategy would require a need for the firm to draw on their inherent strengths and capabilities to offer something new to the market. Underpinned by high levels of innovation, this strategy would require both investment and an appreciation of risk. As such, before the adoption of this strategy it would be necessary for the firm to have a clear vision of outcome.

Which growth strategy to follow?

Based on a discussion of the various growth options above, this report argues that Nestlé should focus upon market penetration through the use of promotional activities and relationship marketing activities. This strategy would see Nestlé focus upon an existing product and market yet achieve growth through marketing campaigns and a greater utilisation of social media. Through the use of social media and relationship marketing it would be hoped that Nestlé would be able to develop a stronger connection with their consumers, which is fundamental when needing to gain the trust of new mothers (Iglesias et al, 2011, p. 632). Strength in the baby market is underpinned by the potential for growth due to this being a growing market.

Competitive Strategies

In support of an identification of growth strategies, there is a need to recognise the importance of competitive strategies. Three core competitive strategies are identified within the literature: Cost leadership, differentiation and focus (Ortega, 2010, p. 1275). Despite a traditional view that different competitive strategies couldn't be mixed, recent literature has supported the use of a hybrid competitive strategy, which combines cost leadership and differentiation to support a competitive strategy, which balances the actions of each strategy (Baroto et al, 2012, p. 120). Cost leadership is a strategy, which places emphasis on lowest cost and thus sees the firm seeking to compete with their competition on the basis of price. Cost leadership strategies therefore require an efficient approach to the supply chain to ensure that raw material costs are kept to a minimum. Emphasis within this strategy is placed on the need to focus upon gaining economies of scale and thus low costs. Differentiation involves firms seeking to distinguish themselves from their competitors (Armstrong and Cunningham, 2012, p. 71). For this to be the case, emphasis is placed on the development of a competitive advantage through something others cannot imitate. The final competitive strategy is a focus strategy where a segmentation approach is followed (Weinstein, 2013, p. 51).

A firm following a focus strategy would firm to choose a niche market and therefore have specific offerings to a specific target market. In light of the identification of the competitive strategies and the discussion above, it is advised that the firm should follow a hybrid strategy reflecting on both cost leadership and differentiation to ensure growth. A hybrid strategy would require Nestlé to seek lowest cost where possible through economies of scale and efficiency in their supply chain whilst also seeing the firm differentiating through the culture of the firm and the relationships developed with consumers.

7p's of marketing

A final consideration for Nestlé is an identification of the 7p's of marketing and in particular an understanding of what their product offers to the market (Armstrong and Cunningham, 2012, p. 34). The 7p's of marketing is an important marketing tool outlining a focus on a clear understanding of each factor:

Product:

Baby formula, nutrients to enable a progression from breast milk to formula or formula for those mothers choosing not to breastfeed.

Price:

Price relatively low to competitors. It is important to balance the need here between low cost and the influence this has on trust.

Place:

Supermarkets, place of convincing.

Promotion:

Relationship marketing principles used to engage the consumer. Nestlé will interact with consumers during a shopping mall road show to showcase their product offerings and the value of their products.

People:

Employees within the firm used to support the growth strategy of particular products. Company objectives and marketing objective translates into performance goals for teams within the firm.

Process:

Customer service is important and a key determinant of trust. As a result of this, emphasis should be placed on the role of employees in educating the consumer and therefore translating the core elements of the brand.

Physical evidence:

Physical evidence in the form of packaging and promotional tools will be used to support the development of the growth strategy employed.

Monitoring and controlling

As a closing point, there is a need to consider the importance of the ongoing monitoring of any marketing plan. Long after the implementation, emphasis should still be placed on monitoring to ensure that controls are put in place to review the success of a given marketing campaign (Simons, 2013, p. 14). For example, in relation to the use of social media, particular controls can be put in place to monitor the success and thus levels of integration taking place.

Porter's Five Forces Model of Nestle

Nestle is a multinational company which works as a brand and it has many small companies working under it. It was initially introduced in 1867 with the launch of its first product that was dehydrated kids food and this was very successful at that time and thus Nestle got the high profits within no time. It touched the cruising stage within very few months of its successful existence and this lead it to achieve even more and more. Afterwards company did quality mergers which led it to the heights of success in quality food products among the whole market.

Volume No:2, Issue No:4 (April-2017) ISSN No : 2455–7595 (Online)
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Nestle has always focused over their customer's need and demands which has made it a growing and company with a good will. And one can see that it has become a global name today. Nestle has been successful in satisfying its customers by innovation and other strengths of the company. Porters five forces model is very important to evaluate the internal and external environment of the company (Porter, 2008). Below mentioned is the Porters five forces analysis for Nestle in which we will discuss each one in detail.

Porter's Five Forces Model

Porter's Five Forces Model is a very important tool to analyze the industrial parameters and to develop business strategy. Here five different factors would be discussed to highlight the attractiveness and productivity of a market. Now we will discuss it for Nestle.[sky]

Threat of New Entrants

If the market is attractive the new entrants would always be a threat for the company but if the market has been restricted to a limited resource and it has very few areas of improvement so it becomes difficult for new entrants to get into the market and hence monopolies exist. Although Nestle has accomplished a strong name in the market but as the food processing industry is very huge and viable; so there are a lot of companies who already entered in this market and somehow achieved a place in the market even though they could not cross Nestle in terms of market share.

Every year number of companies attempt to enter the market and strive for their share of profit and productivity in the market but very few survive. Nestle has been the leader of market for a century almost so now it has become a very big challenge for the new entrants to not only work over their quality but they also have to cut the share of Nestle to survive which is quite equal to impossible. Fundamentally, Nestlé is persistently on the board, and therefore the threat of new entrants is temperate.

Threat of Substitute Goods

Substitutes have always been in line whenever we talk about products market, every kind of product has a substitute present which leads it to the heights of competition when taken seriously. As the product is very common and daily use product so the threat of substitutes is very high here. Like if we take the example of bottled water so the substitute of this is lean pockets that serve as a competition. So Nestle has to innovate its products tremendously to stay in the market and to work efficiently for removing the threat of substitutes. We can take the example of recent innovation which is health consciousness and wellness factor that has been introduced in all products of Nestle. Such initiatives would make it easier for Nestle to go beyond the substitutes.

Bargaining Power of Suppliers

Bargaining power of suppliers is very important factor to be considered in any industry as they are the main strength of the company. Nestle is known for strong relations with the suppliers around the globe due to its immense buying power and also because of the fact that in such dairy and agricultural products quality is always important. Nestle as always focused over strong and sturdy business relations to make the ongoing quality stronger. Additionally, Nestlé also presents helpful guidance to its suppliers on how to work more proficiently to decrease redundant expenses. And thus it cares of its suppliers which I return pays them off in the form of quality products.

Bargaining Power of Customers

The bargaining power of customers has always been an important factor in terms of company's performance so this should be given reasonable value while accessing the company's position. Customers carry huge quantity of bargaining power concerning their utilization of different Nestlé products. Although a lot of substitute products and competitors Nestle customers have very influential choices but still the quality that has been maintained by Nestle has made it

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very successful among the users. It is very important to understand the power of the customers and also their needs so that they can be better satisfied. This is what Nestle always cares about and that is reflected in Nestle health and wellness programs that ar being used wile creation of new products as society has in progress of becoming more health conscious.

Competitive Rivalry within the Industry

Competition if healthy would bring huge success but if negative would destroy the whole industry so it should be critically analyzed for better future of the company. Nestle has a very strong position in the food processing industry but few major rivals do exist in the industry like Kraft Foods and Groupe Danone. Above mentioned companies are fighting continuously to get on to each other and avoid any sort of competition but I is still there. If we talk about marketing and advertising these companies have spent hell of their expenditures for the purpose of effective marketing and advertising and in competition they have always ut performed each other. Competition is violent in the food processing industry, and this is a plus point for consumers. Provided that these companies carry on in competing with each other, consumers will persistently enjoy improving product qualities. conclusion: Nestlé is one of the world's prominent food product organizations and intends to remain so. Its commitment to high quality market research ensures that it continues to be fully aware of changes in customer behaviour and consumer preferences. Its outstanding product research and development network ensures that it is well placed to meet up with the challenge of lifestyle improvements in consumer desires. The company's Wellness strategy is very carefully designed to delivering to customers what they now clearly want in relation to the foods they eat; a high nutritional value and a positive factor to their general Well being

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